

**Proposal to Count Forbearances
Toward Income Driven Repayment and Public Service Loan Forgiveness**

Income Driven Repayment Provisions

§ 685.209 (k) Forgiveness

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(4) For all IDR plans, a borrower satisfies a monthly payment or the equivalent by-

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(iv) Deferring or forbearing monthly payments under the following provisions:

- (A) A cancer treatment deferment under section 455(f)(3) of the Act;
- (B) A Peace Corps service deferment under §682.210(k), as applicable to Direct Loan borrowers under §685.204(j);
- (C) A rehabilitation training program deferment §685.204(e); (D) An unemployment deferment §685.204(f);
- (D) An economic hardship deferment under §685.204(g);
- (E) A military service deferment under §685.204(h);
- (F) A post-active-duty student deferment §685.204(i);
- (I) A national guard duty forbearance under § 685.205(a)(7);
- (J) A Department of Defense Student Loan Repayment forbearance under §685.205(a)(9);
- (K) An administrative forbearance or mandatory administrative forbearance under §685.205(b)(8) and (9);

(L) the rehabilitation training program deferment under §685.204(e);

(M) the AmeriCorps forbearance under § 685.205(a)(4);

(N) Any period of forbearance of at least 24 consecutive months without a full payment which began prior to March 1, 2018.

Deleted: or

Commented [JS1]: Included from the session 3 PSLF paper to make the recognized forbearances and deferments uniform across IDR and PSLF.

Commented [JS2]: This is designed to avoid an overly technical interpretation of consecutive which could exclude borrowers based on how servicers record forbearances. The 24 month threshold is a proxy for borrowers in a long-term economic hardship that should have been enrolled in IDR.

Commented [JS3]: By only counting voluntary forbearances retroactively, the Department avoids prospective moral hazard concerns while rectifying the widespread problem of forbearance steering prevalent over the last ten+ years. This also avoids making borrowers harmed by servicer practices jump through the hoops of the prospective hold harmless provisions. The March 1, 2018 is designed to rectify borrower harm up to the COVID admin forbearance period.

PSLF Provisions

685.219 (c) (2)

A borrower will be considered to have made monthly payments under paragraph (c)(1)(iii) of this section by—

(i) Paying at least the full scheduled amount due for a monthly payment under the qualifying repayment plan;

(ii) Paying in multiple installments that equal the full scheduled amount due for a monthly payment under the qualifying repayment plan;

(iii) For a borrower on an income-driven repayment plan under §685.209, paying a lump sum or monthly payment amount that is equal to or greater than the full scheduled amount in advance of the borrower's scheduled payment due date for a period of months not to exceed the period from the Secretary's receipt of the payment until the borrower's next annual repayment plan recertification date under the qualifying repayment plan in which the borrower is enrolled;

(iv) For a borrower on a 10-year standard repayment plan under §685.208(b) or consolidation standard repayment plan with a 10-year repayment term under §685.208(jb), paying a lump sum or monthly payment amount that is equal to or greater than the full scheduled amount in advance of the borrower's scheduled payment due date for a period of months not to exceed the period from the Secretary's receipt of the payment until the lesser of 12 months from that date or the date upon which the Secretary receives the borrower's next submission under subsection (e);

(v) Satisfying a monthly repayment obligation under 34 CFR § 685.209 (k);

Deleted: .

Commented [JS4]: This is intended to mirror satisfaction of repayment obligations under IDR plans, including counting of qualified forbearances. Using the edits in this proposal, the deferrals deleted from subsection (iv) are all contained in 34 CFR 685.209.

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