

UC Student Loan Relief and COVID-19

The University has \$140M in UC-held loans which are currently in repayment, including \$4.8M in Dream Loans, \$43.5M in Institutional loans, and \$92.0M in Federal Perkins Loans. These former UC students may encounter economic insecurity due to the coronavirus disruptions to the economy. Therefore, beginning April 15 and through September 30, 2020,

- **UC suspends interest accrual**, mirroring the federal action in the CARES Act. This includes loans that are in good standing, delinquent, or in default.
- **UC ceases turning loans over to collection** until further notice. The State Franchise Tax Board has also ceased tax refund garnishment on all UC loans through at least July 15, 2020.
- **UC ceases charging late fees** on the same set of loans. In addition, UC would cease charging late fees on the \$73M it holds in Health Services and Resources Association (HRSA) Loans.¹
- **UC will apply an administrative forbearance** (ceasing collection entirely) upon borrower request for Dream Loans, Institutional Loans, and Perkins Loans. All borrowers except HRSA borrowers who are delinquent in payments will be automatically put into forbearance. UC decided to ask students to request the forbearance if they are not delinquent on payments because doing so across the board would be a disservice to those who are not having challenges repaying their loans by introducing administrative hassles (e.g., having to reestablish electronic payments through UC's student loan servicer).
- **Borrowers will be notified via email** about these actions by UC's loan servicer.

The estimated loss in interest will be \$3.3M for the period between now and September 30.

¹ The other benefits outlined in this memo (e.g., ceasing interest accrual) requires federal permission for HRSA loans.