



September 24, 2020

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing,
and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Ranking Member Brown:

Thank you for providing us with a copy of your letter urging holders, servicers, and guarantors to provide additional benefits to Federal Family Education Loan (FFEL) borrowers that are impacted by the coronavirus (COVID-19) pandemic. While each of our members who received your letter – state-agencies, non-profits, and financial institutions – plan to respond to the letter individually, we wanted to share current outreach activity of our members to their FFEL borrowers and reiterate the industry’s position regarding parity for all federal student loan borrowers.

Like you, EFC, NCHER, and SLSA and our respective members support providing relief to those FFEL borrowers impacted by COVID-19. Following the President’s emergency directive in mid-March, our holders or their designated servicers began talking to struggling borrowers and informing them of the repayment options available under the law that included providing a three-month and then one-month forbearance, enrolling in an income-based repayment plan, or consolidating their loans. Our guaranty agencies suspended collection efforts, including working with employers to suspend administrative wage garnishments and with the U.S. Department of Education to suspend the Treasury Offset Program.

Through individual conversations with borrowers, our members answered questions about the upsides and downsides of those options since every borrower has a unique set of circumstances. For example, our members wanted to make sure that each borrower understood the decision to extend forbearance as interest continues to accrue and each borrower understood the intended and unintended consequence of consolidation and that such effort may result in a loss of benefits or extend their repayment terms. Most FFEL borrowers today already have a consolidation loan, with specific statutory limitations to enter into a subsequent consolidation loan. Our members also discussed options like rehabilitation when it can help successfully resolve defaults. In all cases though, our members worked with their borrowers to help them navigate this challenging time. This communication effort included millions of telephone calls and letters as well as reaching out to borrowers through social media, providing dedicated COVID-19 relief information to frequently asked questions, and enhancing their online account platforms to make it easy to access the options available. Customer service representatives have been trained on how to explain what options exist today

and to meet each borrower where they are with the available solutions that match their individual challenges. We know that our members will continue to take that responsibility seriously as they work to ensure that FFEL borrowers can access the benefits available to them under the law.

As you point out in your letter, Congress passed the Coronavirus Aid, Relief, and Economic Security Act - or CARES Act - which suspended—interest-free—payments on all federally owned loans, including Federal Direct Loans and Department-owned FFEL loans. The law also allowed suspended payments to count toward forgiveness and rehabilitation and protected credit bureau reports. Since then, the President extended the benefits until the end of the year. The CARES Act and the President’s Executive Order omitted as many as 9 million borrowers with commercially held FFEL loans and Perkins Loans. The industry’s position has remained consistent over the last six months: a federal student loan borrower, regardless of the origination of that loan, be it Part B, D, E, commercial, or government-held, should receive equal, immediate, and critical support in this unprecedented time. The good news is that there is bipartisan support in Congress to fix the problem that the CARES Act created for these remaining federal student loan borrowers.

In July, Sens. Jack Reed (D-RI) and Lisa Murkowski (R-AK) introduced S. 4237, the Student Loan Fairness Act, to extend the student loan relief provisions included in the CARES Act to recipients of commercially held FFEL loans and Perkins Loans by covering the cost of interest, suspending monthly payments, and suspending involuntary collection, similar to borrowers with federally held loans. Through individual calls and emails going back to March and before the CARES Act passed, our organizations and membership have urged all members of the U.S. Senate, the U.S. House of Representatives, and the Trump Administration to strongly support providing parity to FFEL and Perkins Loan borrowers and to incorporate language into the next COVID-19 relief package. We reiterate our request and encourage all senators to help build support for this legislation. Congress should act to ensure that the federal government is providing equal treatment to all federal student loan borrowers.

Once again, thank you for including us in the letter and your willingness to share our response with the other signatories to that letter. We certainly appreciate the concern and want to reassure you that our members have been working – since day one – to help those FFEL borrowers impacted by COVID-19. We encourage Congress to take the necessary steps to extend student loan benefits to all federal borrowers, which the CARES Act omitted, and we will continue to work in support of this important effort in the remaining months of the 116th Congress.

Sincerely,

Debra J. Chromy, Ed.D., President, Education Finance Council
James Bergeron, President, National Council of Higher Education Resources
Scott Buchanan, Executive Director, Student Loan Servicing Alliance