

# Congress of the United States

Washington, DC 20515

December 11, 2024

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, D.C. 20552

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Avenue  
Washington, D.C. 20580

Dear Director Chopra and Chair Khan:

We write to share the alarming findings of our investigation<sup>1</sup> into student loan lender and servicer Navient and the fraudulent, predatory student loans in its portfolio that should be canceled due to its misconduct and under the Federal Trade Commission's (FTC) Holder-In-Due-Course Rule ("Holder Rule").<sup>2</sup> Navient has admitted it is responsible for canceling "all loans that meet the Holder Rule criteria,"<sup>3</sup> but the convoluted process the company has set up for defrauded borrowers is flawed and may be improperly denying borrowers relief. We urge the CFPB and FTC to investigate this matter and act to ensure that Navient is complying with federal law and providing relief to the defrauded borrowers harmed by its misconduct.

In April 2024, we first wrote to Navient inquiring about a set of private, predatory student loans in its portfolio that the lender and servicer, formerly known as Sallie Mae, pushed onto students likely to default, colluding with fraudulent, for-profit colleges in exchange for a steady supply of federal and private loan borrowers.<sup>4</sup> These loans may be eligible for cancellation due to Navient's own misconduct and under the Holder Rule, which allows borrowers to raise the same claims and defenses against a loan holder that they could raise against the original seller of the good.<sup>5</sup> In response, in May 2024, Navient stated that it is "committed to canceling all loans that

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<sup>1</sup> Letter from Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch to Navient, April 17, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.04.16%20Letter%20to%20Navient%20on%20Cancelling%20Predatory%20Private%20Student%20Loans.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> Letter from Navient to Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch, May 8, 2024, p. 3., [https://www.warren.senate.gov/imo/media/doc/navient\\_response\\_letter\\_on\\_holder\\_rule\\_may\\_8\\_2024\\_signed.pdf](https://www.warren.senate.gov/imo/media/doc/navient_response_letter_on_holder_rule_may_8_2024_signed.pdf).

<sup>4</sup> Letter from Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch to Navient, April 17, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.04.16%20Letter%20to%20Navient%20on%20Cancelling%20Predatory%20Private%20Student%20Loans.pdf>.

meet the Holder Rule criteria.”<sup>6</sup> However, Navient’s response failed to answer basic questions about its cancellation process and revealed that the process it has set up for defrauded borrowers is flawed, convoluted, and opaque, raising questions about Navient’s adherence to regulatory requirements.<sup>7</sup>

In August 2024, we again wrote to Navient, demanding, once again, that the company share basic information about its cancellation process, and raising concerns that Navient may be improperly denying relief to defrauded borrowers.<sup>8</sup> Navient responded to this follow-up letter on September 9, 2024, confirming many of our concerns.<sup>9</sup> We write to share the results of our investigation with your agencies and urge you to take supervisory action, where necessary, to ensure Navient is complying with federal statute.

**1. Only a Fraction of Navient’s Borrowers Who Attended For-Profit Colleges Have Been Sent School Misconduct Discharge Applications—and Navient Denies Relief to 80% of Those Who Apply.** In its May 2024 letter to our offices, Navient claimed that it was “committed to canceling all loans that meet the Holder Rule criteria” and had rolled out a new, “enhanced” process for borrowers to seek discharge under the Holder Rule.<sup>10</sup> However, in its follow-up response in September 2024, Navient revealed that, to date, it had sent applications to only approximately 4,000 borrowers, even though at least 65,000 of its borrowers had attended for-profit colleges.<sup>11</sup> Likewise, while Navient estimates that its portfolio includes \$1.1 billion in outstanding balances taken out by borrowers to attend for-profit colleges, it has only provided discharges representing approximately \$8 million in relief.<sup>12</sup> To make matters worse, of the 1,000 applications that Navient has processed so far, Navient has rejected over 800.<sup>13</sup> This 80% rejection rate is unacceptable, especially given that Navient conducts an “initial eligibility check” for “any borrower who contacts us about school misconduct issues...and an application is sent if the

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<sup>5</sup> *Id.*; Federal Trade Commission, “Holder in Due Course Rule,” <https://www.ftc.gov/legal-library/browse/rules/holder-due-course-rule>. The Holder Rule, a broad rule dating to 1975, and subsequently reaffirmed and updated numerous times by the Commission, allows borrowers to raise the same claims and defenses against a loan provider that they could raise against the original seller of the good or service.

