ANSWERS TO YOUR QUESTIONS ABOUT LOANS AND THE COVID-19 CORONAVIRUS

Are my loans from College Foundation (CFI) covered by the CARES Act?

Unfortunately, no. Currently, the only loans covered by the CARES Act are those owned by the federal government. Neither commercially held Federal Family Education Loan Program (FFELP) loans, like those serviced by CFI, nor Perkins loans held by schools were addressed as part of the CARES Act. Private (non-federal) student loans, like NC Assist, are not covered by the CARES Act either. We understand this distinction is confusing and are happy to discuss your options. We are working closely with other state nonprofit lenders to educate federal representatives about the importance of having consistency in relief options across a variety of loan types.

Can I still receive 0% interest?

At this time, no, as only the loans included in the CARES Act are eligible for 0% interest. The interest which would typically accrue on the federally-owned loans during the provision period will be covered by the federal government as part of the $2.2 trillion relief package. Interest for all other loans is not covered in the package unfortunately.

However, as of the date of this document, there is a bipartisan bill pending in Congress known as the “Equity in Student Loan Relief Act” (H.R. 6597) that proposes to extend the 0% interest rate benefits and payment suspension to other FFELP borrowers, including those with loans through CFI.

Can I still receive the suspended payments?

Yes, if you have been affected in any way by the coronavirus outbreak, there are options available to help. For all borrowers who are at least two payments past due, CFI is automatically granting a non-capping administrative forbearance through June 11<sup>th</sup>, 2020. However, you may choose to decline the forbearance and continue to make the regular, scheduled payments.

You may qualify for a deferment of payments based on your circumstances such as unemployment or economic hardship. Our call center counselors are trained to help you understand the options available. Call us at 800-722-2838 Mon-Thurs from 8am-7pm or Friday from 8am-5pm with any questions or to decline the administrative forbearance.
If my FFELP loans are backed by private investments, how are they considered federal loans?

Your loans are guaranteed by the federal government, primarily financed by the N.C. State Education Assistance Authority and serviced by CFI, your state-based nonprofit lender. Your CFI loans are not owned, or directly held, by the federal government. We understand the confusion as this distinction seems arbitrary initially, but it determines whether they are covered by federal coronavirus relief or not. If you would like more clarity about whether your particular loans are federally owned or federally guaranteed, please don’t hesitate to contact us.

I’ve heard I should consolidate my loans into a Direct Consolidation Loan to access the benefits in the CARES Act, should I do it?

We understand that this is a trying time for everyone, particularly for those with recurring loan payments that are not covered by the CARES Act. With that being said, CFI advises careful consideration before consolidating your loans at this time, as it could lead to a greater financial burden in the long run.

Yes, borrowers are free to consolidate their CFI loans into a Direct Loan. However, after the 0% interest rate period ends in a few months, the interest rate on your consolidation loan may be higher than what you are currently paying. In addition, any outstanding interest will capitalize at the time of consolidation. This means that the interest is added to your principal balance and could cost you more over time. Please also consider that if you have been working toward income-based repayment forgiveness, you will lose credit for all the qualifying payments already made. If you have questions about how your loans may be affected by consolidation, please contact our call center for guidance before finalizing your decision. We are here to help you navigate the developing situation and will do everything possible to ensure you have all of the necessary information to make the best decision for your financial circumstances.