

Oregon student loan ombuds: repayment and cancellation for Oregonians



Department of Consumer
and Business Services

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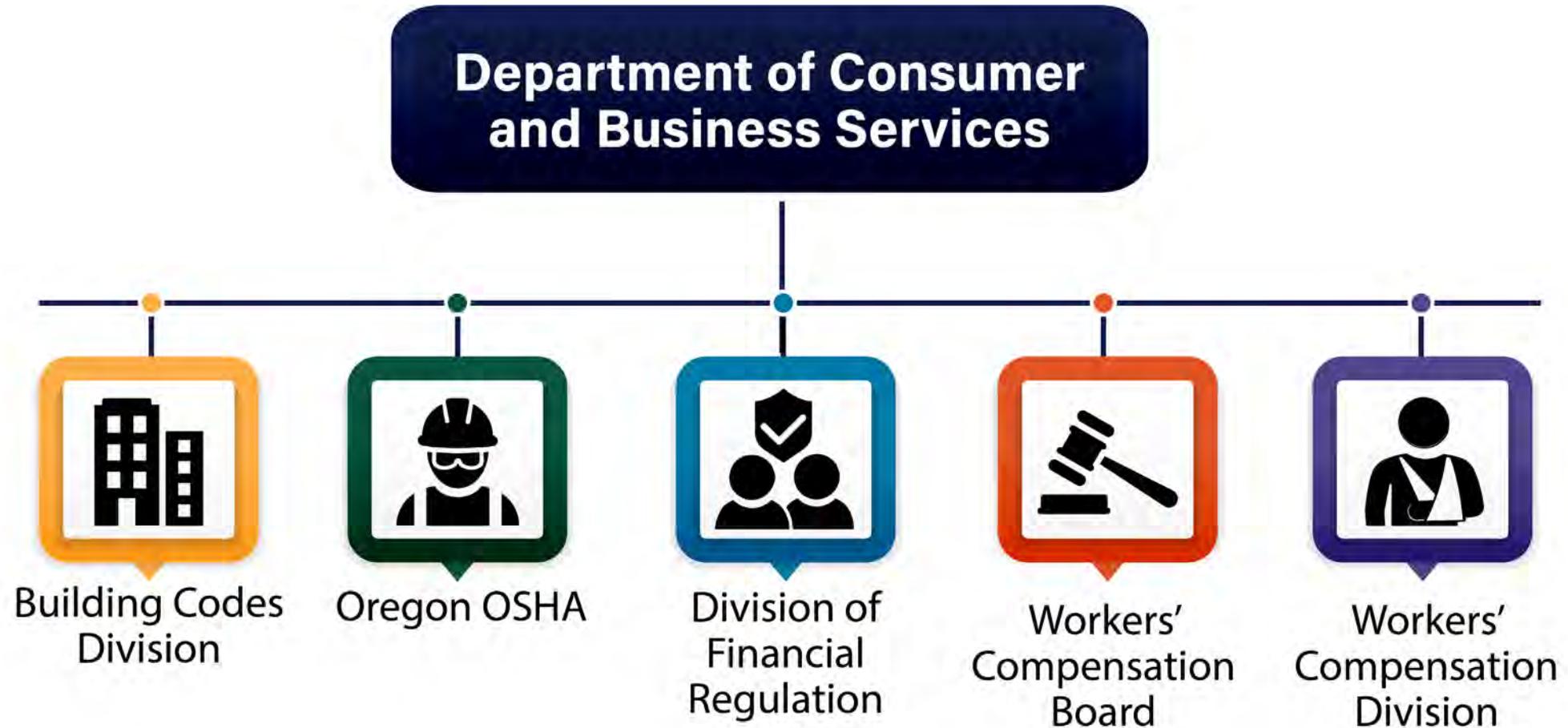
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DFR's Mission

Protecting Oregonians' access to fair products and services through education, regulation, and consumer assistance.



Department of Consumer and Business Services (DCBS)



