

Employer Reinstatement Option for Public Service Loan Forgiveness Proposed Regulatory Text for 34 C.F.R. § 685.219 (j):

34 C.F.R. § 685.219 (j) – Regaining eligibility as a qualifying employer

(j) Regaining eligibility as a qualifying employer. An organization that loses eligibility for failure to meet the conditions of paragraph (b)(27) of this section may regain eligibility to become a qualifying employer after —

(1) Five years from the date the Secretary determines the organization engaged in activities that have a substantial illegal purpose in accordance with paragraph (h) of this section, if, at or after that time, the organization certifies on a borrower’s subsequent application that the organization is no longer engaged in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section; or

(2) The Secretary approves a corrective action plan signed by the employer that includes —

(i) a certification that the employer is no longer engaging in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section;

(ii) a plan describing the employer’s compliance controls that are designed to ensure that the employer will not engage in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section in the future; and

(iii) any other terms or conditions imposed by the Secretary designed to ensure that employers do not engage in actions or activities that have a substantial illegal purpose.