

Karima M. Woods, Commissioner

DISB CONSUMER ALERT

The “Pause” on Federal Student Loan Payments Now Ends May 1

Originally set to end on January 31, the Biden-Harris Administration has extended the pause on federal student loan payments until May 1.

What does the end of the pause mean for borrowers?

- Borrowers should expect to receive a statement from their student loan servicer at least three (3) weeks before the payment due date, which will be in April 2022.
- Interest will begin to accrue on federal student loans again which means that a portion of the payment will be applied to the interest and the remainder to the principal depending upon the repayment plan.
- If you’ve co-signed on a private student loan, you have a financial responsibility and legal obligation, just as the primary borrower, to make sure the loan is being repaid in accordance with the repayment plan. Missed payments can hurt the co-signer’s credit as well as the borrower’s credit.

HOW SHOULD YOU PREPARE?

Step 1: Make sure your contact information is accurate.

When the pause ends, you will get a billing statement or similar notice at least three weeks before your payment due date. Check and update your contact information on your [StudentAid.gov profile](https://studentaid.gov) and with your student loan servicer. Your student loan servicer is the company that you send (or will send) your student loan payments to each month.

Step 2: Contact your servicer.

[Use this list of federal student loan servicers](#) to find contact information. Not sure who your servicer is? Visit studentaid.gov and go to your dashboard. Go to the “My Aid” section, and then select “View loan servicer details.” Or, call the Federal Student Aid Information Center (FSAIC) at [1-800-433-3243](tel:1-800-433-3243).

Step 3: Understand your options if you can't afford payments.

Your options will depend on whether the loan is federal or private.

Options for Federal Loan Holders

Check out income-driven repayment plans.

[Income-driven repayment plans](#) can provide payments as low as \$0, depending on your income or family size. You may be able to enroll online without calling your student loan servicer by visiting studentaid.gov. If you already have an income-driven repayment plan but your income or family size has changed, ask your student loan servicer to recalculate your monthly payment.

[Use the Department of Education's Loan Simulator to choose a repayment plan.](#)

Learn about temporary payment pauses.

If you still can't afford your payment and you only need a temporary pause on payments, consider a [deferment](#) or [forbearance](#). Generally, you will accrue interest during these pauses; if you can pay off the interest before the pause ends, you can avoid [capitalization](#) costs. Putting your student loans into a deferment or forbearance will not result in negative credit reporting.

Options for Private Loan Holders

Ask your lender about your options.

Many private lenders have already implemented forbearance options that allow student loan borrowers to postpone monthly payments, some for up to 90 days. Some private lenders also are waiving late fees and will not file negative reports to consumer reporting agencies. Some private lenders also offer their own reduced payment options. To find out what options are available to you, contact your student loan servicer. Not sure if you have a private loan or know who services it? That information may be on your credit report. [Check your credit report for free.](#)

ALSO....BEWARE OF SCAMS

Scammers are targeting student loan borrowers and may be trying to take advantage of circumstances related to the pandemic and government relief packages. If someone contacts you and asks for personal information or money to suspend your student loan payment, it is a scam.

Scammers may also claim you are eligible for immediate loan forgiveness through "Biden Loan Forgiveness" or "CARES Act Loan Forgiveness." These programs do not exist. Loan forgiveness or discharge of student debt is rare, so if someone promises immediate loan forgiveness then it is a scam. [Learn more about the other warning signs of a debt relief scam.](#)

AND...REPORT FRAUD

If you suspect someone who contacted you is a scammer, [file a complaint](#) with the DISB Enforcement and Consumer Protection Division at 202-727-8000 or visit disb.dc.gov/page/consumer-services-division.

If you, or someone you know, is experiencing problems with student loans, please contact the DISB Student Loan Ombudsman at 202-727-8000 or via email at DCLoanHelp@dc.gov. You may also visit disb.dc.gov/page/meet-student-loan-ombudsman.

DISB Mission

Our mission is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

Social Media

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