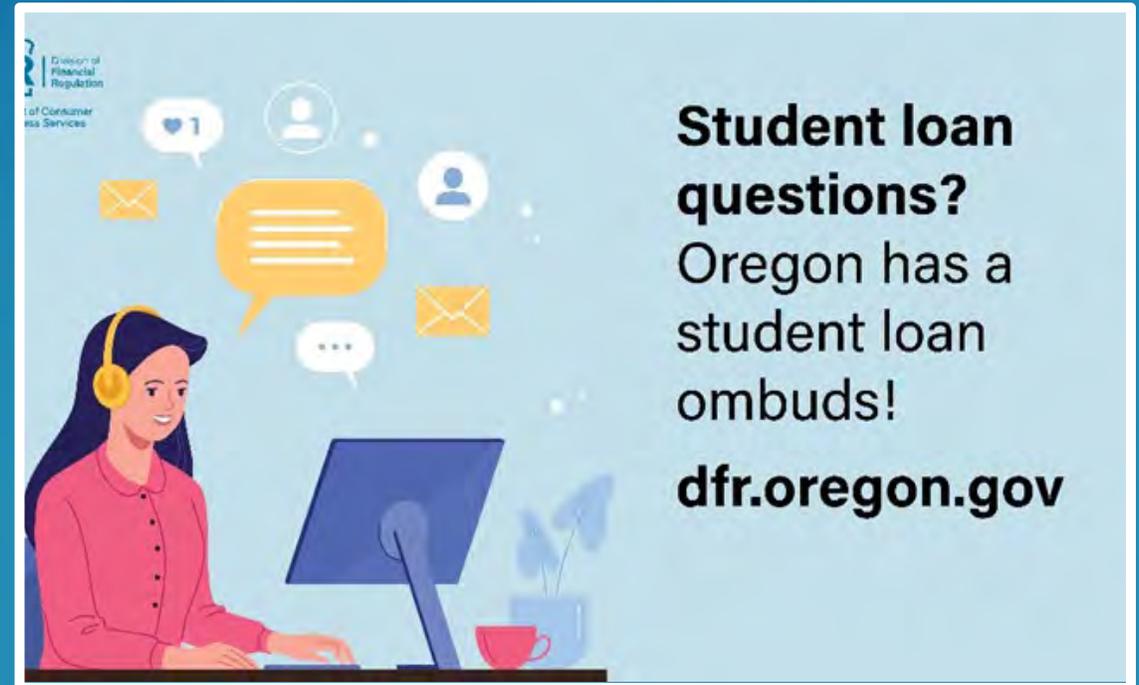
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- Mortgage services
- Annuities
- Securities
- Student loans
- State-chartered banks and credit unions
- Check cashing services
- Debt management services
- Money transmitters
- Pawnshops
- Payday and title lenders
- Consumer finance
- Collection agencies
- Manufactured structure dealers
- Drug price transparency
- And more



Background

- Role created in Senate Bill 485 in 2021
- Bolstered by consumer advocates
- Lack of servicer oversight at federal level prompted states to step up
- Oregon was the 15th state to appoint a student loan ombuds or advocate
- Requires licensing for student loan servicers



Student loan questions?

Oregon has a student loan ombuds!

dfr.oregon.gov

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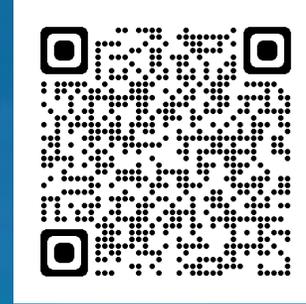
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Requirements of role



