



STUDENT
BORROWER
PROTECTION
CENTER

Student Loan Repayment During the Coronavirus Pandemic

Presented by the Student Borrower Protection Center

August 2020

Student Loan Protections under the CARES Act

Protections under the CARES Act, extended through executive action

Through December 31, 2020:

- 0% interest
- Automatic payment suspension
- Qualified payments for PSLF and IDR forgiveness
- Suspension of all collection activity
 - Wage garnishment
 - Social Security benefits offset
 - Tax refund offset

Only for Direct Loans and ED-held FFELP Loans

What borrowers need to know

- Payment suspension and interest waiver are automatic
- Turn off autopay
- You can request a refund for payments auto-debited after March 13, 2020
- Garnishment pause needs to be done through employer
- IDR recertification extended, but borrowers should continue to enroll and recertify income-driven repayment plans

Common questions

- What options will be made available to Perkins loan and commercially held FFELP loans?

Reach out to your loan servicer directly

- Will accrued interest on loans capitalize after the suspension period?

No, as long as you enroll in a non-capitalizing repayment plan (e.g., IDR)

- Will borrowers who face coronavirus-related employment disruption still receive credit for purposes of PSLF?

No

Types of federal student loans

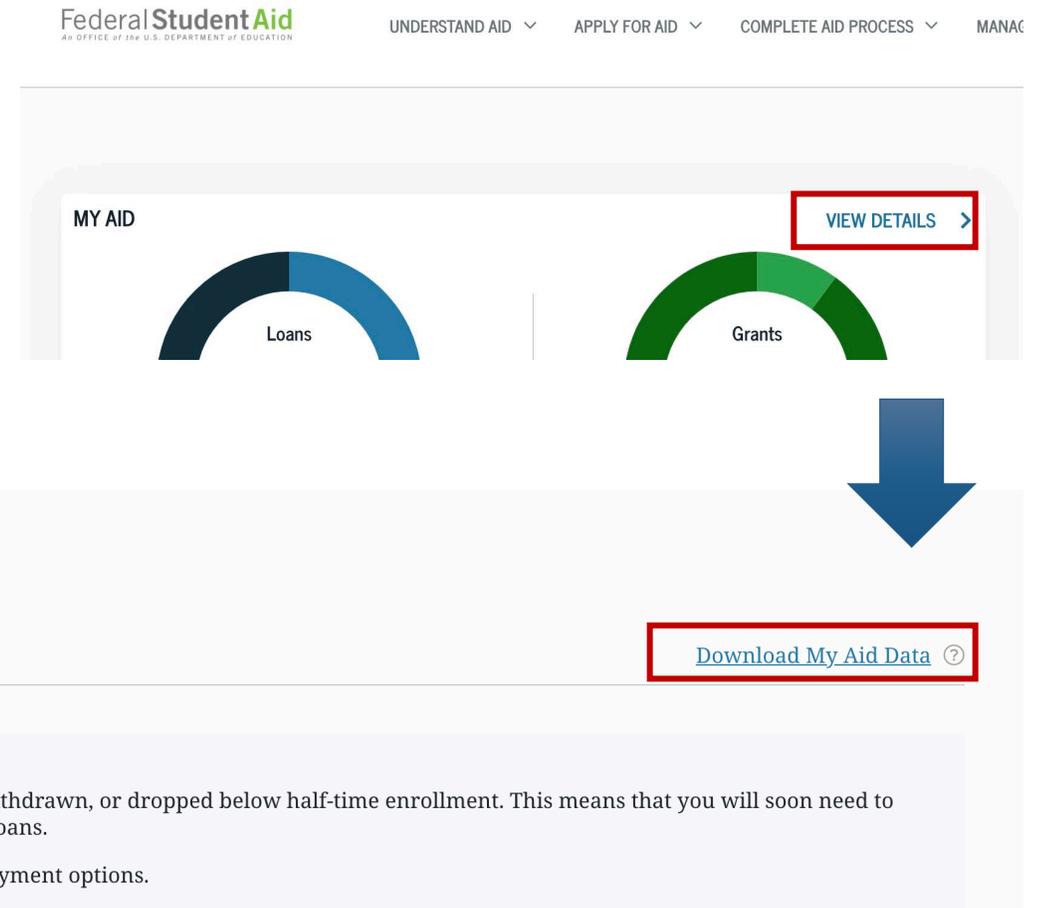
Covered in CARES Act	Not covered in CARES Act
Direct Loans	Perkins Loans
Federal Family Education Loans owned by ED	Federal Family Education Loans owned by private companies