<sup>6</sup> Letter from Navient to Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch, May 8, 2024, p. 3, [https://www.warren.senate.gov/imo/media/doc/navient\\_response\\_letter\\_on\\_holder\\_rule\\_may\\_8\\_2024\\_signed.pdf](https://www.warren.senate.gov/imo/media/doc/navient_response_letter_on_holder_rule_may_8_2024_signed.pdf); Letter from Senator Warren, Congresswoman Dean, and Over 30 Lawmakers to Navient, August 8, 2024, [https://www.warren.senate.gov/imo/media/doc/warren\\_follow-up\\_letter\\_to\\_navient\\_recancellationofpredatoryprivatstudentloans.pdf](https://www.warren.senate.gov/imo/media/doc/warren_follow-up_letter_to_navient_recancellationofpredatoryprivatstudentloans.pdf).

<sup>7</sup> *Id.*

<sup>8</sup> Letter from Senator Warren, Congresswoman Dean, and Over 30 Lawmakers to Navient, August 8, 2024, [https://www.warren.senate.gov/imo/media/doc/warren\\_follow-up\\_letter\\_to\\_navient\\_recancellationofpredatoryprivatstudentloans.pdf](https://www.warren.senate.gov/imo/media/doc/warren_follow-up_letter_to_navient_recancellationofpredatoryprivatstudentloans.pdf).

<sup>9</sup> Letter from Navient to Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch, May 8, 2024, [https://www.warren.senate.gov/imo/media/doc/navient\\_response\\_letter\\_on\\_holder\\_rule\\_may\\_8\\_2024\\_signed.pdf](https://www.warren.senate.gov/imo/media/doc/navient_response_letter_on_holder_rule_may_8_2024_signed.pdf).

<sup>10</sup> *Id.*, p. 3.

<sup>11</sup> Letter from Navient to Senator Warren, Congresswoman Dean, and Over 30 Lawmakers, September 9, 2024, p. 3, [https://www.warren.senate.gov/download/navient-response-to-warren\\_-9/2024](https://www.warren.senate.gov/download/navient-response-to-warren_-9/2024).

<sup>12</sup> *Id.*, pp. 2-3.

<sup>13</sup> *Id.*, p. 3.

borrower’s loan type and school type may qualify.”<sup>14</sup> This means that Navient is rejecting 80% of borrowers hand-selected as potentially eligible for cancellation under the Holder Rule, leaving a fraction of Navient’s borrowers who attended predatory, for-profit colleges with the relief that they deserve.

2. **Navient’s School Misconduct Discharge Application is Unnecessarily Burdensome and Confusing.** Navient’s school misconduct discharge application is inordinately lengthy and complex, making it intimidating and difficult for borrowers to seek relief.<sup>15</sup> The 12-page application asks questions seemingly designed to inappropriately disqualify applicants, such as when wrongdoing was discovered, and requires borrowers to include individualized documentation such as “correspondence from the school..., marketing materials, advertisements, course catalogs, manuals, school web messaging,” and other products—all from loans that may be more than two decades old.<sup>16</sup> The application threatens borrowers with “perjury” for providing incomplete information.<sup>17</sup> It asks borrowers if the court has awarded a “favorable judgment against” their school, and if so, to attach the court order and other relevant documents to the application.<sup>18</sup> It requires a narrative explanation of “how [the borrowers’] life has been impacted by” the fraudulent loans and an explanation of “why” the misleading information that the school concealed or omitted from the borrower was important to them at the time of their application.<sup>19</sup> It even demands that borrowers submit an “up-to-date job history.” These conditions are unnecessary and impractical—for instance, the Department of Education has routinely provided group discharges to borrowers defrauded by predatory schools without requiring borrowers to produce individualized evidence<sup>20</sup>—and are preventing thousands of borrowers from obtaining the relief they deserve.
  
