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 through December 31, 2020.

This applies to federal Direct Loans and Federal Family Education Loans (FFEL) currently 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 stop the withdrawals. 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 the end of 2020.

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.

Your credit report should not be harmed. 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 the end of 2020.

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, it should be returned to you.

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

If you have to withdraw from school because of COVID-19, the student loan you took out for that payment period (semester, quarter or year) should be cancelled. You should not have to pay it back.

You should get notified about these changes.

You may have already gotten a notice about your right to suspend payments. It should have said you can still make payments during this time if you want to keep paying off the loan.

Starting on August 1, 2020, you should get notified at least 6 times about:

❖ When your regular loan payments will be due again.
❖ When collection (garnishment or offset) will start again.
You can enroll in an Income Driven Repayment (IDR) plan so the amount may be lowered if you have a lower income.

**I have a Perkins loan, private loan, or 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 payment 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 get more information about student loans?

• The National Consumer Law Center has a lot of information here: www.studentloanborrowerassistance.org/
• Federal Student Aid website has more about applying for and repaying loans: studentaid.ed.gov
• More on how to get a discharge of your loan due to disability: www.disabilitydischarge.com
• How to find out your federal student loan amount: www.nslds.ed.gov

Get Legal Help

• Outside King County, call the CLEAR Hotline at 1-888-201-1014 weekdays between 9:15 am and 12:15 pm.
• In King County, call 2-1-1, weekdays 8:00 am - 6:00 pm. They will refer you to a legal aid provider.
• Deaf, hard of hearing or speech impaired callers can call CLEAR or 2-1-1 (or toll-free 1-877-211-9274) using the relay service of your choice.
• CLEAR and 211 will provide interpreters.

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