

Statement on PHEAA Not Extending its Servicer Contract with Dept. of Education

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Boston – Statement by **Persis Yu, director of the National Consumer Law Center’s Student Loan Borrower Assistance Project** in response to the announcement that PHEAA (FedLoan Servicing) will not be extending its federal contract in December.

“Lawsuits by borrowers and the Massachusetts Attorney General have charged PHEAA (FedLoan Servicing) with a long history of abusive practices that have harmed student loan borrowers and prevented them from accessing critical relief. Today’s announcement will ensure that those borrowers can no longer be harmed by PHEAA’s abusive practices. However, more needs to be done to protect the millions of borrowers whose loans are currently serviced by PHEAA. In addition, this sudden and massive transfer of loans will also have a huge ripple effect on the entire federal student loan portfolio and could negatively impact all borrowers within the portfolio. Unless the administration extends the current student loan payment suspension and provides widespread debt cancellation, it is setting millions of borrowers up to fail.”