How to tell what type of federal student loan you have

Step 1: Log into studentaid.gov

Step 2: Under your student aid dashboard, navigate to “View Details”

Step 3: On the top right, select “Download My Aid Data”



How to tell what type of federal student loan you have

Direct and ED-held FFELP Loans

1. Determine FFEL or Direct
2. Will state “Current ED Servicer”
3. Current Lender will be listed as U.S. Dept of Ed



Loan Type:FFEL STAFFORD SUBSIDIZED
 Loan Award ID: [REDACTED]
 Loan Attending School Name: [REDACTED]



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Loan Contact Type:Current ED Servicer
 Loan Contact Name:DEPT OF ED/FEDLOAN SERVICING(PHEAA)
 Loan Contact Street Address 1:P.O BOX 530210
 Loan Contact Street Address 2:
 Loan Contact City:ATLANTA
 Loan Contact State Code:GA
 Loan Contact Zip Code:303530210
 Loan Contact Phone Number:800-699-2908
 Loan Contact Phone Extension:
 Loan Contact Email Address:accountinfo@myfedloan.org
 Loan Contact Web Site Address:http://myfedloan.org
 Loan Contact Type:Current Servicer
 Loan Contact Name:DEPT OF ED/FEDLOAN SERVICING(PHEAA)
 Loan Contact Street Address 1:P.O. BOX 69184
 Loan Contact Street Address 2:
 Loan Contact City:HARRISBURG
 Loan Contact State Code:PA
 Loan Contact Zip Code:171069184
 Loan Contact Phone Number:800-699-2908
 Loan Contact Phone Extension:
 Loan Contact Email Address:accountinfo@myfedloan.org
 Loan Contact Web Site Address:http://www.myfedloan.org



Loan Contact Type:Current Lender
 Loan Contact Name:U.S. DEPT OF ED/2008-2009 LPCP
 Loan Contact Street Address 1:830 FIRST ST., NE
 Loan Contact Street Address 2:

How to tell what type of federal student loan you have

Commercially held FFELP Loans

1. FFEL only
2. Will state “Current Guaranty Agency”
3. Current Lender will be a bank or other private company



Loan Type:FFEL CONSOLIDATED
 Loan Award ID:
 Loan Attending School Name:SCHOOL CODE FOR CONSOLIDATION LOANS



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Loan Contact Type:Current Guaranty Agency
 Loan Contact Name:AMERICAN STUDENT ASSISTANCE
 Loan Contact Street Address 1:PO BOX 16129
 Loan Contact Street Address 2:
 Loan Contact City:ST. PAUL
 Loan Contact State Code:MN
 Loan Contact Zip Code:55401
 Loan Contact Phone Number:833-896-1626
 Loan Contact Phone Extension:
 Loan Contact Email Address:asaservicing@ecmc.org
 Loan Contact Web Site Address:http://ecmc.org
 Loan Contact Type:Current Servicer
 Loan Contact Name:AMERICAN EDUCATION SERVICES
 Loan Contact Street Address 1:PO BOX 2461
 Loan Contact Street Address 2:
 Loan Contact City:HARRISBURG
 Loan Contact State Code:PA
 Loan Contact Zip Code:171052461
 Loan Contact Phone Number:800-233-0557
 Loan Contact Phone Extension:
 Loan Contact Email Address:WEBMASTER@PHEAA.ORG
 Loan Contact Web Site Address:

