

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

July 29, 2013

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Agencies Encourage Lenders to Work with Student Loan Borrowers

On Thursday, July 25, 2013, the federal bank regulatory agencies issued a statement encouraging financial institutions to work constructively with private student loan borrowers experiencing financial difficulties. Prudent workout arrangements are consistent with safe and sound lending practices and are generally in the long-term best interest of both the financial institution and the borrower.

Student loan borrowers who are unemployed or underemployed may face hardship in making payments on their private student loan debts after separation from school or during periods of economic difficulty. Current interagency guidance permits prudent workout and modification programs for retail loans, including student loans, and provides that extensions, deferrals, renewals, and rewrites may be used to help borrowers overcome temporary financial difficulties. Institutions that have private student loan workout programs should provide borrowers with information that clearly explains the programs, including eligibility criteria and the process for requesting a modification.

The statement is being issued by the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of the Comptroller of the Currency.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking-supervision/publications/district-circular-letters/>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(801) 322-7853

Attachment:

[Agencies Encourage Financial Institutions to Work with Student Loan Borrowers Experiencing Financial Difficulties \(17 KB PDF\)](#)