3. **Navient’s Rationales for Denials Are Opaque and Its Appeals Process is Insufficient, Making it Impossible for Borrowers to Exercise Their Rights.** For the borrowers who are able to complete discharge applications and are rejected for relief, Navient provides insufficient information to borrowers about these rejections. For example, according to the New York Times, one student who attended American InterContinental University—a school cited by the Federal Trade Commission for “deceptive recruiting tactics”<sup>21</sup>—had

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<sup>14</sup> *Id.*

<sup>15</sup> Letter from Senators Warren, Markey, Merkley, Smith, Blumenthal, Sanders, Durbin, Wyden, and Welch to Navient, April 17, 2024, p. 5, <https://www.warren.senate.gov/imo/media/doc/2024.04.16%20Letter%20to%20Navient%20on%20Cancelling%20Predatory%20Private%20Student%20Loans.pdf>.

<sup>16</sup> *See*: Appendix A.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> Student Borrower Protection Center, “Delivering Distress: How Student Loan Companies Cheat Borrowers Out of Their Rights,” October 2023, p. 53, <https://protectborrowers.org/wp-content/uploads/2023/10/Delivering-Distress-Report.pdf>.

<sup>21</sup> New York Times, “There’s a Program to Cancel Private Student Debt. Most Don’t Know About It,” Stacy Cowley, May 30, 2024, <https://www.nytimes.com/2024/05/30/business/navient-private-student-loan-debt.html>; Federal Trade Commission, “FTC Sends Nearly \$30 Million in Refunds to People Tricked into Enrolling by School Operator’s Lead Generators,” June 9, 2021, <https://www.ftc.gov/news-events/news/press-releases/2021/06/ftc-sends-nearly-30-million-refunds-people-tricked-enrolling-school-operators-lead-generators>.

his federal loans canceled through the Department of Education’s borrower defense program. But when the borrower sought relief on the private loans he took out from Navient to attend American InterContinental through Navient’s school misconduct discharge application form, “he received a denial notice [that] said Navient ‘carefully considers a variety of factors in determining whether a private loan should be discharged’ but did not specify why his claim was rejected.”<sup>22</sup>

When borrowers dispute or appeal the rejection, Navient’s response, per screenshots obtained by Senator Warren’s office, merely states: “Because we review each application holistically, it is not possible to identify specific criteria that caused your application to be denied.”<sup>23</sup> Thus, it appears that Navient is providing borrowers who may be eligible for cancellation under the Holder Rule with insufficient explanation and options for recourse when they are denied, making it difficult for borrowers to exercise their rights.

- 4. Navient Appears to be Making Incorrect Categorical Determinations About Which School and Loan Types Are Eligible for Cancellation Under the Holder Rule.** In our August letter to Navient, we expressed concern that Navient was incorrectly and categorically denying discharges on certain loan and school types under the Holder Rule. In its September response, Navient confirmed these suspicions, indicating that the company believes that “the Holder Rule does not apply to (1) private student loans for borrowers attending nonprofit institutions, (2) direct-to-consumer loans, or (3) refinanced student loans.”<sup>24</sup> In fact, Navient refuses to even send an application to borrowers who have an “ineligible loan or school type” in the servicer’s estimation.<sup>25</sup>

We have serious doubts about Navient’s categorical denial of applications involving these loan types. As the Project on Predatory Student Lending (PPSL) explains, the Holder Rule applies to all consumer loans where there is a sufficient connection between the seller of the services and the creditor of the loan.<sup>26</sup> In those instances, irrespective of the type of loan involved—whether a direct-to-consumer loan or a Navient loan that has been refinanced into another Navient product<sup>27</sup>—Navient should not be engaging in blanket rejections. Furthermore, as the FTC has recently explained, “both judicial decisions and Commission precedent recognize that not all entities claiming tax-exempt status as nonprofits fall outside of the Commission’s jurisdiction,” particularly where there is not “an adequate nexus between an organization’s activities and its alleged public purposes” and its net proceeds are not “devoted to recognized public, rather than private,

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<sup>22</sup> New York Times, “There’s a Program to Cancel Private Student Debt. Most Don’t Know About It,” Stacy Cowley, May 30, 2024, <https://www.nytimes.com/2024/05/30/business/navient-private-student-loan-debt.html>.

<sup>23</sup> Letter from Senator Warren, Congresswoman Dean, and Over 30 Lawmakers to Navient, August 8, 2024, p. 4, [https://www.warren.senate.gov/imo/media/doc/warren\\_follow-up\\_letter\\_to\\_navient\\_reCancellationofpredatoryprivatestudentloans.pdf](https://www.warren.senate.gov/imo/media/doc/warren_follow-up_letter_to_navient_reCancellationofpredatoryprivatestudentloans.pdf); See: Appendix B.

