

Q & A
Six-Month Interest-Free Moratorium on Loan Repayment for OSAP Borrowers
March 31, 2020

Q. What changes are being made to the Ontario Student Assistance Program (OSAP)?

As part of the government's response to the COVID-19 pandemic, Ontario is helping OSAP borrowers by temporarily suspending student loan payments and initiating a six-month interest-free moratorium on OSAP loans in good standing.

From March 30, 2020 to September 30, 2020, borrowers whose loans are in good standing will not be required to make any loan payments and interest that accrues on their student loans will not be payable by the borrower. During this suspension period, payments will not be withdrawn from a borrower's account if they are on pre-authorized debit; if they make payments through online banking or cheque, they are not required to send in payments due during this period. Also, any interest that accrues will be paid by the government.

Borrowers can still make one-time payments via their online account or online banking if they want to repay their loan faster. Payments during this period will go entirely towards their loan principal.

Q. Why are these changes being made? Is this a permanent change?

The events of recent weeks have caused increased anxiety for postsecondary students and their families across our province. These measures will ease the financial burden on OSAP borrowers during the COVID-19 pandemic, as they may be facing difficulty making payments due to workplace closures or other economic disruptions.

These measures would allow Ontario to temporarily suspend loan repayment between March 30, 2020 and September 30, 2020 and initiate a six-month interest-free moratorium for borrowers whose loans are in good standing.

Q. When will this change be implemented?

The Ministry will work as quickly as possible to implement these changes to help ease the financial burden on OSAP borrowers. The Ministry is working closely with the federal government and the National Student Loans Service Centre to implement these changes for March 30, 2020, and asks student loan borrowers for their patience during this time as there may be a delay in reflecting these changes to their student loan account.

The Ministry is also working with the Ministry of Finance and the Ministry of Government and Consumer Services to temporarily suspend collection activities on defaulted loans during this time period. The target date for implementation on

defaulted loans is also March 30, 2020.

Q. How does this change align with the federal government's announcement of additional support for Canadians?

On March 18, 2020, the federal government announced an \$82B COVID-19 emergency response package for Canadians and businesses. Part of that package included placing a six-month interest-free moratorium on Canada Student Loan payments.

Ontario is aligning these changes to OSAP with the changes proposed by the federal government.

Q. How will borrowers know they are not required to make student loan payments and that no interest will accrue on their loans during the six-month period?

During this suspension period, payments will not be withdrawn from a borrower's account if their loans are in good standing and they are on pre-authorized debit; if they make payments through online banking or cheque, they are not required to send in payments due during this period. Also, any interest that accrues will be paid by the government.

In addition to announcing this initiative in the spring economic statement, the Ministry will use multiple channels to communicate this information to borrowers and the public at large, including a news release, social media, web changes on Ontario.ca, and through the borrower's online account at the NSLSC.

Q. Can borrowers still make payments during the six-month suspension of student loan payments and interest accrual?

Yes, borrowers can still make one-time payments via their online account or online banking if they want to repay their loan faster. Payments during this period will go entirely towards their loan principal.

Q. How does the six-month interest-free moratorium on loan repayment work for students who are in their grace period?

Between March 30th and September 30th, loans will also be interest-free for students who are both entering their grace period during the suspension period and already in their grace period at the start of the suspension period.

Examples:

- If a student's study period end date is April 15, 2020, interest will automatically be suspended until September 30, 2020 and they will start repaying their loan in November 2020.
- If a student's grace period is scheduled to end on April 30, 2020, payments

and interest will automatically be suspended until September 30, 2020 and they will start repaying their loan in October 2020.

Q. Can borrowers still make payments during the six-month suspension of student loan payments and interest accrual?

Yes, borrowers can still make one-time payments via their online account or online banking if they want to repay their loan faster. Payments during this period will go entirely towards their loan principal.

Q. Will there be any relief for borrowers with defaulted student loans (i.e. loans are not in good standing)?

Borrowers whose loans are in default are also eligible for the six-month interest free moratorium. In addition, the Ministry of Colleges and Universities, the Ministry of Finance and the Ministry of Government and Consumer Services are working together to suspend collection activities on defaulted loans. These changes are intended to align with our federal partners.

This would mean that for six months, starting on March 30, 2020, interest accrual would be suspended for student loans in collections, and collection activities on these loans would also be suspended.

The government asks for borrowers' patience while these supports are implemented.

Q. Can a borrower who successfully rehabilitates their student loan be eligible for the six-month interest and payment moratorium?

Yes, a borrower who successfully rehabilitates their student loan would be eligible for the six-month suspension of payment and interest.

For example, if a borrower rehabilitates their loan in May 2020, their loan will be transferred back to the NSLSC and interest will automatically be suspended until September 30, 2020. They will start repaying their loan in October 2020.

Q. What if a borrower does not successfully rehabilitate their student loans?

Borrowers who have defaulted on their Ontario student loans can bring them back into good standing through the Ontario Student Loan Rehabilitation Program administered by the Ministry of Finance.

If a borrower gets behind on the rehabilitation payments for two months in a row their rehabilitation is considered unsuccessful.

However, a borrower who currently has an approved Application for Rehabilitation of Ontario Student Loan in Default with the Ministry of Finance will not be

penalized if they miss payments during this time period. This will not be counted towards the maximum two attempt limit for rehabilitation.

Q. What if a borrower has their student loans subject to Income-Tax Set Off?

A borrower with a student loan that is subject to Income-Tax Set Off would also have the benefit of six-month payment and interest accrual suspension applied to their account. During this period, any income tax refund issued will not be used to paydown outstanding debt on the defaulted student loan.