



The **Coronavirus Aid, Relief, and Economic Security Act (CARES)** Act (effective March 27, 2020) addresses urgent public health and economic needs in the face of the COVID-19 crisis.

STUDENT LOAN RELIEF UNDER THE CARES ACT

- Provides some relief but **only for Direct Loan and Federal Family Education Loans (FFEL) currently owned by the U.S. Department of Education**. For more details on what is covered, see [What the CARES Act Means for Repayment of Federal Student Loans](#)
- Perkins Loans, borrowers whose FFEL loans are held by commercial lenders or guaranty agencies, and private loans are NOT protected by the CARES Act

For covered federal loans, the CARES Act:

- Suspends payments and waives interest due from March 13, 2020 through January 31, 2021
 - Auto-debt payments will be suspended. Payments processed between March 13, 2020, and January 31, 2021 can be refunded to you. Borrowers can contact their servicers to have any amounts returned.
 - The effect on income-driven repayment recertification deadlines is unclear.
- Requires that the month of a suspended loan payment will be treated as if a loan payment was made for purposes of loan forgiveness (such as income-driven repayment and public service loan forgiveness) and loan rehabilitation
 - This means borrowers working toward Public Service Loan Forgiveness will have time in suspension counted toward their 10 years of qualifying payments. However, it is unclear what happens to borrowers who are unable to work or whose hours are cut below full-time status because of the Coronavirus emergency.
- Suspends all involuntary collection of defaulted loans
 - Explicitly covers non-judicial wage garnishment, tax offsets, and federal benefit offset (e.g., seizure of Social Security benefits)
 - Catch-all provision to cover other types of involuntary collection by the U.S. Department of Education *but* unclear what is included

Additional Resources: NCLC's [Surviving Debt: Expert Advice for Getting Out of Financial Trouble](#), which is free online during the Coronavirus emergency, NCLC's [COVID-19 & Consumer Protections](#), and [NCLC's Student Loan Borrower Assistance Project](#).