<sup>24</sup> Letter from Navient to Senator Warren, Congresswoman Dean, and Over 30 Lawmakers, September 9, 2024, p. 4, [https://www.warren.senate.gov/download/navient-response-to-warren\\_-9/2024](https://www.warren.senate.gov/download/navient-response-to-warren_-9/2024).

<sup>25</sup> *Id.*, p. 3.

<sup>26</sup> Project on Predatory Student Lending, “Responses to Navient’s Arguments About the Scope of the Holder Rule,” memo, October 21, 2024, <https://static1.squarespace.com/static/62d6e418e8d8517940207135/t/6759f1784fea6a60dc2e1fcb/1733947768555/PPSL+Navient-Holder+Rule+Memo+Updated.pdf>.

<sup>27</sup> Earnest, “Refinance Student Loans,” <https://www.earnest.com/refinance-student-loans>.

interests.”<sup>28</sup> Given this authority, it is possible that Navient is denying relief to students who attended certain fraudulent, nominally not-for-profit colleges, when those schools are, indeed, governed by the FTC’s Holder Rule.

**5. Navient’s Misconduct Alone Provides a Basis for Loan Cancellation.** The Holder Rule is not the only basis under which Navient is liable for cancelling these loans: Navient’s “widespread, unfair, deceptive and abusive student loan servicing practices and abuses in originating predatory student loans” has been deemed independent grounds for cancellation.<sup>29</sup> Yet, Navient told our offices that “private student loans...are made in good faith, with the expectation that students will graduate, obtain employment, and pay off their loans without hardship.”<sup>30</sup> In doing so, Navient completely ignored the role it played in originating the loans. In fact, Navient knew that borrowers were likely to default, and to protect themselves, they negotiated recourse and credit enhancement agreements with these predatory institutions.<sup>31</sup> While Navient laments that “[i]t is unfortunate that some schools misled their students,”<sup>32</sup> these agreements show that Navient knew and expected that these students would have poor outcomes. Navient has also refused to conduct a group discharge for defrauded borrowers, stating, “[t]he Holder Rule also does not provide blanket loan cancellation. Rather, it is a mechanism for loan cancellation where, among other requirements, harm is demonstrated by the borrower and the borrower’s claim is timely asserted.”<sup>33</sup> But there is nothing that forbids Navient from providing group discharge using the information that it has; in fact, the U.S. Department of Education has used a group discharge process to “wipe out more than \$18 billion of fraudulent and predatory debt from for-profit schools<sup>34</sup> since June 2021. Navient should cancel all of the private fraudulent debts for borrowers who have been harmed by its misconduct, all of whom the company is able to identify without an application.

It has been decades since Navient originated many of these predatory student loans, and some defrauded borrowers are now repaying triple their original loan amount due to subprime interest rates on loans that should have never been originated in the first place.<sup>35</sup> It is disgraceful that Navient appears to be evading its responsibility to cancel this fraudulent debt by rejecting 80% of applicants, inaccurately determining which loan and school types are eligible for cancellation,

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<sup>28</sup> Federal Register, “Federal Trade Commission, 16 CFR Parts 910 and 912,” May 7, 2024, p. 38357, <https://www.govinfo.gov/content/pkg/FR-2024-05-07/pdf/2024-09171.pdf>.

<sup>29</sup> Navient Multi-State Settlement, “39 State Attorneys General Announce \$1.85 Billion Settlement with Student Loan Servicer Navient,” January 13, 2022, <https://www.navientagsettlement.com/Home/portalid/0>.

<sup>30</sup> Letter from Navient to Senator Warren, Congresswoman Dean, and Over 30 Lawmakers, September 9, 2024, p. 4, [https://www.warren.senate.gov/download/navient-response-to-warren\\_-9/2024](https://www.warren.senate.gov/download/navient-response-to-warren_-9/2024).

<sup>31</sup> *Illinois v. Navient Corp.*, Attorney No. 99000 (Chicago, IL), complaint, <https://dig.abclocal.go.com/wls/documents/Navient%20Complaint.pdf>.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*, p. 2.


