COVID-19 FAQS ABOUT STUDENT LOANS

Q: What if I owe money on my New York State student loans?
A: New York State has agreed to stop collecting debt from New York State student loans until at least May 17, 2020.

Q: What if I have payments due for my federal student loans?
A: For federal Direct Loans and FFEL loans owned by the Department of Education, payments are suspended from March 13, 2020 through September 30, 2020. Parent Plus loans, Grad Plus loans, Stafford subsidized, Stafford unsubsidized, and consolidated loans are covered if they are government-owned Direct or FFEL loans:

- During the suspension, borrowers will not be charged any interest on their loans.
- The month of a suspended loan payment will be treated as if a loan had been made for purposes of loan forgiveness and loan rehabilitation.
- Any payment that has been suspended will not result in negative credit reporting.
- According to the Department of Education, auto-debit payments are suspended during this period.
- If you made a payment on the loan on or after March 13, 2020, your payments should be automatically returned to you. If you have not received a refund, you can contact your loan servicer (the company you send payments to) about getting a refund.
- Any payments made during the suspension will be used to pay off the loan principal (not the interest) which will reduce the total amount of money owed.
- Borrowers will be receiving a notice explaining the new policies and suspension period. Borrowers should also receive a notice starting in August 2020 to let them know the date they will have to start making payments again.

For Perkins loans that are owned by the Department of Education, borrowers can choose to suspend payments on their loan for 60 days, starting on March 13, 2020. This forbearance is automatic for any borrower more than 31 days delinquent as of March 13, 2020, or who becomes more than 31 days delinquent. The Department of Education has also said that Perkins loans that are owned by the Department of Education will have zero percent interest from March 13, 2020 until September 30, 2020.

Payments are not suspended for FFEL or Perkins loans that are not owned by the Department of Education, however some are voluntarily providing the same relief offered to students with Perkins loans that are owned by the Department of Education.
You will need to check with your school to find out their policy. If you have a privately owned FFEL student loan, please see the section below on private student loans for information on what relief is available.

For up to date information on federal student loan suspensions and policies, check the Department of Education website.

Q: **What if I do not know what type of federal student loan I have?**

A: If you are not sure what kind of student loans you have, you can call 1-800-999-8219 or your servicer (the company you send your student loan payments to). For step-by-step instructions on how to find out what type of loan you have, you can go to NCLC’s Student Loan Borrower Assistance Project website.

Q: **What if I have debt from a defaulted federal student loan?**

A: The U.S. Department of Education (DOE) has agreed to stop collecting student loan debt from March 13, 2020 through September 30, 2020. If you have had money taken from your wages, a tax refund, or part of a federal government benefit (such as Social Security) to pay for a student loan since March 13, 2020, any money taken will be returned to you.

Under the CARES Act, involuntary collection (wage garnishment, reduction of tax refund, offset of federal benefits) of federal student loans was suspended until September 30, 2020.

The Department of Education has told Department-contracted private collection agencies to not make collection calls and not accept auto-debit payments from March 13, 2020, through Sept. 30, 2020.

For up to date information on federal student loan suspensions and policies, check the Department of Education website.

Q: **Who can I contact if I have questions about my student loan repayment options?**

A: The Financial Empowerment Center offers free financial counseling to New York City residents, regardless of income, including information on choosing your best options on repayment of student loans. You can call 3-1-1 or go to their website. They can help you find out if your student loan is eligible to be discharged (forgiven) or help you enroll in an income-based repayment program (have your loans reduced to an amount you can afford to pay which is based on the amount of income you have). You may be eligible for a discharge if you are disabled, if the borrower has passed away, if your school closed before you could finish your degree, if the school engaged in fraud, or if you are a public servant (work as a teacher in a Title 1 school, or are a state employee, for example).
Q: Is there any relief available for people with private student loans (loans not owned by the government)?

A: The New York State Department of Financial Services (DFS) has reached an agreement to get help for New York State residents who took out a student loan from a bank to pay for school or living expenses, or who have a FFEL loan that is owned by a private bank.

The relief available under this agreement is for borrowers who have financial hardship related to COVID-19. You must contact your lender or servicer to get this assistance. It will not happen automatically.

Under the agreement, most borrowers can expect their lender to:

- Give a forbearance (suspend your loan payments) for up to 90 days. Interest may still accrue on the loan while it is in forbearance.
- Waive late fees.
- Not put your loan in collections even if you are currently behind in your payments.
- Not send negative reports to credit reporting agencies.

If you have student loans with more than one bank or servicer (the company that handles your loan), you will need to contact each bank or servicer separately to get relief.

For more information, go to: https://www.dfs.ny.gov/consumers/coronavirus/students