Receive, review,
attempt to resolve
complaints



Track and provide
feedback on
implementation of
rules and laws



Borrower
education –
website, outreach,
rights and
responsibilities



Annual report
to Oregon
Legislature

Types of student loans

Private

Many product names,
function like personal loans

Federal

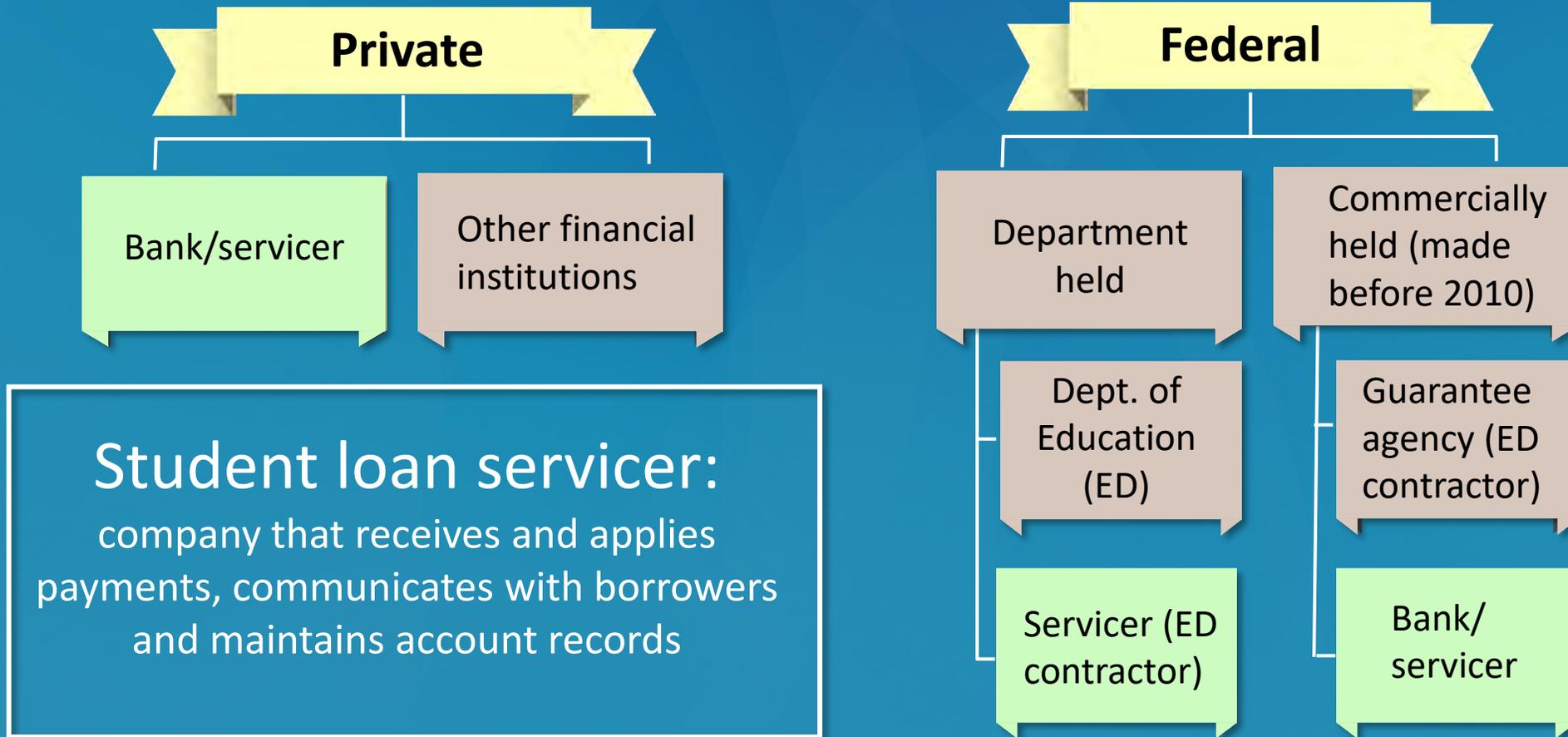
Commercially held

- FFEL (Stafford)
- Perkins
 - Some serviced by schools
- HEAL

Department held

- Direct
- FFEL (Stafford)
- Parent Plus
- Grad plus

Entities involved



Things to know about federal student loans

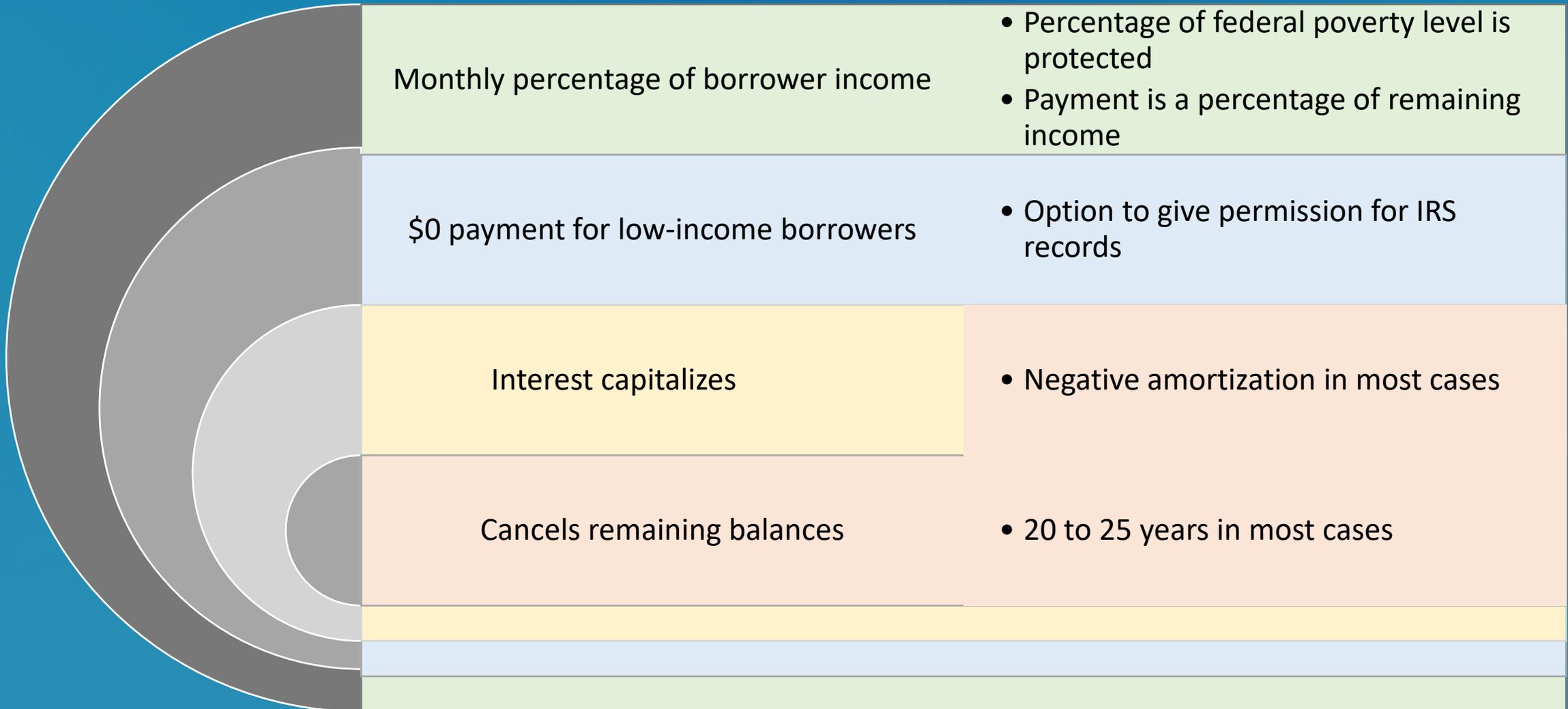
Income-driven repayment programs

Forgiveness and cancellation

Defaulted loans

Looking forward

Income-driven repayment



Loan cancellation via income-driven repayment

One benefit of all income-driven repayment plans is eventual forgiveness for the remaining balance.

Loan Type	Eligible after
Parent PLUS loans	25 years of repayments
Graduate loans	25 years of repayment
Undergraduate loans	20 years of repayment

Changes to student loan repayment – PSLF

Public Service Loan Forgiveness (PSLF) – new rules for all borrowers as of July 1, 2023:

- **Qualifying loans** – Direct Loans
 - Other loans can be consolidated to Direct Loans; the resulting loan given weighted count
- **Qualifying payments** – 120 on-time payments while on IDR
 - Includes late, partial, lump sum, and some deferrals
- **Qualifying employer** – public or 501(c)3 and some (c)4 and (c)6, at least 30 hours per week

Entire balance forgiven after 120th payment

Forgiveness and cancellation

- **Closed school discharge**
 - Increased automation for borrowers who are enrolled at closure
 - Apply at studentaid.gov
- **Borrower defense to repayment** – for borrowers defrauded by their schools
 - New rules makes group discharge more accessible
 - Apply at studentaid.gov
- New **total and permanent disability** discharge rules
 - Removes monitoring period
 - Expanded types of medical professionals who can certify
 - Some automation with social security disability
 - Most should apply at studentaid.gov

Behind on your loans?



Delinquent

- If your payment is past due, you are delinquent on that loan
