

Dear Borrower:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by President Trump on March 27, 2020, to provide relief to citizens affected by the COVID-19 pandemic. The CARES Act included provisions for borrowers with federally held student loans through September 30, 2020, which were subsequently extended through January 31, 2021. Those provisions were further extended by President Biden through September 30, 2021. Your loan(s) were originated through the Federal Family Education Loan (FFEL) program and are not federally held loans. Accordingly, the CARES Act provisions are not applicable to your FFEL loans. We understand that the pandemic has been very difficult for many Americans and would like to ensure that you clearly understand your full range of options for servicing of your student loans.

You likely have the option of consolidating your defaulted student loan(s) through the William D. Ford Direct Loan (DL) Program. Consolidation is dependent on your applying for consolidation and the DL Loan Servicer's processing and funding the consolidation. This option may extend your loan term and result in increased interest accruing over the life of your loan. Although several factors could delay the process, consolidation completion typically takes a minimum of 90 days. A benefit of loan consolidation into the Direct Loan program, provided under the federal CARES Act, would be zero payment due and zero interest being charged through September 30, 2021. However, consolidation would also result in 18.5% in collection costs being added to your principal and interest loan balance. In addition, the default credit report mark would remain on your credit report for the time period mandated under federal law, but would reflect that the default had been paid by consolidation.

Loan rehabilitation is another option that may be available to you. Through this program, you would make nine payments over a 10-month period. Your payments would be determined by your current financial situation and may be as low as \$5.00 per month. Rehabilitation would result in 16.0% in collection costs added to your principal and interest loan balance. Importantly, completion of this program would result in the default credit mark being completely deleted from your credit history.

Please contact us at (800) 928-4241 and we would be happy to discuss your options with you and answer any questions you may have.

Sincerely,

Kentucky Higher Education Assistance Authority (KHEAA)

Monday – Thursday	9:00 a.m. – 8:00 p.m. EST
Friday	8:00 a.m. – 4:30 p.m. EST