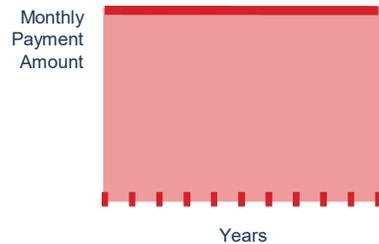


Loan Contact Type:Current Lender
 Loan Contact Name:US BANK ELT BHEA
 Loan Contact Street Address 1:425 WALNUT ST.
 Loan Contact Street Address 2:

**What federal student loan
repayment plan is best for me?**

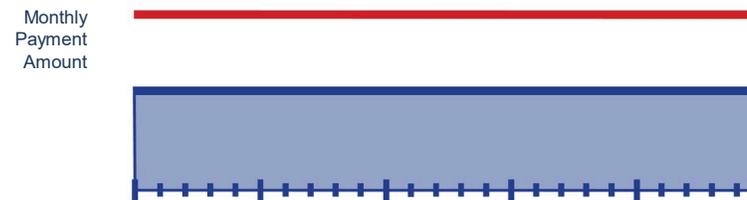
Multiple repayment options

STANDARD REPAYMENT PLAN



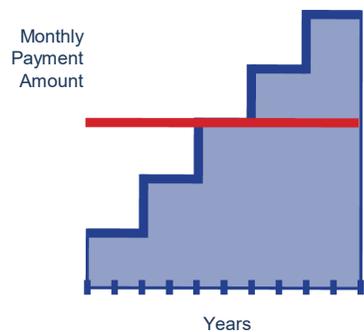
Pay the same amount every month for 10 years (or longer with [Consolidation Loans](#))

EXTENDED REPAYMENT PLAN



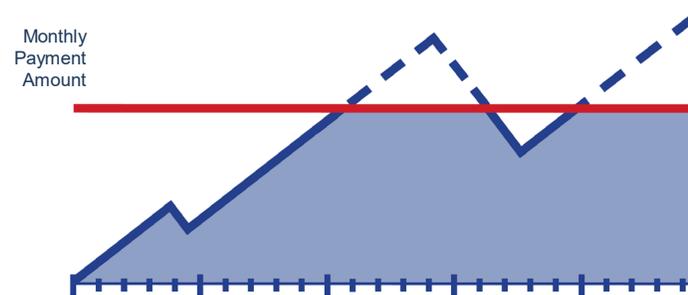
Pay the same amount every month for up to 25 years. Payments are lower than standard payments. Must owe more than \$30,000.

GRADUATED REPAYMENT PLAN



Payments start low and increase every two years. Loans are paid off within 10 years (or up to 30 years with Consolidation Loans)

INCOME-DRIVEN REPAYMENT PLAN



Monthly payments are tied to your income, not your loan balance. Payments can be as low as \$0.

Income-Driven Repayment (IDR) Plans

- IDR plans set monthly payments based on your discretionary income, rather than your outstanding loan balance. Unemployment or income shock could result in \$0 payments.
- Remaining balance is forgiven after 20 or 25 years
- Remaining balance is forgiven after 10 years under PSLF.
- Types of IDR plans:
 - Income-Contingent Repayment Plan (ICR)
 - Income-Based Repayment Plan (IBR)
 - Pay as you Earn (PAYE)
 - Revised Pay as you Earn (REPAYE)

IDR payment calculation

- 10% - 15% of discretionary income
- Discretionary income = Adjusted Gross Income (AGI) – 150% of federal [poverty guideline](#) for your family size
 - For single borrowers earning less than ~ \$19,000, **payments are \$0**
 - For a family of 4 earning less than ~\$39,000, **payments are \$0**
- Department of Education's [Repayment Estimator](#)

Benefits of an IDR plan

- Interest subsidies
- Enrollment will cure past delinquency without additional payments (no change to credit reporting)
- Payment can be recalculated if your income changes
- Some plans offer protections against interest capitalization

How do I enroll in an income-driven repayment plan?

