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# MARYLAND COMMISSIONER OF FINANCIAL REGULATION CONSUMER ADVISORY

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April 6, 2021

## **COVID-19 Information for Consumers: Federal Relief for Student Loan Borrowers with Privately Held FFEL Loans in Default**

On March 30, 2021, the U.S. Department of Education (Department) announced that it would expand the 0% interest rate and pause its collections activity to student loan borrowers (Borrowers) who defaulted on their privately held Federal Family Education Loans (FFEL) from the FFEL Program. This decision will protect Borrowers who were at risk of having their federal tax refunds seized to repay defaulted loans and this relief will be made retroactive to March 13, 2020, the start of the COVID-19 national emergency. Borrowers who have not defaulted on their privately held FFEL loans from the program do not qualify for the relief.

Under the FFEL Program, private lenders made federal student loans to Borrowers while guaranty agencies insured these funds. The guaranty agencies were themselves reinsured by the federal government. When these loans enter default, they are transferred from the private lender to the guaranty agency. In addition, some FFEL Program loans are now held by the Department when they were purchased by the federal government during the financial crisis over a decade ago, while other loans still remain with private entities.

The Department will work to automatically return any tax refunds seized or wages garnished over the past year. Borrowers who made voluntary payments on any of these loans during the past year will have the option to request a refund of the amounts they paid. The Department will also work with the guaranty agencies, who hold defaulted FFEL Program loans, to implement the 0% interest rate for these borrowers. FFEL loans that went into default since March 13, 2020, will be returned to good standing. The guaranty agencies that hold those loans will assign them to the Department and request that the credit reporting agencies remove the record of default.

**Contact your loan servicer online or by phone to determine if your loan qualifies.**

You should regularly visit your servicer's website to keep up with the latest developments and keep a written record of all your interactions with your student loan servicer.

Visit [StudentAid.gov/coronavirus](https://StudentAid.gov/coronavirus) for forthcoming details.

## MORE RESOURCES

If you need assistance with your student loan servicer, contact the [Student Loan Ombudsman](#) in our Office by email at [studentloan.ombudsman@maryland.gov](mailto:studentloan.ombudsman@maryland.gov) or by phone at (410) 230-6185.

The U.S. Department of Education, Office of Federal Student Aid has [coronavirus and forbearance information for students, borrowers, and parents](#).

The Consumer Financial Protection Bureau has information on [protecting your finances during the coronavirus pandemic](#) and [student loans and the coronavirus pandemic](#).

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*The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at [www.labor.maryland.gov/finance](http://www.labor.maryland.gov/finance).*



Office of the Commissioner of Financial Regulation