<sup>34</sup> Student Borrower Protection Center, “Delivering Distress: How Student Loan Companies Cheat Borrowers Out of Their Rights,” October 2023, p. 53, <https://protectborrowers.org/wp-content/uploads/2023/10/Delivering-Distress-Report.pdf>.


<sup>35</sup> New York Times, “There’s a Program to Cancel Private Student Debt. Most Don’t Know About It,” Stacy Cowley, May 30, 2024, <https://www.nytimes.com/2024/05/30/business/navient-private-student-loan-debt.html>.

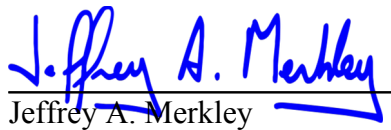
providing insufficient information when it does reject borrowers, and neglecting its responsibility to cancel all private fraudulent debts based on the Holder Rule and Navient’s misconduct.


We appreciate the work that the Consumer Financial Protection Bureau has already done to hold Navient accountable—including by reaching a landmark settlement with Navient in September, which delivered \$100 million in relief to borrowers and permanently blocked Navient from the federal student loan system.<sup>36</sup> However, based on the findings of our investigation, we are concerned that Navient’s cancellation process for borrowers who attended predatory, for-profit schools is flawed and opaque and potentially violates federal consumer protection law. We ask your agencies to use their supervisory and enforcement authority to ensure Navient is delivering borrowers the relief they are entitled to under the Holder Rule and due to Navient’s own misconduct.

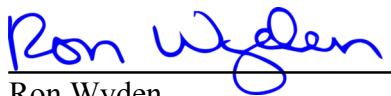
Sincerely,

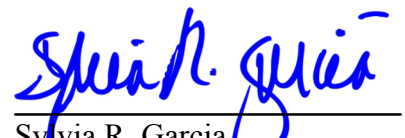
  
Elizabeth Warren  
United States Senator

  
Madeleine Dean  
Member of Congress

  
Jeffrey A. Merkley  
United States Senator

  
Betty McCollum  
Member of Congress

  
Ron Wyden  
United States Senator

  
Sylvia R. Garcia  
Member of Congress

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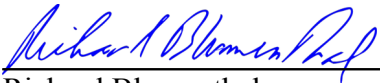
<sup>36</sup> Consumer Financial Protection Bureau, “CFPB Bans Navient from Federal Student Loan Servicing and Orders the Company to Pay \$120 Million for Wide-Ranging Student Lending Failures,” September 12, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-navient-from-federal-student-loan-servicing-and-orders-the-company-to-pay-120-million-for-wide-ranging-student-lending-failures/>.



Tina Smith  
United States Senator



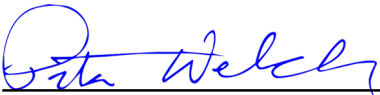
Dwight Evans  
Member of Congress



Richard Blumenthal  
United States Senator



Seth Moulton  
Member of Congress



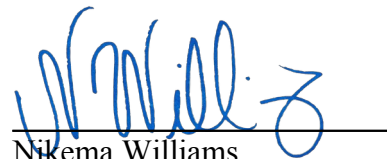
Peter Welch  
United States Senator



Rashida Tlaib  
Member of Congress




Bernard Sanders  
United States Senator



Nikema Williams  
Member of Congress



Barbara Lee  
Member of Congress



Alma S. Adams, Ph.D.  
Member of Congress



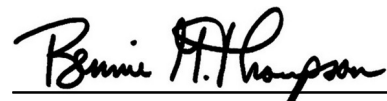
James P. McGovern  
Member of Congress



Delia C. Ramirez  
Member of Congress



Summer L. Lee  
Member of Congress

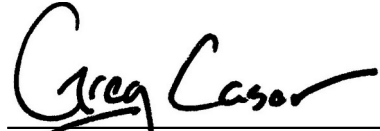


Bennie G. Thompson  
Member of Congress



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Pramila Jayapal  
Member of Congress



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Greg Casar  
Member of Congress



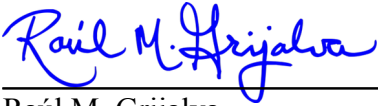
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Frederica S. Wilson  
Member of Congress



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Alexandria Ocasio-Cortez  
Member of Congress



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Raúl M. Grijalva  
Member of Congress



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Jamie Raskin  
Member of Congress



## Appendix

### Appendix A. Screenshots of Navient School Misconduct Discharge Application

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#### School Misconduct Discharge Application

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You may be eligible to receive a discharge of your applicable private student loans if the school that you attended committed certain misconduct outlined within this application. This is called a School Misconduct Discharge.

