



## Coronavirus (COVID-19): Payment Relief for Student Loan Borrowers

Congress passed the CARES Act in response to the economic crisis the pandemic has caused. It gives some emergency relief to people who owe money on federal student loans.

### What has changed for student loan borrowers?

- ❖ **Monthly payments have been suspended** (stopped) on many federal loans from **March 13, 2020** through **January 2022**.

This applies to federal Direct Loans and Federal Family Education Loans (FFEL) owned by the U.S. Department of Education.

- ➔ This does **not** apply to Perkins Loans, private student loans (held by banks), or FFEL loans that are not owned by the U.S. Department of Education.

### For qualifying federal student loans:

- ❖ **Automatic payments from bank accounts should stop automatically.** You should not have to do anything to make this happen. If your loan servicer withdraws the payment, contact them immediately. You should get a refund.
- ❖ **Interest should not be added during this time.** Most federal student loan debt grows every month with interest. This should stop through January 2022.

In some programs, each month of suspended payments will “count” as if you made a regularly scheduled payment, even though the amount you owe may not go down.

- If you are in a loan rehabilitation program (to get out of default), the months of suspended payments should count towards those programs as if you paid in full.
- If you are in an Income Driven Repayment (IDR) plan, the months of suspended payments should count towards those programs as if you paid in full, on time.
- If you are working toward Public Service Loan Forgiveness (PSLF), the suspended payments should count towards the 120 payments needed for loan forgiveness.
- None of this should harm your credit report. Credit reporting agencies like Experian, TransUnion and Equifax should not show that you “missed” a payment.

❖ **Collection of student loan debt by garnishment should stop during this time.**

If your **wages are being garnished** to pay off qualifying student loan debt, that should stop through January 2022.

If your **Social Security benefits are being reduced (offset)** to pay off qualifying student loan debt, that should stop too.

The **Department of Education should not take your tax refund** to pay off qualifying student loan debt. If your tax refund was already taken after March 13, 2020, it should be returned to you.

**Some student loans will be cancelled if you have to withdraw.**

If you have to drop out of school because of COVID-19, you will not have to pay back the student loan you took out for that semester, quarter, or year.

**I have a Perkins loan or private loan, or I have an FFEL loan that is not held by the Department of Education.**

The CARES Act did not require payment suspensions for these kinds of loans. Lenders can but do not have to suspend payments for this type of loan.

**However**, in the State of Washington, there is now some relief if you have commercially held FFEL loans or private student loans with these lenders:

- Aspire Resources, Inc.
- College Ave Student Loan Servicing, LLC
- Earnest Operations
- Edfinancial
- Kentucky Higher Education Student Loan Corporation
- Lendkey Technologies, Inc.
- MOHELA
- Navient
- Nelnet
- SoFi Lending Corp.
- Tuition Options
- United Guaranty Services, Inc.
- Upstart Network, Inc.
- Utah Higher Education Assistance Authority
- Vermont Student Assistance Corporation

Contact your lender immediately. Ask if you can get any or all of these types of relief from payment at this time:

- Offering you at least 90 days of forbearance (not having to pay)
- Waiving (forgiving) late fees
- Making sure you do not get a negative credit report for your private student loans
- Stopping debt collection lawsuits for 90 days
- Working with you to get you in other borrower assistance programs, such as income-based repayment

## Where can I learn more?

- The **National Consumer Law Center** has a lot of information here: [www.studentloanborrowerassistance.org/](http://www.studentloanborrowerassistance.org/)
- **Federal Student Aid** website has more about applying for and repaying loans: [studentaid.ed.gov](http://studentaid.ed.gov)
- Learn how to get a discharge of your loan due to disability: [www.disabilitydischarge.com](http://www.disabilitydischarge.com)
- To find out your federal student loan amount, visit <https://nslds.ed.gov/npas/index.htm>

## Get Legal Help

- **Apply online** with [CLEAR\\*Online](http://CLEAR*Online) - [nwjustice.org/apply-online](http://nwjustice.org/apply-online)
- **Facing a legal issue in King County** (other than Eviction or Foreclosure)? Call 2-1-1 (or toll-free 1-877-211-9274) weekdays 8:00 am - 6:00 pm. They will refer you to a legal aid provider.
- **Facing a legal issue outside of King County** (other than Eviction or Foreclosure)? Call the CLEAR Hotline at 1-888-201-1014 weekdays between 9:15 am - 12:15 pm or apply online at [nwjustice.org/apply-online](http://nwjustice.org/apply-online).
- **Facing Eviction?** Call 1-855-657-8387.
- **Facing Foreclosure?** Call 1-800-606-4819.
- **Seniors (age 60 and over)** with a legal issue outside of King County can also call CLEAR\*Sr at 1-888-387-7111.
- **Deaf, hard of hearing or speech impaired callers** can call any of these numbers using the relay service of your choice.

CLEAR and 2-1-1 will provide interpreters.

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