

## **CONSUMER ALERT: Fresh Start for Defaulted Loans**

### **Fresh Start for Defaulted Loans Ends September 30, 2024.**

Fresh Start is a temporary program from the U.S. Department of Education (ED) that offers special benefits for borrowers with defaulted federal student loans. The DC Department of Insurance, Securities and Banking wants borrowers to know that **Fresh Start ends September 30, 2024.**

Fresh Start was designed to increase the long-term repayment success of borrowers with defaulted federal student loans and eliminate the negative effect of default.

### **Benefits of Fresh Start Initiative for Eligible Loans**

- Restores access to repayment options—that could offer monthly payments as low as \$0 through IDR plans—and provide opportunities for loan forgiveness.
- Restores eligibility to receive federal student aid, including Federal Pell Grants and campus-based aid like Federal Work-Study, so borrowers can complete their course of study and increase long-term repayment success.
- Protects borrowers from involuntary collection efforts and costly collection fees.
- Restores eligibility for future rehabilitation for borrowers who rehabilitated a defaulted loan during the payment pause.
- Provides credit reporting features—including removing borrowers from the federal Credit Alert Verification Reporting System (CAIVRS)—making it potentially easier and more affordable for student loan borrowers to afford living expenses.

### **Loans Eligible for Fresh Start**

- Defaulted William D. Ford Federal Direct Loan (Direct Loan) Program loans
- Defaulted Federal Family Education Loan (FFEL) Program loans (both ED-held and commercial-held)
- Defaulted ED-held Perkins Loans

Commercial-held FFEL Program loans that defaulted after March 13, 2020, through the duration of the payment pause, will be returned to current standing through ED's action to expand COVID-19 flexibilities. Because these loans will be returned to current standing, they are not eligible for Fresh Start benefits.

### **Enroll in Fresh Start to Get Out of Default**

To use Fresh Start to get out of default, the borrower must contact your loan holder. If the defaulted loans are held by ED, the borrower can initiate the process by using one of the three

methods below. If the defaulted loans are held by a guaranty agency, the borrower will need to call that agency.

### **Three Ways to Contact a Representative About Fresh Start**

**Online**—Go to [myeddebt.ed.gov](https://myeddebt.ed.gov) and log in to your account. This is the easiest option if you know your login.

**Phone**—Call ED at 1-800-621-3115 (If you are deaf or hard of hearing, the TTY number is 1-877-825-9923).

- What to expect on the phone: It will take about 10 minutes. A representative will ask for some information to find your record, then ask why you are calling (your answer: Fresh Start, to get out of default). You will also get an opportunity to indicate interest in an income-driven repayment plan, which likely will qualify you for a lower monthly payment than a standard plan.

**Mail**—Write to the Federal Student Aid Default Resolution Group at P.O. Box 5609, Greenville, TX 75403. In your letter, include your name, social security number, date of birth, current mailing address, and the following: “I would like to use Fresh Start to bring my loans back into good standing.” Letters must be postmarked before October 1, 2024.