

§ 685.219 Public Service Loan Forgiveness Program.

(a) **General.** The Public Service Loan Forgiveness Program is intended to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their Direct loans after they satisfy the public service and loan payment requirements of this section.

(b) **Definitions.** The following definitions apply to this section:

Eligible loan means a Direct Subsidized Loan, a Direct Unsubsidized Loan, a Direct PLUS Loan, or a Direct Consolidation Loan.

Employee or employed means an individual

- (1) to whom an organization issues an IRS Form W-2; or
- (2) who receives an IRS Form W-2 from an organization that contracts services providing human resources, other administrative requirements, or staffing to a qualifying employer, as defined in this section; or
- (3) (a) who provides one or more public services, as defined in this section, as attested to by the borrower; and
(b) substantiated by documentation as requested by the Secretary.

Full-time means working in qualifying employment in one or more jobs for the equivalent of 30 hours per week as determined by the Secretary including:

- (1) through a contractual employment period of at least eight months over a 12-month period, as in the case of primary and secondary school teachers; or,
- (2) in the case of non-tenure track faculty employment, by either—
 - (a) teaching at least nine credit hours per semester, six credit hours per trimester, or 18 credit hours per calendar year; or,
 - (b) multiplying each credit hour taught per week by 3.35 hours; or
 - (c) counting student-contact hours as attested by the borrower and substantiated by the employer on a form approved by the Secretary.
- (3) When determining whether a borrower works full-time, the Secretary includes vacation or leave time provided by the employer or leave taken for a condition that is a qualifying reason under the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)) toward the number of hours worked per week.

Public service means services provided in at least one of the following areas: emergency management, military service, public safety, law enforcement, public interest law services, early childhood education, public service for individuals with disabilities and/or the elderly, public health, public education, public library services, school library, or other school-based service.

Qualifying employer means

- (1) A Federal, State, local, or Tribal government organization, agency, or entity but not including foreign governments; or
- (2) A non-profit organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of the Internal Revenue Code; or
- (3) AmeriCorps or Peace Corps service as defined in this section; or
- (4) An organization that-
 - (A) Provides –
 - (i) A public service as defined in this section, as attested to by the employer on a form approved by the Secretary; or
 - (ii) Staff to an organization that provides a public service as defined in this section, as attested to by the employer on a form approved by the Secretary; and
 - (ii) Is not a labor union or a partisan political organization.
 - (iii) The Secretary may substantiate the employer’s attestation based on a review of information in the Secretary’s possession about the employer.

Qualifying payment means

- (1) Any month in which the borrower satisfies a monthly repayment obligation under 34 CFR § 685.209 (k); or
- (2) Any month in which the borrower satisfies a monthly repayment obligation under the 10-year standard repayment plan under § 685.208(b) or consolidation standard repayment plan with a 10-year repayment term under § 685.208(b); or
- (3) Any month in which the borrower satisfies a monthly repayment obligation of not less than what would be obligated under the 10-year standard repayment plan under § 685.208(b).

Commented [HJ1]: Align payment counting with IDR scheme

(c) **Eligibility requirements.**

(1) A borrower may obtain loan forgiveness on an eligible loan(s) under this section if the borrower -

(A) Is not in default on the loan; and

(B) Is employed full-time by a qualifying employer--

(i) During each month for which the borrower makes 120 qualifying payments on said eligible loan(s);

(ii) At the time of consideration for loan forgiveness; and

(iii) After October 1, 2007.

(d) **Loan cancellation.**

(1) **Forgiveness amount.** When the Secretary determines that the borrower meets the eligibility requirements for loan forgiveness under this section, the Secretary -

(A) Notifies the borrower of this determination; and

(B) Forgives the outstanding balance of the eligible loans.

(2) **Procedures.**

(A) **Application.** A borrower may request a determination of loan forgiveness on a form approved by the Secretary.

(i) If the borrower is unable to secure a signature from an employer, the Secretary may determine the borrower's qualifying employment or payments based on the documentation provided by the borrower at the Secretary's request.

(ii) The Secretary may request additional documentation pertaining to the borrower's employer or employment before providing a determination.

(B) **Application not required.**

(i) Notwithstanding paragraph (d)(2)(A) of this section, the Secretary may forgive a loan under this section without an application from the borrower if the Secretary has sufficient information in the Secretary's possession to determine the borrower has satisfied the requirements for forgiveness under the section.

(ii) In assessing a borrower for loan forgiveness, the Secretary may enter into data-matching or other information-sharing agreements, in compliance with

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Federal law and as may be necessary, to allow for verification for multiple borrowers' employment. Nothing in this section shall prohibit the Secretary from seeking authorization from a borrower for the Secretary to seek information from the borrower's employer(s).

(C) Notification.

(i) If the Secretary determines that a borrower meets the eligibility requirements for loan forgiveness under this section, the Secretary shall notify the borrower pursuant to paragraph (d)(2)(D)(ii) of this section.

(ii) If the Secretary determines that the borrower does not meet the eligibility requirements for loan forgiveness under this section, the Secretary resumes collection of the loan and grants forbearance of payment on both principal and interest for the period in which collection activity was suspended pending review for forgiveness. The Secretary notifies the borrower that the application has been denied, provides the basis or bases for the denial and for which months they apply, and informs the borrower that the Secretary will resume collection of the loan. The Secretary shall include in any notice of denial contact information for the borrower to address any request for reconsideration pursuant to paragraph (d)(2)(D) of this section, and the Secretary shall not capitalize any interest accrued and not paid during the 180-day period described therein.

(D) Reconsideration Process. Within 180 days of receiving a notice under paragraph (d)(2)(C) of this section, the borrower may request that the Secretary reconsider whether the borrower's employer or payment qualifies for PSLF by requesting reconsideration on a form approved by the Secretary. Borrowers who were denied prior to **EFFECTIVE DATE OF REGS** shall have 180 days from that date to request reconsideration.

(i) To evaluate a reconsideration request, the Secretary considers any relevant evidence that is –

(a) Reasonably obtainable or currently in the Secretary's possession; and

(b) Additional supporting documentation not previously provided by the borrower or employer.

(ii) The Secretary notifies the borrower of the reconsideration decision and the reason for the Secretary's determination.

(iii) If the Secretary grants some or all of the borrower's request for reconsideration, then the Secretary adjusts the borrower's number of qualifying payments or forgives the loan, as appropriate.

(iv) After the Secretary decides on the borrower's reconsideration request, the Secretary's decision is final, and the borrower is permitted to request an additional reconsideration only with previously unconsidered evidence.

(v) Notwithstanding the other provisions of paragraphs (c) and (d) of this section, a borrower may obtain loan forgiveness for a federal student loan(s) if the borrower indicates in a manner determined by the Secretary and during the application process described in paragraph (d)(2) of this section, and verifiable using the procedures described therein, that after October 1, 2007, and during the term of said loan(s), the borrower made the equivalent of 120 monthly payments while working full-time in qualifying employment.