

Student Loan Servicing Alliance
1100 Connecticut Avenue, NW
Suite 1200
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August 4, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
U.S. Capitol Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
U.S. Capitol Building
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
U.S. Capitol Building
Washington, DC 20515

The Honorable Betsy DeVos
Secretary
U.S. Department of Education
400 Maryland Avenue SW
Washington D.C. 20202

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

VIA EMAIL

RE: CARES ACT - TRANSITIONING FEDERAL STUDENT LOAN BORROWERS INTO REPAYMENT

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, Leader McCarthy, Secretary DeVos, and Director Kraninger:

Student loan servicers stand on the front lines of assisting student loan borrowers to access the options that can help them repay and manage their student loan obligations. We have been there for our borrowers in what would now be considered “normal” times, but our work today has never been more important to ensure borrowers are given every opportunity to remain on track to successful repayment. Many student loan borrowers are now facing a period of uncertainty on how to best resume standard repayment obligations which have been suspended for most as a result of COVID-19 and the temporary relief provided by the CARES Act.

Since the pandemic began our members implemented at record speed the waiving of interest rate for more than 35 million borrowers with federally owned loans and also implemented

payment suspension through September 30, 2020. For those loans not owned by the government, our members have responded rapidly to provide other flexible relief to those borrowers for whom this crisis has affected their jobs, income or health. Because of the extraordinary efforts of our members before and during the pandemic, according to the CFPB we have seen student loan borrower complaints drop dramatically year over year by more than 30% in Q1 2020 before the crisis and by an additional 40% since the pandemic began — statistics that are counter to what is occurring in other consumer financial sectors.

We are focused on ensuring that—regardless of what Congress decides in upcoming COVID-19 related legislation—borrowers are receiving the support they need while transitioning back to repayment. With the deadline approaching for the CARES Act provisions to sunset, SLSA members are laser-focused on the current next steps under existing law: managing the return to repayment on October 1, 2020 for over 35 million borrowers who have federally owned loans.

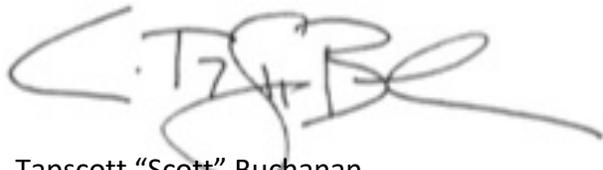
Returning to repayment does not mean borrowers are without great flexibility. We are working with the Department of Education (ED) to develop a clear communication plan, which includes the statutorily mandated outreach to borrowers within the CARES Act. Options such as income-driven repayment, forbearance, and deferments will all be available for borrowers. However, we feel it is incumbent upon us as servicers who serve our borrowers to provide ED and Congress with insight and opportunities for us to do more to assist borrowers with a smooth transition. To that end, we have assembled the following recommendations – for legislation or regulation - to give borrowers enhanced tools to minimize transition risks for resuming repayment. Below are six (6) key recommendations that we hope that Congress and ED will consider and implement immediately:

- **Simplify IDR enrollment:** Permit servicers to accept self-certification of zero income or loss of job in order to temporarily provide a \$0 payment under IDR effectively immediately until December 31, 2021
- **Extend IDR reenrollment deadlines:** Provide an extension of the deadline date for each recertification of loans not covered by previous legislation that are already in IDR by 6 months for those loans whose current recertification date is between October 1, 2020 and March 12, 2021
- **Extend grace period for borrowers entering repayment:** Provide an additional six months of grace for any borrower who left or is leaving school and entering repayment during the crisis from March 13 until December 31, 2020. These borrowers are facing a difficult job market and are likely to require additional support to successfully enter repayment.
- **Broaden the availability of disaster forbearance:** Provide regulatory guidance permitting the use of a 90-day disaster forbearance on and after October 1, 2020 until December 31, 2021 to provide voluntary forbearance for those who continue to be impacted, and also provide mandatory forbearance for those borrowers who become 30 or more days delinquent during that time

- **Encourage additional outreach to at-risk borrowers:** Allow servicers to supplement the statutorily required 6 notices to borrowers with the flexibility to conduct additional outreach through other channels they determine through their expertise that will help reach and support at-risk segments in order to proactively offer them repayment options to meet their financial situation
- **Simplify borrower communications:** Streamline communications so that all borrower-facing communications continue to come from a borrower’s servicer, with ED approval, so that borrowers have a single point of contact, will not have communications delayed or rejected from an unknown or new “sender,” and so that each communication can immediately let a borrower take direct action with their assigned servicer

These straightforward and nonpartisan process recommendations which Congress and ED can implement will allow federally owned student loan servicers to leverage their experience and knowledge to most effectively work with and assist borrowers during these unprecedented times, and are consistent with policy recommendations from other experts. SLSA and our members stand ready to work with you on drafting specific legislative and regulatory language that is necessary to achieve these objectives. We look forward to working together to implement these solutions that meet the real needs of borrowers when they transition back to repayment. If you or your staff would like to discuss these recommendations, please contact me at scott.buchanan@slsa.net.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. T. Buchanan', with a stylized flourish extending to the right.

C. Tapscott “Scott” Buchanan
Executive Director

cc: The Honorable Lamar Alexander, Chairman, Committee on Health, Education, Labor, and Pensions

The Honorable Patty Murray, Ranking Member, Committee on Health, Education, Labor, and Pensions

The Honorable Bobby Scott, Chairman, Committee on Education and Labor

The Honorable Virginia Foxx, Ranking Member, Committee on Education and Labor