

## Federal Student Loan Repayment Moratorium Extended

On Friday, August 6, the Biden Administration issued what the Department of Education is calling the “final extension” of its federal student loan forbearance. Borrowers won’t have to resume making payments on their federal loans until January 31, 2022. Until that time, federal loans will remain interest-free, and no penalties for non-payment will be allowed.

This marks the fourth time that the moratorium has been extended. The original rationale – that the pause in payments would help the 40 million federal loan borrowers already struggling to cope with the pandemic’s various economic pressures, was recently augmented when two loan servicers, FedLoan Servicing and Granite State, announced they wouldn’t be renewing their contracts with the federal government. The prospect of resuming payments while borrowers were being transitioned to new servicers helped convince administration officials to extend the moratorium.

As many of you know, FedLoan Servicing also administers the Public Service Loan Forgiveness program, which means the transition to a new, as-yet unidentified, servicer is even more important to those of you who plan to take advantage of that relief option. The Department of Education has issued assurances the program will continue, and that careful attention will be paid to ensure records are transferred to the PSLF program’s new administrator without incident.

So, what’s a borrower to do *now*? We’re advising that you do two things. First, get ready to resume making payments in February. Prepare a budget for February 2022 and beyond that includes your student loan payment, while making sure you’re enrolled in an appropriate repayment plan. If you’re not sure, contact our partner, Cambridge Credit Counseling, at **888-661-7910** or email Todd Friedhaber at [tfriedhaber@cambridgecredit.org](mailto:tfriedhaber@cambridgecredit.org). The counseling is free, so take advantage.

Second, if you’re a Public Service Loan Forgiveness candidate – even if you’ve only made a few years’ worth of payments of the 120 required for relief, contact FedLoan Servicing via the PSLF application, checking off the box that indicates you just want to find out where you stand. This will allow you to document the number of qualifying payments you’ve made before that program is moved to a new servicer.

And finally, keep the faith, and keep your federal loans federal. Consolidating them with a private lender will convert them to private loans, meaning they’d be ineligible for PSLF, as well as for any potential lump-sum cancellation, whether \$10,000 or the \$50,000 that many advocates have been pressing for, that the Biden administration might grant.