Two options for enrolling in IDR

Online application. Best for borrowers with:

- Steady income
- Current income similar to 2019 tax filings

Paper application. Best for borrowers with:

- Irregular income
- Recent unemployment, furloughs, or other income impairment

Both options allow borrowers to choose the IDR plan that offers the lowest monthly payment

 **2. Choose a plan and then continue to Item 3.** 

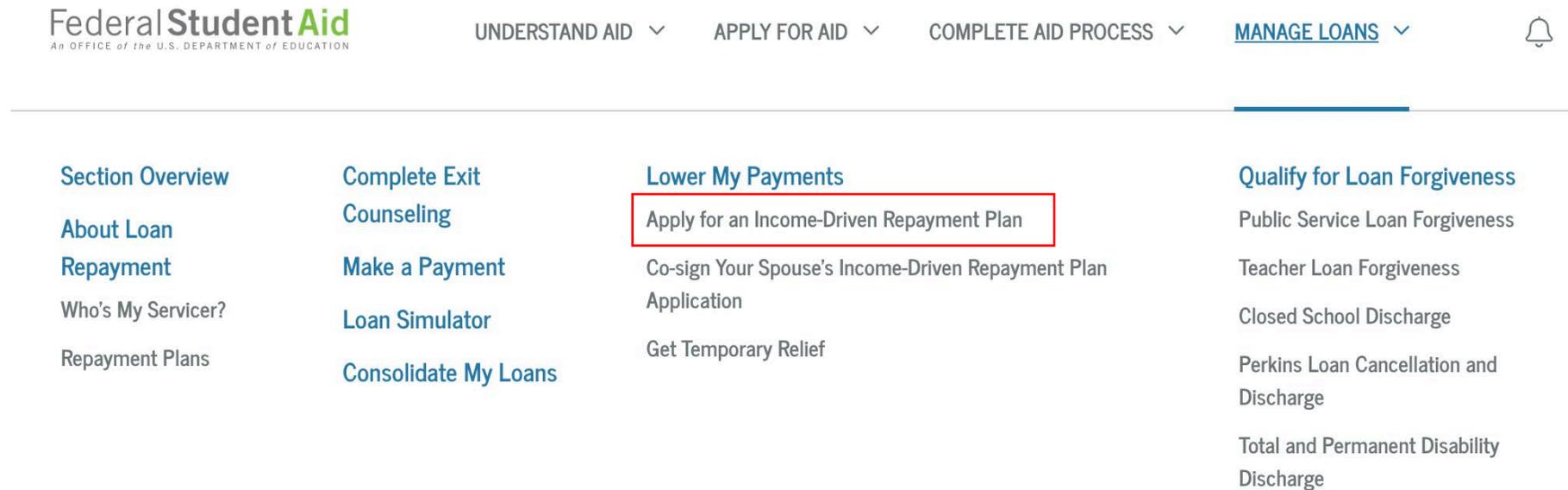
(Recommended) I want the income-driven repayment plan with the lowest monthly payment.

REPAYE IBR

PAYE ICR

Option 1: Online

- Visit studentaid.gov and navigate to “apply for an income-driven repayment plan”



- New applicants and returning borrowers have different options to enroll or recertify

Option 1: Online

- Navigate the [online application](#)
- Spouses of married borrowers are required to “cosign” the IDR application
- Automatically import IRS income information
- Information gets automatically routed to your student loan servicer

Option 2: Paper application

- Download the IDR application [here](#)
- Attach proof of income (paystub, letter from employer, etc.) and note how often you are paid (monthly, bi-weekly, etc.)
- Self-attest to no taxable income (also available in online application)

11. Has your income significantly decreased since you filed your last federal income tax return?

For example, have you lost your job, experienced a drop in income, or gotten divorced, or did you most recently file a joint return with your spouse, but you have since become separated or lost the ability to access your spouse's income information?

