



Temporary relief granted to federal and private student loan holders

While you've been grappling with the dual challenges of online teaching and keeping yourself safe, the federal government and the Commonwealth of Massachusetts have taken steps to provide relief to borrowers who have federal and/or private student loans. The relief programs are not identical. Here's a quick look at the temporary measures enacted and the steps you might consider taking to manage your loans through this crisis.

Federal Student Loans

The CARES Act, signed into law on March 27, provided for the following:

- No payments are due on federal student loans until September 30, 2020. You should have received a notification from your loan servicer by April 10, but if you didn't, check your accounts online to confirm that no payment is due. If you have your payments deducted automatically from your checking account, you don't have to do a thing.
- PLUS loans are included in the temporary payment waiver, but *Perkins and FFELP loans not held by the government are not included*. (Borrowers with commercially held FFELP loans should read the Private Student Loan section below.) FFELP loan holders *could* consolidate those loans now and gain temporary relief until October. If you want to do so, it would be best not to include any Direct loans already eligible for Public Service Loan Forgiveness (PSLF) in that consolidation, as that would re-start the clock on the 120 payments needed before loan balances can be discharged through PSLF. If you're unsure, contact a Cambridge counselor about this. Their contact information is provided below.
- For MTA members aiming for Public Service Loan Forgiveness, the waiver means you'll receive credit for making 6 payments toward the 120 needed for forgiveness, *without having to actually make a payment*. There's also no need to pay down the principal balance because your goal in PSLF is to maximize the amount to be forgiven, or, in other words, to pay as little as possible over time until you've made the 120 qualifying payments.
- If you aren't a candidate for PSLF and you can afford to, you might choose to make payments until October, as those will go directly toward reducing your principal balance.
- If you were in default on your federal loans, collection efforts, wage garnishments and tax refund seizures have stopped until the end of September. The same is somewhat true for any Treasury offsets that were in the works, but only through mid-May. The Department of Education has indicated that it will refund \$1.8 billion to more than 830,000 borrowers whose offsets were in the process of being withheld on March 13, when the COVID-19

national emergency was declared. Details about how those refunds will be made have not yet been released.

- For anyone going through the federal student loan rehabilitation process, the 6-month payment waiver also applies to you, enabling you to reach the 9 required payments much easier.
- The **Massachusetts Department of Higher Education** has also announced that it will defer payments in its No-Interest Loan Program until August 1, 2020.

Private Student Loans

Massachusetts is one of a growing number of states that have secured payment relief options for private student loan borrowers through agreements with 15 of the largest private student loan servicers (list provided at bottom). These provisions are different from those listed above, and *they aren't automatic*.

You need to contact your private loan servicers as soon as possible to access these options:

- At least 90 days of payment forbearance
- No late fees during this period
- No negative impact on your credit report
- No student loan debt collection lawsuits for 90 days
- In addition, if you request it, the servicer is required to explain different repayment options, such as income-based repayment, and enroll you in a program that fits your circumstances.

Before taking any action, tell the representative that you are a candidate for Public Service Loan Forgiveness and that you want to preserve the progress you've made toward the required 120 payments. For example, if the servicer suggests consolidating any of your federal student loans with your private loans, you would be giving up your PSLF option on those loans forever. Be careful before accepting their advice.

If you have questions about these temporary relief options, we encourage you to contact Cambridge Credit Counseling's Todd Friedhaber, Student Loan Counseling Manager, at (800).757.1788, ext. 5373.

The following private loan servicers are participating in the multi-state relief initiative. If your loan servicer isn't on this list, make contact with them ASAP to inquire about any temporary relief they may be offering. Private lenders are also caught up in this chaos, but many are also ramping up efforts to assist you and may offer fee waivers and/or partial payments until the crisis is over.

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

If you'd like to go over this with a counselor or talk about how your household budget has been impacted, Cambridge Credit Counseling is still working through the crisis. You can reach them at (888).948.4639.