**April 3, 2020 Updated Guidance as Related to COVID-19 and Student Loans**

**Below is an excerpt from the April 3, 2020 guidance from the US Department of Education. We have listed sections that may be helpful to some federal student loan borrowers. For the full document, please see:** <https://ifap.ed.gov/electronic-announcements/040320UPDATEDGuidanceInterruptStudyRelCOVID19>

**All Federal Student Loans Held by the Federal Government—Zero Interest and Suspension of Payments**
In response to the COVID-19 national emergency, President Trump announced that zero interest would accrue on student loans held by federal government agencies for at least 60 days beginning on March 13, 2020.

The CARES Act extended the interest reprieve and implemented an automatic forbearance until September 30, 2020, for any borrower with a student loan held by the Department. The Department published frequently asked questions (FAQs) with responses for borrowers on its studentaid.gov website.

**All Federal Student Loans Not Held by the Federal Government—Zero Interest and Suspension of Payments**
Federal Family Education Loan (FFEL) Program lenders and institutions who hold Perkins loans may provide the same zero interest and cessation of payments benefits to the loans they hold on a voluntary basis. Borrowers of these loans should contact their servicer (or the institution if paying the institution directly) for additional information.

**William D. Ford Federal Direct Loan (Direct Loan) Program/FFEL Program**

**Borrowers in In-School Loan Status (§ 685.207) and In-School Deferment Status (§ 685.204)**The Department will continue to report to the National Student Loan Data System (NSLDS) as “in-school” for the loan status of each borrower who was in an “in-school” status on the date the borrower’s attendance at the institution was interrupted due to the COVID-19 national emergency. The Department will continue the borrower in that loan status until the institution reports the borrower as withdrawn. (Please also see above section **Enrollment Status Changes** for information about required reporting.).

**Collection of Defaulted Loans**
The CARES Act requires the Department of ED to cease collection activities on all defaulted loans, including administrative wage garnishment and the Treasury Offset Program until September 30, 2020.

**Satisfactory Repayment Arrangements (§ 685.102)**The Department will not treat any payment the borrower fails to make as a missed payment in the stream of six consecutive, on-time voluntary full monthly payments required to re-establish his or her eligibility for assistance under Title IV of the HEA. If the Department does not extend the effective period for the temporary relief provided by this guidance, the required sequence of qualifying payments resumes at the point at which it was discontinued.

The Department will not treat any payment the borrower fails to make as a missed payment in the stream of three consecutive, on-time voluntary full monthly payments required to establish eligibility to consolidate a defaulted loan. If the Department does not extend the effective period for the temporary relief provided by this guidance, the required sequence of qualifying payments resumes at the point at which it was discontinued.

**Payments to Rehabilitate Defaulted Loans (§ 685.211(f))**
The Department will not treat any payment the borrower fails to make as a missed payment in the stream of nine on-time monthly payments within ten months for purposes of rehabilitating the defaulted loan through September 30, 2020 as directed in the CARES Act.

**FFEL Program: Lenders and Guaranty Agencies and Loans held by the Department Satisfactory Repayment Arrangements (§ 682.200(b))**
The FFEL loan holder should not treat any payment the borrower fails to make as a missed payment in the stream of six consecutive, on-time voluntary full monthly payments required to re-establish his or her eligibility for assistance under Title IV of the HEA.

A FFEL loan holder should not treat any payment a borrower fails to make as a missed payment in the stream of three consecutive, on-time voluntary full monthly payments required to establish eligibility to consolidate a defaulted loan.

**Borrowers in In-School Loan Status (§ 682.209(a)) and In-School Deferment Status (§ 682.210)**The loan holder should continue to report to NSLDS as “in-school” the loan status of each borrower who was in an “in-school” status on the date the borrower’s attendance at the institution was interrupted due to the COVID-19 national emergency. The loan holder should continue the borrower in that loan status until the institution reports the borrower as withdrawn.

**Collection of Defaulted Loans (§ 682.410)**
Guaranty agencies must stop collection activities on defaulted loans until September 30, 2020, on all federally held loans. Collection activities must resume at the end of the period at the point at which they were discontinued. The guaranty agency must document in the loan file why it suspended collection activities on the loan and is not required to obtain evidence of the borrower’s status while collection activities have been suspended.

**Payments to Rehabilitate Defaulted Loans (§ 682.405)**
The FFEL loan holder should not treat any payment the borrower fails to make as an interruption in the nine on-time voluntary full monthly payments within ten months for purposes of rehabilitating the defaulted loan.