

To: U.S. Department of Education; Negotiated Rulemaking Committee  
From: TBD  
Date: November 14, 2023

RE: Redlines to Maximum Repayment Term Text

## **BACKGROUND & OVERVIEW**

This proposal attempts to address two issues with the draft regulatory text proposing a 25 year maximum repayment term, in order to better align this draft regulation with the consumer protections included in the SAVE Plan:

First, these revisions allow for the secretary to waive the outstanding balance of a loan on a shorter timeline when the original principal balance is low enough to qualify for faster debt cancellation under SAVE. The change below mirror the regulation that will go into effect on July 1, 2024.

Second, these revisions seek to eliminate the cliff created by the original draft regulation. As drafted by the Department, a borrower who has been in repayment for 24 years and 11 months would be ineligible for relief, while a borrower in debt for 25 years would be debt free. This proposed revisions create a time-bound, discrete class of eligible borrowers limited only to those borrowers who had debts in repayment before all of the protections included in SAVE became available on July 1, 2024.

## **TEXT REDLINE**

(c) First entered repayment 25 years ago.

(1) The Secretary may waive the outstanding balance of a loan if—

(i) the loan was in repayment, including periods when the loan was in default, deferment, or forbearance, for at least 300 months **or 120 months in the case that the borrower's total original principal balance on all loans is less than or equal to \$12,000, plus an additional 12 monthly payments or the equivalent over a period of at least 1 year for every \$1,000 if the total original principal balance is above \$12,000; and (ii) the loan entered repayment by no later than July 1, 2024.** ~~by no later than July 1, 2025.~~

(2) For the purpose of this paragraph (c), a loan enters repayment on—

(i) For a Federal Stafford Loan, a Direct Subsidized Loan, or a Direct Unsubsidized Loan, the day after the initial grace period ends;

(ii) For a Federal PLUS Loan or a Direct PLUS Loan, the day the loan is fully disbursed; or

(iii) For a Federal Consolidation Loan or Direct Consolidation Loan, the earliest day as determined under paragraphs (c)(2)(i) and (ii) of this section for any loan that was repaid by that consolidation loan.