



# WHAT STUDENT LOAN BORROWERS SHOULD KNOW DURING COVID-19

The Coronavirus Aid, Relief, and Economic Security (CARES) Act relief for student loan borrowers has been extended through December 31, 2020. The CARES Act directs the U.S. Department of Education (US ED) to automatically suspend payments on most federal student loans from March 13, 2020 through December 31, 2020. No interest will accrue on loans during this time. You do not have to take any action to receive these benefits if your loans are covered by the Act.

**BEWARE OF SCAMS!** Do not pay anyone who contacts you and asks for money to help you suspend your student loan payments. These benefits should happen automatically, and if you need assistance, you can get help for free (see below).

## WHAT LOANS ARE COVERED BY THE CARES ACT?

The CARES Act covers most federal loans, including all Direct Loans and Federal Family Education Loans (FFEL) that are currently owned by the US ED. It does not cover privately held FFEL loans, Perkins Loans, or private student loans. However, there are other protections available to New Yorkers who have Perkins loans, private loans, or privately held FFEL loans. Please see questions at the end of this fact sheet if you have these types of loans.

## HOW DO I KNOW IF MY LOANS ARE COVERED BY THE CARES ACT?

You can check to see if your student loans are covered by contacting your student loan servicer or checking your “aid summary” at [studentaid.gov](http://studentaid.gov). You can also call the US ED at (800) 999-8219.

For federal student loans, you can find your servicer by looking at your latest billing statement or reviewing your “aid summary” on the US ED’s website: [studentaid.gov](http://studentaid.gov). For private student loans, check your latest billing statement or your credit report.

## WHAT ARE THE DETAILS OF SUSPENSION OF PAYMENTS UNDER THE CARES ACT?

The CARES Act suspends the requirement that you make payments on loans until December 31, 2020. You do not need to take any action to suspend payments. If you made a payment after March 13, 2020, you may contact your servicer and request a refund.

All suspended payments count toward loan forgiveness programs, including the Public Service Loan Forgiveness Program. Suspended payments also count as payments toward rehabilitation of defaulted loans.

If you wish to continue to make payments during the suspension period, you may contact your servicer to opt out.

## WHAT ABOUT THE INTEREST ON MY LOANS?

Interest will not accumulate while your payments are suspended.

## WILL SUSPENSION OF PAYMENTS NEGATIVELY AFFECT MY CREDIT?

No. The US ED will report each month of suspended payments to credit bureaus as if they were regular monthly payments.





### **WHAT IF I AM ALREADY BEHIND ON PAYMENTS ON LOANS COVERED BY THE CARES ACT?**

If you were at least 31 days behind on your payments as of March 13, 2020 or became more than 31 days delinquent after that date, you will automatically be placed in forbearance.

### **WHAT IF I AM IN DEFAULT ON LOANS COVERED BY THE CARES ACT?**

The US ED has ceased collecting defaulted loans. This means that there should be no tax refund seizures, Social Security offsets, or wage garnishments through December 31, 2020. If your money was taken on March 13, 2020 or after, you are likely eligible for a refund. For questions about the refund, call the USED's Default Resolution Group at 1-800-621-3115.

### **WHAT IF I HAVE A PERKINS LOAN, PRIVATE LOAN OR A FEDERAL LOAN THAT IS NOT COVERED BY THE CARES ACT?**

If you are experiencing economic hardship due to COVID-19, you should call your servicer to ask what relief options are available to you. Some options that may be available are income-driven repayment plans, deferments, and forbearances. Be sure to ask your servicer about the duration of the relief, whether there are any fees and if they can be waived, and whether there will be any negative credit reporting consequences.

### **WHAT IF I HAVE A FEDERAL LOAN, BUT IT IS NOT COVERED BY THE CARES ACT?**

There are several other options available to borrowers of federal loans struggling to make payments:

- You can consolidate your loans into a Direct Consolidation Loan. These loans are eligible for protections under the CARES Act. You can consolidate into a Direct Consolidation Loan by going to <https://studentaid.gov/app/launchConsolidation.action>, or by contacting your servicer for help. Information on the advantages and disadvantages of consolidation can be found at: <https://studentaid.gov/manage-loans/consolidation>.
- You can enter into an income-driven repayment (IDR) plan. This allows you to make payments based on the amount of income you earn and your family size. Some borrowers may have payments as low as \$0/month. You can enroll in an IDR plan by going to [StudentAid.gov/idr](https://StudentAid.gov/idr). If you are already enrolled in an IDR, you can update your information and get a new payment amount based on your current income. You can also contact your servicer for assistance.
- If you are in default, you may be eligible to rehabilitate your loans. This allows you to get out of default by making reasonable and affordable payments for 9 out of 10 months. You can find out more at <https://studentaid.gov/manage-loans/default/get-out#loan-rehab>.
- You can also request a forbearance or deferment, which allows you to temporarily stop making payments without going into default, however, this is usually not advisable for federal-loan borrowers.

### **WHAT IF I HAVE FURTHER QUESTIONS?**

- You may contact Mobilization for Justice's Consumer Right Project at 212-417-3881 on Mondays from 2 p.m. to 4 p.m. or Thursdays from 10 a.m. to 2 p.m.

*The information in this factsheet is current as of October 19, 2020. Please visit MFJ's website for updates.*

