STUDENT BORROWER PROTECTION CENTER

Overview of Section 3513 of the CARES Act

The student loan protections instituted under the CARES Act, summarized below, apply only to student loans owned by the federal government (*i.e*., Direct Loans and ED-held FFELP Loans). Commercially held FFELP loans, Perkins loans, and private student loans are not covered under the law. The following provisions will be in effect through September 30, 2020.

- **Suspension of payments.** The CARES Act requires that the Department of Education suspend all payments due on student loans through the end of September. Servicers are expected to implement the suspension automatically, meaning borrowers will not be required to take affirmative action to have their payments paused. However, borrowers who are currently enrolled in autopay may still have their full monthly payment deducted during the suspension period. If a borrower does not want to continue making payments during the suspension, he or she should immediately turn off autopay via his or her servicer's website to ensure the payment is not withdrawn as autopay cancellation requires at least three days to process. *Note that this payment suspension is separate from the optional administrative forbearance offered by the Department of Education (Covid-19 forbearance) before the passage of the CARES Act.*

- **Continued credit toward loan forgiveness.** During the six months of payment suspension, borrowers will continue to receive payment count credit toward Public Service Loan Forgiveness and Income-Driven Repayment loan forgiveness, provided that the borrower meets all the other requirements to receive credit. For example, a borrower pursuing Public Service Loan Forgiveness would still need to be working full time for a qualified employer during the suspension period. *Borrowers who are enrolled in the Covid-19 forbearance will not receive credit toward PSLF and IDR loan forgiveness—borrowers must be in repayment to receive credit.*

- **Interest waiver on all loans.** On March 20, the Department of Education initiated an automatic interest waiver on all Direct Loans and ED-held FFELP Loans in conjunction with the national emergency declaration. This interest waiver was expected to last for 60 days. The CARES act effectively extends this interest waiver for the duration of the payment suspension period. This interest waiver also applies to loans in collections. As of April 1, 2020, borrowers who log into their servicer's website should see their interest rate reduced to 0 percent across their loans.

- **Credit reporting protections.** For the duration of the payment suspension, servicers will furnish to credit bureaus as though borrowers made their scheduled payment.

- **Halt on collections**. For the duration of the suspension period, all collections efforts on covered loans are paused, including wage garnishment, federal benefit offsets, and federal tax refund offsets. Borrowers who are currently in garnishment will need to contact their employer directly to ensure the garnishment is paused.