If you believe you may qualify, please complete this application by providing as much detail as possible to support your relevant claim or claims and show the harm you experienced as a result of the school misconduct. Each application is subject to our review and discretion. A variety of criteria are used to determine eligibility, including, but not limited to, proof of resulting harm, sufficient documentation supporting your claim, date when events occurred or when you experienced harm, etc.

**Important:** this application **requires** supporting documentation that directly substantiates your claims (e.g., marketing materials, correspondence from the school, copy of court judgement, enrollment agreement, etc.). If documentation is not provided, your application can not be processed.

Qualifying school misconduct	Description and examples
<p>Untruthful or misleading statements</p>	<p>The school or its representatives made <b>untruthful or misleading statements</b> while trying to convince you to enroll or to remain enrolled. You must show that this information was important to you when you decided to enroll or remain enrolled and caused you harm.</p> <p>The school's conduct must relate to untruthful or misleading statements concerning one or more of the following areas:</p> <ul style="list-style-type: none"> <li>- Graduates' employment outcomes (e.g., guarantees of employment or that you would earn a certain salary.)</li> <li>- The school's educational programs (e.g., whether completion of a program qualifies you for a specific license or certification; the number, availability, and qualifications of instructors; or your ability to transfer credits to another school)</li> <li>- The school's financial charges (e.g., the school's program cost or the availability or type of financial assistance available to you.)</li> </ul> <p>The school or its representatives could have made these untruthful or misleading statements directly to you, or in marketing materials, websites, or other communications.</p>
<p>Concealed, suppressed, or omitted certain information</p>	<p>The school <b>concealed, suppressed, or omitted certain information</b> that would have been important to your decision of whether to enroll or remain enrolled, and the concealment caused you harm. This includes conduct such as:</p> <ul style="list-style-type: none"> <li>- A failure to provide important information about any of the three areas described above (e.g., graduates' employment outcomes; the school's educational programs; or the school's financial charges); or</li> <li>- A failure to tell you that certain factors, like a criminal record or the program not being authorized by the appropriate agency, would prevent you from meeting requirements for employment in the program's field.</li> </ul>
<p>Aggressive and deceptive recruitment tactics</p>	<p>The school engaged in <b>aggressive and deceptive recruitment tactics</b> to convince you to enroll or to remain enrolled and caused you harm. This includes conduct such as:</p> <ul style="list-style-type: none"> <li>- Demanding or pressuring you to enroll immediately, including by falsely claiming you would lose your opportunity to attend if you did not immediately enroll;</li> <li>- Taking unreasonable advantage of your lack of knowledge about higher education or financial aid to pressure you to enroll or take out loans;</li> <li>- Discouraging you prior to enrollment from discussing the decision to enroll with friends, family, or others;</li> <li>- Using threatening or abusive language; or</li> <li>- Repeatedly contacting you if you asked not to be contacted further.</li> </ul>
<p>Lawsuit against the school</p>	<p>In some circumstances, a <b>lawsuit against a school</b> may qualify. For the lawsuit to qualify, it must be based on the school's misconduct related to your decision to enroll or remain enrolled. It must have been brought by you, a government agency, or, if it's a <b>class action lawsuit</b>, have you included as a class member. In addition, it must have resulted in a favorable judgment (i.e., a judgment against the school and in favor of the plaintiff).</p>
<p>Failure to perform contractual obligations</p>	<p>A school's failure to perform its obligations under a contract with you (such as in an enrollment agreement). To qualify, those obligations must have been important to you when you were deciding whether to enroll or remain enrolled and caused you harm.</p>

**By completing this application, you are certifying, under penalty of perjury, that all the information provided is true and complete.**

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**SECTION 1: BORROWER INFORMATION**

Please provide contact information for the borrower.

