

# Important Information on **STUDENT LOANS**



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## STUDENT LOAN BORROWER PROTECTIONS IN NEW JERSEY

Student loan servicers are required to be licensed and regulated by the [New Jersey Department of Banking and Insurance](#) under a law signed in 2019. The law also protects student loan borrowers against deceptive practices by student loan servicers and provides assistance for borrowers who have concerns about their student loans.

The law created a [Student Loan Ombudsman](#) within the Department of Banking and Insurance to help student loan borrowers with questions or complaints about their student loans that they have not been able to resolve with their student loan servicer. The Student Loan Ombudsman also helps student loan borrowers understand their rights and responsibilities under the terms of their student loans.

## TYPES OF STUDENT LOANS: FEDERAL VS. PRIVATE LOANS

Whether you obtain a federal student loan, private student loan, or both, you're obligated to repay the money borrowed, plus interest, whether you graduate or not.

Since 2010, **federal student loans** are made and funded directly by the U.S. Department of Education through the William D. Ford Federal Direct Loan Program.

**Private loans** are funded by banks, credit unions, and other types of lenders. Since private lenders consider various personal factors (including credit score, job history, and school) before approving a loan, you must apply to each individual lender. Additionally, private student loans may not offer the same benefits, flexibility, and repayment terms as federal student loans.

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### BE AWARE

As a student loan borrower, you have the ability to work with your loan servicer(s) to have your federal loan set to an income-based repayment plan, which can provide lower monthly payments.

Private companies may contact you offering assistance with adjusting your repayment plans. You never have to pay for help with your federal student loans. Your loan servicer will help you for free. Learn more about your repayment options: <https://studentaid.ed.gov/sa>. For more information on how to avoid student loan scams from companies charging you a fee for help that you can get for free, please visit: <https://StudentAid.ed.gov/sa/repay-loans/avoiding-loan-scams>.

For help with non-federal student loans, contact the loan servicer directly to discuss available loan repayment options.

## STUDENT LOAN TERMS YOU SHOULD KNOW

**Borrower:** A person who signs for and receives a loan. For student loans, a borrower will be required to sign a promissory note.

**Cosigner:** A person who signs a promissory note and agrees to repay the loan in the event the borrower does not. The cosigner assumes full liability for the debt, including interest charges, late fees, and collection costs.

**Deferment:** An action that excuses you from making federal student loan payments for a set period of time because of a specific condition in your life. Interest will not accrue on subsidized loans during the deferment period. Interest will accrue on unsubsidized loans during the deferment period.\*

**Forbearance:** An option to delay federal student loan payments when you are temporarily unable to pay. Your loans will continue to accrue interest. When your loans switch out of forbearance, you will be paying more to cover the interest added to your previous balance.\*

**Income-Driven Repayment Plan (IDR):** A modified repayment plan for federal student loan borrowers. Repayment is based on your income, family size, and total student loan debt, and is recalculated each year. Your exact plan varies based on your loan type(s), personal situation, and specific IDR.\*

**Loan discharge:** The cancellation of a borrower's obligation to repay some or all of the remaining federal student loan due to certain circumstances. Depending on the type of discharge, the amount discharged may be treated as taxable income.\*

**Promissory Note:** A written promise by a borrower to repay the money borrowed plus interest. This is a legal contract.

**Servicers:** Companies that collect payments on a loan, respond to customer inquiries, and perform other administrative tasks associated with a student loan. The loan servicer should work with you on identifying all repayment plan options and/or loan consolidation.

\*Private lenders are not obligated to offer this option or benefit. If you have a student loan from a private lender, you must contact that lender directly to explore your repayment options.

## PROTECT YOURSELF

To select the best repayment option for you and avoid damage to your credit score, it's important to:

- ✓ Review your student loan documents and know when you are required to begin making payments.
- ✓ Understand all your student loan repayment options.

- ✓ Communicate with your student loan servicer when there are major changes in your life and career.
- ✓ Utilize online account management tools to ensure your payments are recorded accurately.
- ✓ Keep accurate records of your student loans, including your copy of the signed Master Promissory Note.
- ✓ Be sure to open, read, and keep any loan information you receive from your school or student loan servicer.

## THINGS TO KNOW

- ✓ Federal student loan forgiveness plans are available for borrowers who work in the public sector, the medical field, and nonprofit organizations.
- ✓ The vast majority of student debts are federal loans issued by the U.S. Department of Education.
- ✓ The federal government, private lenders such as banks and refinance companies, and even schools may contract out to a limited number of loan servicing companies to manage their student loan portfolio.

## WHEN TO UPDATE MY STUDENT LOAN SERVICER

Contact your student loan servicer if you:

- ✓ Fail to begin classes at the school at which you were eligible to receive your loan.
- ✓ Do not begin classes as at least a half-time student for the loan period certified by your school.
- ✓ Drop below half-time enrollment during the semester or term.
- ✓ Transfer to another school.
- ✓ Leave school.
- ✓ Graduate.
- ✓ Change your name, address, or phone number.
- ✓ Need help making your monthly federal student loan payments, including because of a change to your job or income.
- ✓ Want to change or select a repayment plan.
- ✓ Are called to active duty with the U.S. armed forces for more than 30 days.



## HOW TO SUBMIT A COMPLAINT

Student loan borrowers who have an issue concerning their student loan that they are unable to resolve with their student loan servicer, and who want to file a complaint with the New Jersey Department of Banking and Insurance may do so by following the below steps:

1. Attempt to resolve the dispute by directly contacting the student loan servicer. If your issues relate to choosing a new repayment plan or consolidation questions, you may need to state the exact plan that you want to the Customer Service Representative. You may also need to request that your case be escalated to a supervisor or manager.
2. Once you are working with a student loan servicer supervisor or manager, evaluate whether your issue is being resolved in a timely manner. If it is not, send your questions in writing to the servicer's headquarters by certified mail. Give the company a specific time to respond to you.
3. If your servicer does not respond to you in a timely manner, you may also follow up with the student loan servicer's ombudsman program, if available.
4. If your issue is still not resolved with the student loan servicer, or their ombudsman, or if you believe they are not being truthful about your options, or are being unresponsive, you may file a complaint with the Department of Banking and Insurance by calling 1-800-446-7467 or using the [Online Consumer Assistance Form](#).
5. You can also determine if the student loan servicer is licensed by the Department of Banking and Insurance using [Nationwide Multistate Loan Servicing \(NMLS\) Consumer Access](#). This website that allows the public to view information concerning the student loan servicer to resolve your dispute.
6. If the student loan servicer is not listed as licensed in New Jersey in NMLS, the Department of Banking and Insurance also pursues complaints against **unlicensed** companies that are conducting student loan servicing activities for New Jersey residents.

### [Online Consumer Assistance Form](#)

**Note:** In addition to the Department of Banking and Insurance, the **Consumer Financial Protection Bureau (CFPB)** pursues complaints against student loan servicers. You may also [submit your complaint with the CFPB online](#) or by calling the CFPB at 855-411-2372.

The **CFPB Private Education Ombudsman** was created to assist private student loan borrowers. You may file a private student loan complaint using the [CFPB online complaint form](#).

Consumer Financial Protection Bureau

PO Box 27170

Washington, DC 20038

Telephone: 855-411-2372

TTY/TTD: 855-729-2372