 - Delinquency is a good time to consider forbearance, deferment, or changing income-driven repayment plans
 - At 90 days, you are reported late to the credit bureaus – “on-time” turns to “90-days delinquent”
- Private student loans are likely to charge late fees at delinquency

Defaulted

- 270 days (nine months) late
- Reassigned to default resolution group for collection by day 360
- Federal loans are reported as “in default” to credit bureaus
- Entire balance of loan due
- Tax refunds, benefits, wages garnished

Resolving default

Consolidation

- Consolidation = new loan, new loan history

Rehabilitation

- Rehabilitation = small payments for nine months then returned to *current* status

Benefit regained	Loan rehabilitation	Loan consolidation
Eligibility for deferment	Yes	Yes
Eligibility for forbearance	Yes	Yes
Choice of repayment plans	Yes	Yes (<u>but possible limitations</u>)
Eligibility for loan forgiveness programs	Yes	Yes
Eligibility to receive federal student aid	Yes	Yes
Removal of default record from credit history	Yes	No (<u>see details</u>)
Interest and collection costs are added	No	Yes (<u>see details</u>)

Looking forward



Forgiveness through negotiated rulemaking

Withdrawn by Biden administration



Oregon's average student loan debt per capita is decreasing

This is mostly because of scholarship programs such as Oregon Promise



New platform for student loan servicing

New servicer, eventually there will be one website for all federal servicing

When to contact ombuds

- To file a complaint about student debt collection (FCRA, licensing, or other violations)
- To verify borrower rights or responsibilities
- To report a possible student loan scam
- To resolve an issue with a loan servicer or collector



Student debt?
Get free resources from Oregon's student loan ombuds.

dfr.oregon.gov/studentloan

DFR Oregon Department of Financial Regulation
Division of Student Loan Ombuds

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Questions, concerns, or ideas?

Lane Thompson

Student loan ombuds

Pronouns: she/they

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Consumer Hotline: 888-877-4894

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