

Office of the Illinois Attorney General

Guidance from the Consumer Protection Division Regarding Student Loans During the COVID-19 Pandemic

Updated August 28, 2020

This document is intended to provide guidance from the Office of the Illinois Attorney General's ("OAG") Consumer Protection Division to borrowers throughout Illinois regarding student loan debt during the COVID-19 pandemic. The OAG cannot provide legal advice and consumers should consult with an attorney to receive legal advice tailored to their specific circumstances.

Federal Student Loans

If you are a federal student loan borrower and have experienced a significant loss of income, you should strongly consider enrolling in an Income-Driven Repayment (IDR) Plan. Payments can be as low as \$0 and still count as qualifying payments toward loan forgiveness. For more information, contact your student loan servicer or visit <https://studentaid.gov/app/ibrInstructions.action>.

For the latest information from the U.S. Department of Education on the response to COVID-19 for students, borrowers, and parents, please visit <https://studentaid.gov/announcements-events/coronavirus>.

The federal relief being provided in response to the COVID-19 pandemic ***currently only applies to student loans held by the federal government***. The federal government holds Direct Loans and loans made under the Federal Family Education Loans Program (FFELP) that were transferred to the U.S. Department of Education. Perkins Loans, FFELP loans held by a bank or other financial institution, and private student loans are not currently eligible for any federal COVID-19 related relief. Many servicers of these loans are providing some relief during the COVID-19 pandemic, and borrowers facing a hardship should contact their loan servicer for more information.

To see which of your student loans are held by the federal government, contact your student loan servicer or visit the U.S. Department of Education's Federal Student Aid (FSA) website at <https://studentaid.gov/fsa-id/sign-in/landing>. Borrowers can also call Department's Federal Student Aid Information Center at **1-800-433-3243** or **1-800-730-8913** (TDD).

August 8, 2020 Presidential Memorandum

On August 8, 2020, the President signed a Memorandum that directs the U.S. Department of Education to extend the temporary student loan relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through December 31, 2020. On August 21, 2020, the Department of Education issued a press release announcing that it would fully implement the Memorandum.

These announcements extend the following relief measures **through December 31, 2020**:

- Payments are automatically suspended for federal student loans owned by the federal government;
- Suspended payments count as qualifying payments for the purpose of any loan rehabilitation program or loan forgiveness program (including Income-Driven Repayment (IDR) programs, Public Service Loan Forgiveness (PSLF), and Temporary Extended Public Service Loan Forgiveness (TEPSLF));
- Interest is waived on federal student loans owned by the federal government, including defaulted loans; and
- Involuntary collections, such as tax offsets, wage garnishment, and collection calls, are suspended for defaulted federal student loans owned by the federal government. If an employer is continuing to garnish the wages of a borrower with a defaulted federal student loan held by the federal government, the borrower is eligible for a refund.

The [Federal Student Aid Coronavirus information page](#) has more information.

Please note that this is an evolving situation, and Congress, the courts, or the U.S. Department of Education may change the details of relief available for federal student loan borrowers after September 30, 2020. Our Office is monitoring all developments concerning coronavirus-related aid and relief. Please check this page or contact our Office for updates.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

For federal student loans held by the federal government, the CARES Act passed by Congress provides the following relief:

- Payments on federal student loans that are held by the federal government are **suspended through September 30, 2020**.
- Interest is waived for the duration of the suspension.
- The suspended payments count as if the borrower had made a payment for the purpose of any loan rehabilitation program or loan forgiveness program (including Income-Driven Repayment (IDR) programs and Public Service Loan Forgiveness (PSLF)).
- For the purpose of reporting information about a loan to a consumer reporting agency, any payment that has been suspended is treated as if it were a regularly scheduled payment made by the borrower.

- During the duration of the suspension, the Department shall suspend all involuntary collection on loans. This includes wage garnishments and offsets of federal benefits, such as tax refunds and social security payments.

In addition, the U.S. Department of Education announced that it will refund offsets that were in the process of being withheld on March 13, 2020, the date the federal government declared a national emergency.

Non-Federal Student Loans

If your loans are private student loans, you will need to contact your servicer to determine what repayment plans they offer. See your billing statements for their contact information.

The Illinois Department of Financial and Professional Regulation (IDFPR) has secured relief options with at least twenty private student loan servicers. Where available, this relief applies to borrowers with federal student loans not owned by the U.S. Department of Education as well as loans made by private lenders. Options for borrowers 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; and
- Working with borrower to enroll them in other borrower assistance programs, such as income-based repayment.

If student loan servicers regulated by IDFPR are limited in their ability to take these actions due to investor restrictions or contractual obligations, IDFPR has encouraged servicers to proactively work with loan holders whenever possible to relax those restrictions or obligations.

IDFPR has also reminded student loan servicers that they shall not engage in any unfair or deceptive practices, and they must not misapply payments made by a borrower. Student loan servicers must also continue to comply with the Illinois Student Loan Servicing Rights Act.

If you are not able to pay your non-federal student loan monthly debt, you should do the following:

- Call your servicer and ask about repayment options that are available to you, including any permanent repayment plan or a temporary cessation or reduction in payments.
- Make sure you understand any options provided to you, including what happens at the end of the repayment option and how any unpaid interest will be handled on your loan.
- If you have any questions or if you continue to have problems with your private student loans, please file a [consumer complaint](#) or email our office at StudentLoans@atg.state.il.us.

Please note that student loan servicers, the companies who handle billing and other services for student loans, can service both federal and private student loans. Who your servicer is often does not indicate if your loans are federal or private.

For Additional Information and Help Determining Your Options

If you have questions about your student loans and need help with the specifics of your situation, you can contact the Attorney General's Office by:

- Filing a [consumer complaint](#) online

OR

- Emailing the Attorney General's Office at StudentLoans@atg.state.il.us

OR

- Calling the Attorney General's Student Loan Helpline at 1-800-455-2456 (TTY: 1-800-964-3013)

Avoid Scams

If a debt relief organization promises to reduce your debt or obtain federal student loan relief for an upfront fee, it is likely a scam. Upfront fees are severely restricted by Illinois law. If you are contacted by one of these companies, file a [consumer complaint](#), contact the Attorney General's Office via email at StudentLoans@atg.state.il.us, or call our Student Loan Helpline at 1-800-455-2456 (TTY: 1-800-964-3013).

Please be advised that the Office of the Attorney General is taking measures to address both our obligation to serve the public and the State of Illinois and our concern for the wellbeing of our employees and the general public health in light of the COVID-19 pandemic. Since Monday, March 16, 2020, our offices across the state have been open, but operating with reduced staff. As a result, we are encouraging borrowers to file a [consumer complaint](#) or email our office at StudentLoans@atg.state.il.us during this time, rather than calling, if possible.