April 21, 2020

Private Student Loan Relief Announced for Borrowers in Massachusetts affected by COVID-19

COVID-19 impacted borrowers in Massachusetts with private student loans not covered by the CARES Act may be eligible for some relief options through a recent multi-state initiative between private student loan servicers and the Massachusetts Division of Banks. The multi-state initiative includes at least eight other states including California, Colorado, Connecticut, Illinois, New Jersey, Vermont, Virginia, and Washington.

The Federal CARES Act provided much needed relief for students with federal loans, including the suspension of monthly payments, interest, and involuntary collection activity until September 30, 2020. However, the CARES Act left out many student loan borrowers with federal loans that are not owned by the US Government as well as loans made by private lenders.

The Massachusetts Division of Banks (DOB) announced on April 21, 2020, that it had joined a multi-state initiative that provided additional relief to certain private student loan borrowers. Under this new initiative, Massachusetts consumers with commercially-owned Federal Family Education Loan Programs or privately held student loans who are struggling to make their payments due to the COVID-19 pandemic may be eligible for expanded relief.

Here are some key things you need to know about how this may affect you.

What private student loans are covered by the multi-state initiative?

Borrowers with commercially-owned Federal Family Education Loan Programs (FFELP) or privately held student loans may be eligible for relief.

What is the relief for Massachusetts borrowers with private student loans?

Under the Multi-State Initiative, Massachusetts borrowers with privately-held loans who've been impacted by COVID-19 can get different forms of loan relief

Relief options include:

- 90 day forbearance
- No late payment fees
- No negative credit reporting
- Your loan servicer must work with you to explain different repayment options, such as income based repayment, and enroll you in which program fits your circumstances.

All borrowers must call their servicer to see what relief is the best fit for them. Please do not just stop making your payments until you have discussed your options with your servicer!

Will I be automatically enrolled in any relief option?

No. You need to call your loan servicer immediately in order to secure relief.

I do not know who my servicer is. How do I find out?

Your loan servicer is the company that receives your monthly loan payments. If you are still unsure, you can also call the Federal Student Aid Information Center at 1-800-433-3243.

What loan servicers have indicated they would provide relief options?

The following private student loan servicers have joined the multi-state initiative and are providing relief:

- 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 one of the above noted servicers handles your private student loans, those loans may be eligible for relief.

I think my loan servicer is not acting in my best interest. Is there anyone I can contact?

Yes! Borrowers experiencing trouble are encouraged to contact the following:

- Massachusetts Division of Banks at (617) 956-1501 or file a complaint here.
- The Consumer Financial Protection Bureau to file a complaint here.