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HELP FOR STUDENT LOAN BORROWERS – CARES ACT (as of March 30, 2020)

The Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress on March 27, 2020, includes several provisions that apply to certain loans owed by some federal student loan borrowers. Here's what you should know:

Which loans are covered?

Direct Loans and Federal Family Education Loans (FFEL loans) currently owned by the U.S. Department of Education (DOE).

Which loans are not covered?

- Perkins Loans
- Commercially-held FFEL loans
- Private student loans

What does the CARES Act do for eligible loan borrowers?

- **Six Month Payment Suspension:** Borrowers with Direct loans and FFEL DOE owned loans payments are suspended through September 30, 2020. This includes loans to parents. Date this starts is unknown.
- **Six Month Interest Suspension/Waiver:** Interest on loans is also suspended until Sept 30, 2020 on qualified loans.
- **Suspended Payments Count:** For borrowers participating in a loan rehabilitation, loan income-driven repayment plans, and loan forgiveness program, like Public Service Loan Forgiveness (PSLF), suspended payments for these months will still count.
- **Credit Reporting of Suspended Payments:** Suspended payments will be treated as regularly rescheduled payments by credit reporting agencies.
- **Debt Collection Suspension:** All involuntary collection activity on defaulted Direct Loan and FFEL Loans owned by the DOE is suspended during through September 30, 2020. This includes non-judicial wage garnishment, tax offsets, and federal benefit offset (e.g., seizure of Social Security benefits).
- **Employer Paid Loan Payments:** If your employer pays your student loan payments, they can do it tax-free up to January 1, 2021 for up to \$5,250 annually.
- **Loan Cancellation:** Applies to current students who withdraw from school because of the coronavirus pandemic. The Act requires the Secretary of Education to cancel the borrower's Direct Loan associated with the payment period in which they withdrew.

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What should borrowers expect:

- Within 15 days of changes: Notice to borrowers from DOE Secretary Betsy DeVos:
 - payments have been suspended and interest waived;
 - for whom involuntary collection has ceased;
 - inform borrowers of the option to continue making payments toward principal.
- Starting August 1, 2020, borrowers will receive notice of when normal payment obligations will resume and information about enrolling in income-driven repayment options.

Pre-CARES Act Borrower Relief: DOE Secretary DeVos announcements...

- **March 20, 2020:**
 - **0% Interest for 60 days and 2 payments suspended:** All borrowers with federally held student loans will automatically have their interest rates set to 0% for a period of at least 60 days. In addition, each of these borrowers will have the option to suspend their payments for at least two months.
 - **Administrative Forbearance:** DOE Secretary DeVos directed all federal student loan servicers to grant an administrative forbearance to any borrower with a federally held loan who requests one. The forbearance will be in effect for a period of at least 60 days, beginning on March 13, 2020. To request this forbearance, borrowers should contact their loan servicer online or by phone.
 - includes Direct Loans, as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by DOE.
- **March 25, 2020:**
 - **Collection actions and wage garnishments Stopped:** for a period of at least 60 days from March 13, 2020.
 - **Treasury Offset Requests Stopped:** all treasury offset requests to the U.S. Treasury from defaulted borrowers' federal income tax refunds, Social Security payments, and other federal payments., and directed DOE to refund offsets made during this period.
 - **Debt Collection Refunds:** Student loan borrowers who defaulted on their loans and went through debt collection since the declaration of the national emergency will receive a refund of monies collected via debt collection (ex. Wage garnishments, tax refund offset, etc.).
 - **Collection Activities – Private Agencies Stopped:** includes phone calls to borrowers and issuance collection letters and billing statements.
 - **Employers Actions to Stop Wage Garnishments:** Employers instructed to make the change to borrowers' paychecks, so it will monitor employers' compliance with the request to stop wage garnishment. Borrowers whose wages continue to be garnished after March 13, 2020 should contact their employers' human resources department.

For additional information, visit: <https://studentaid.gov/announcements-events/coronavirus> or www.ed.gov

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