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Governor Northam Announces Expansion of Payment Relief for Student Loan Borrowers

Borrowers are encouraged to contact their loan servicer immediately

RICHMOND—Governor Ralph Northam today announced that Virginia has secured relief options for more than 200,000 Virginians with privately held student loans. The payment relief is the result of a new initiative by Virginia and several other states to work with the major private student loan servicers to expand on protections for federal student loan borrowers through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

"Virginians are facing unprecedented hardships as a result of this ongoing public health crisis, and student loan borrowers should not have to deal with the added pressure of how they are going to make their loan payments," **said Governor Northam**. "This initiative will provide an important financial lifeline and repayment flexibility to Virginia residents who were not eligible for relief under the CARES Act."

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, millions of student loan borrowers with loans made by private lenders and federal loans not owned by the U.S. Government were left out.

Under this initiative, Virginians with commercially-owned Federal Family Education Loan (FFEL) loans, Perkins loans, or privately held student loans who are struggling to make their payments due to the ongoing COVID-19 pandemic will be eligible for expanded relief. Borrowers in need of assistance must immediately contact their student loan servicer to identify the options that are appropriate to their circumstances. Relief options include:

- Providing a minimum of 90 days of forbearance
- Waiving late payment fees
- Ensuring that no borrower is subject to negative credit reporting
- Ceasing debt collection lawsuits for 90 days
- Working with borrower to enroll them in other borrower assistance programs, such as income-based repayment

These options will provide short-term relief for borrowers with significant changes in their income, which is advisable over the option of non-payment which can lead to default. Borrowers should note that these solutions will impact the terms and conditions of the loans. Before exercising these options, carefully consider the impact of the interest that accrues during the 90-day forbearance and how it will extend the repayment schedule for the loans.

"Borrowers did not have a choice in whether their FFEL loans were held by the federal government or by the commercial lender, and yet 65 percent of all FFEL loans are not eligible for the CARES Act relief," **said Secretary of Education Atif Qarni**. "The principle of equity demands that we provide relief for all federal borrowers, regardless of whether the federal government or a commercial lender backs the loan."

The Office of the Qualified Education Loan Ombudsman at the State Council of Higher Education for Virginia (SCHEV) is responsible for helping Virginia student borrowers understand their rights and responsibilities. The Student Loan Advocate serves as a liaison between student loan borrowers and loan servicers or other agencies, helping them explore repayment options and aiding in the resolution of complaints against loan providers.

"As a result of this collaboration with servicers, lending institutions for privately held loans, and several other states, we are pleased to expand the relief options for Virginia's student loan borrowers who are struggling financially during the COVID-19 pandemic," **said Virginia's Student Loan Advocate Scott W. Kemp.**

Other states in the initiative include California, Colorado, Connecticut, Massachusetts, New Jersey, Vermont, and Washington.

Private student loan servicers providing relief include:
Aspire Resources, Inc.
College Ave Student Loan Servicing, LLC
Earnest Operations, LLC
Edfinancial Services, LLC
Kentucky Higher Education Student Loan Corporation
Lendkey Technologies, Inc.
Higher Education Loan Authority of the State of Missouri (MOHELA)
Navient
Nelnet, Inc.
Scratch
SoFi Lending Corp.
Tuition Options, LLC
United Guaranty Services, Inc.
Upstart Network, Inc.

Utah Higher Education Assistance Authority (UHEAA)
Vermont Student Assistance Corporation (VSAC)

Borrowers can visit the U.S. Department of Education's Office of Federal Student Aid or call Federal Student Aid Information Center at 1-800-433-3243 or 1-800-730-8913 (TDD) to determine the types of federal loans they have and who their servicers are. Borrowers with private student loans can check their monthly billing statements for contact information. Borrowers can also file a complaint with the Consumer Financial Protection Bureau here.

Borrowers experiencing trouble with their student loan servicer or looking to better understand the implications of these relief options are encouraged to contact Virginia's Student Loan Advocate at studentloan@schev.edu or (804) 786-2832.

For additional information about relief options for federal loan borrowers, visit schev.edu/studentloan.

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