- Yes - Continue to Item 12.
- No - Provide your most recent federal income tax return or transcript. Skip to Section 6.
- I haven't filed a federal income tax return in the last two years - Continue to Item 12.

12. Do you currently have taxable income?

Check "No" if you do not have any income or receive only untaxed income.

- Yes - Provide documentation of your income as instructed in Section 5. Skip to that section.
- No - You are not required to provide documentation of your income. Skip to Section 6.

Note: Remember, any person who knowingly makes a false statement or misrepresentation on this form can be subject to penalties including fines, imprisonment, or both.

Tips for handling federal student loans amid immediate financial distress

- Autopay must be cancelled at least 3 days before the payment is due
- Delinquent borrowers may have already been enrolled in forbearance
- No derogatory credit reporting until January 2021
- Work directly with your employer/HR department to have garnishment paused.

How do I get out of default on a federal student loan?

What happens if your federal student loans default?

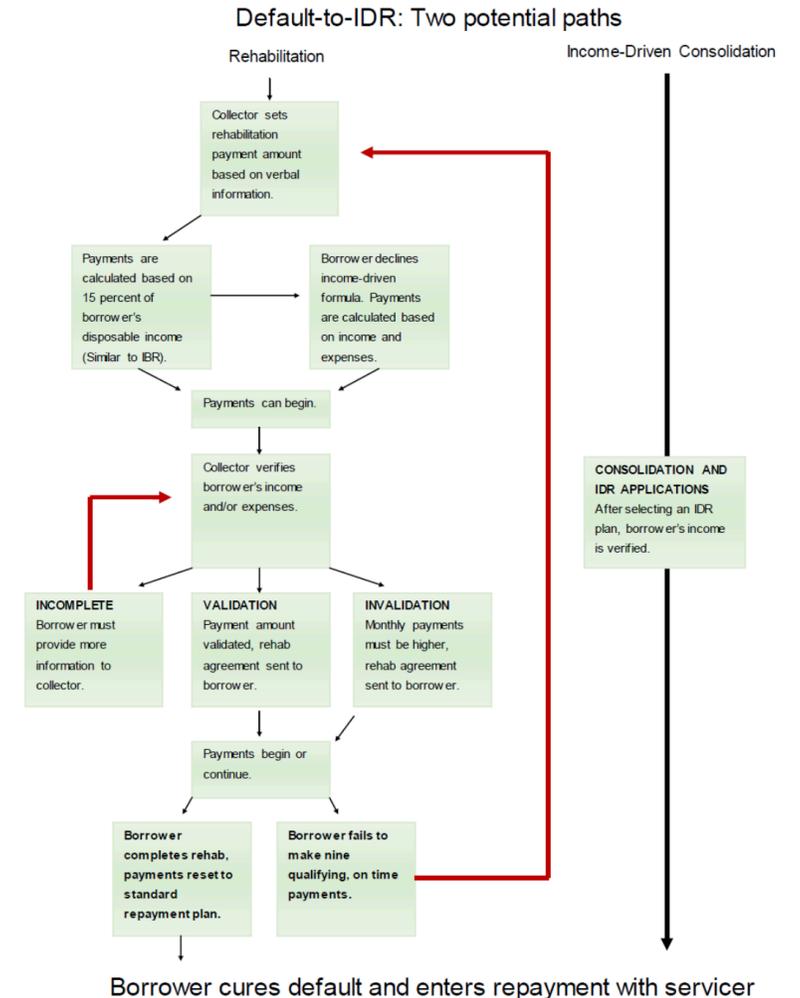
- Wage garnishment
- Social Security benefits offset
- Tax refunds offset
- Credit reporting

Beginning January 1, 2021, borrowers in default will be subject to these collection practices

Getting out of default on a federal student loan

- Consolidate “out of” default
 - Must have eligible loan
 - Must enroll in IDR
 - Cannot currently be in wage garnishment

- Rehabilitation
 - 9 payments based on income/expenses
 - As low as \$5 per month
 - Garnishment/offsets end after 5 payments
 - Fees (some can be waived)



