

## AGENDA ITEM 9.

### UPDATE ON STUDENT LOANS HELD BY ISAC

Submitted for: Information/Action

Summary:

ISAC administers and services loans as a Guarantor in the Federal Family Education Loan Program (FFELP). Since 1965 when ISAC entered into the first agreement to act as a federal student loan Guarantor, much has changed. Significant changes began with the 2010 amendment to the federal law which ended the origination and guarantee of new FFELP loans. Since that time ISAC has been administering the outstanding FFELP guaranteed student loans as the program winds down.

On March 31, 2021, the US Department of Education (ED) announced that it will expand the CARES ACT student loan relief that offers a 0% interest rate and pauses collection activity to 1.14 million borrowers who defaulted on privately-held FFELP loans. It also made this relief retroactive to March 13, 2020, the start of the COVID-19 national emergency.

While this is critically important relief for borrowers, implementing these new requirements is extremely challenging, if not impossible, for the legacy systems of many guarantors, including ISAC, that are managing a portfolio of loans in a program that was terminated over 10 years ago. As a result, ISAC staff would like the authority to take actions necessary to make determinations in relation to alternatives for ISAC's FFELP Guarantor portfolio to help ensure that ISAC's borrowers can more quickly get the relief available to them.

Action requested:

That the Commission approve the following resolution:

“BE IT RESOLVED that the Commission delegates to the Executive Director of the Commission the authority to take actions as are necessary to make determinations as to the Commission's role as a Federal Family Education Loan Program (FFELP) student loan Guarantor or its outsourcing of FFELP Guarantor services, including, but not limited to, completing documentation, entering into agreements and transferring loans.”