Source: Consumer Financial Protection Bureau (2016)

Consolidation

- Consolidation application and IDR application can be completed online [here](#)
- Next payment due can be made under an IDR plan
- Does not remove default from your credit history
- Process can be completed in about 30 days (application to disbursement)

Rehabilitation

- Contact your collector and ask to enroll in a rehabilitation plan
 - Make 9 on-time payments over 10 months
 - After 5 on-time payments, garnishment is lifted
 - Payments can be based on income and expenses (garnished wages can factor into payment amount, but not replace payment)
- After rehabilitation is complete, your loan is transferred to regular servicing (ask to enroll in IDR)
- Removes default but not delinquency from your credit history

“Borrowers completing private student loan rehabilitation programs would likely experience minimal improvement in their access to credit. Removing a student loan default from a credit profile would increase the borrower’s credit score by only about 8 points, on average, according to a simulation that a credit scoring firm conducted for GAO.” GAO study of private student loan rehabilitation, May 2019

What if I already consolidated/rehabilitated and defaulted again?

- Rehabilitation can only be completed once
- Consolidation requires at least one eligible loan
 - Direct Consolidation Loan + another eligible loan
 - FFELP Consolidation Loan → Direct Consolidation Loan
- Request a hearing to stop wage garnishment for 12 months
 - Log into myeddebt.ed.gov to access request form
 - Challenges to wage garnishment
 - Involuntary termination of employment
 - Financial hardship
 - Ongoing repayment negotiations with collector

Options for Private Student Loan Borrowers

Multistate agreement for relief (private and commercial FFEL)

- CA, CO, CT, DC, IL, MA, NJ, NY, VT, VA, WA
 - 90 days of forbearance
 - Waiving late payment fees
 - No negative credit reporting
 - Ceasing debt collection lawsuits for 90 days
- Aspire Resources, Inc.
 - College Ave
 - Earnest Operations
 - Edfinancial
 - Kentucky HESLC
 - Lendkey Technologies, Inc.
 - MOHELA
 - Navient
 - Nelnet
 - SoFi Lending Corp.
 - Tuition Options
 - United Guaranty Services, Inc.
 - Upstart Network, Inc.
 - UHEAA
 - VSAC

Private student loan payment relief

- Alternative repayment options
 - Interest-only payments
 - Economic hardship
 - Often only temporary payment relief
 - Confirm how your payments will be reported to credit bureaus
- Partial payment instructions
- If you're denied an alternative repayment plan, ask why

Defaulted private student loans

- Defaulted private student loan
 - Negotiate with your collector
 - Offer a monthly payment or lump sum amount
 - Get the settlement in writing
 - Confirm how it will be reported to credit bureaus
- Statute of limitations on collections

Getting in touch with your servicer

How to get in touch with your student loan servicer

Servicer	Call Center	Email	Social Media
Cornerstone	1-800-663-1662	CSOmb@mycornerstoneloan.org	@CornerStoneLoan
FedLoan Servicing	1-800-699-2908	Escalated@myfedloan.org	@PHEAAaid
Granite State	1-888-556-0022	dlcustomerservice@gsmr.org	@NHHEAF
Great Lakes	1-800-236-4300	greatlakesservicingombudsman@glhec.org	@MyGreatLakes
EdFinancial/HESC	1-855-337-6884	CustomerResolutionsUnit@edfinancial.com	@Edfinancial
MOHELA	1-888-866-4352	gwendolyna@mohela.com	@MOHELA
Navient	1-800-722-1300	advocate@Navient.com	@Navient
Nelnet	1-888-486-4722	nelnetcustomersolutions@nelnet.net	@Nelnet
OSLA	1-866-264-9762	DLcustserv@osla.org	FB: @OklahomaStudentLoanAuthority
Heartland/ECSI	1-866-313-3797	Live Chat	@HeartlandHPY

www.protectborrowers.org/coronavirus