First Name		Middle Name	Last Name	
Date of Birth ( <i>mm/dd/yyyy</i> )	Social Security Number		Telephone Number	
Email Address				
Street Address		City	State	ZIP Code
Navient Account Number		Are you the borrower or cosigner applying? <input type="checkbox"/> Borrower <input type="checkbox"/> Cosigner		

**Loan information**

*Include the following information for each loan related to this discharge application: loan number, disbursement date, and original principal amount.*

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**SECTION 2: SCHOOL INFORMATION**

School Name:

Campus Name (if you attended a multi-campus system or school):

Campus Location (City, State):

In what state(s) did you live during the enrollment period that is the subject of this claim? Please include the month/year when you lived in each state listed.

Enrollment dates at this school (month/year to month/year):

Are you still enrolled at this school? Yes  No

Are the enrollment dates listed above approximate or exact?  Approximate  Exact:

Program Name or Major (e.g., *Engineering, Law, Nursing*):

Credential/Degree Sought (e.g., Certificate, Diploma, Associates, Bachelor's, Master's):

Current enrollment status at school listed above:

Graduated  Transferred Out  Withdrew  Attending

Graduation date if applicable (month/year): \_\_\_\_\_

**Note:** if you are still enrolled at this school, indicate that you are "attending" even if, at the time you complete this application, you are on a scheduled break, an approved leave of absence, or have decided to not attend classes during the current term but plan to resume attendance in the near future.

### SECTION 3: CONDUCT THAT MAY RESULT IN A DISCHARGE APPROVAL

#### Select all that apply

The following are common categories of misconduct alleged by borrowers, including some specific examples. You should only check the boxes that apply to you. If none of the categories apply, there is an "Other" category at the end of Section 3.

**Note:** you must answer additional questions related to these selections and provide required documentation later in the application.

#### EMPLOYMENT PROSPECTS

Did your school misrepresent or fail to tell you about jobs that would be available to you, your prospects of obtaining a job, or the employment outcomes of prior graduates? Please select all that apply:

- My school misled me about my likelihood of obtaining a job, such as by misleading me about the number of graduates who were employed in the field of study the program was preparing them for.
- My school misrepresented its job placement rates.
- My school misrepresented the demand for graduates in my field. My school
- misrepresented its relationships with specific employers.
- My school misled me about my likely earnings after graduation by exaggerating the earnings of graduates.
- My school failed to tell me that obtaining a job or required licensure/certification in my field of study was highly unlikely due to my prior criminal history, a preexisting medical condition, or another circumstance known by my school.

#### CAREER SERVICES

Did your school misrepresent or fail to tell you important information about the scope and availability of the career services support it would provide? Please select all that apply:

- My school promised it would provide career services assistance (including, but not limited to resume writing help, mock interviews, and responding to job listings), but it did not.
- My school promised that it would find me a job when I graduated, but it did not.

## ACCREDITATION AND LICENSURE QUALIFICATIONS

Did your school misrepresent or fail to tell you important information about your school's institutional or programmatic accreditation? Please select all that apply:

- My school misled me regarding whether my program had the accreditation necessary to qualify graduates for required licensure or certification or to sit for a licensing exam.
- My school misled me regarding the passage rate of graduates who sit for licensure or certification exams.
- My school failed to tell me that my school or program lacked proper accreditation or was not authorized by the appropriate agency in my state.
- My school failed to tell me that my school or program lost accreditation prior to or during my enrollment.

## TRANSFERRING CREDITS

Did your school misrepresent or fail to tell you important information about transferring credits into or out of the school? Please select all that apply:

- My school told me that my credits were transferrable to a specific school, but they were not.
- My school told me that the credits I earned at the school were generally transferrable to other schools, but they were not.
- My school failed to tell me that my credits would not transfer to other schools.
- My school told me it would accept credits I had earned elsewhere, but after I enrolled, it told me that it would not accept some or all of my transfer credits.

## EDUCATIONAL SERVICES

Did the school misrepresent or fail to tell you important information about the availability of the educational opportunities or support services it provided? Please select all that apply:

- My school misrepresented the availability of internships or externships or the assistance it would provide in obtaining required internships or externships.
- My school misrepresented the availability, or qualifications of its faculty.
- My school misrepresented the type and availability of any tutoring or specialized instruction or assistance it would provide me before, during, or after completion of a course.
- My school misrepresented how I would be taught (for example, in-person versus online).
- My school misrepresented the prerequisites required for my course of study.
- My school misrepresented how often required courses would be available or when those courses would be scheduled (e.g., you were promised you could complete the program by enrolling on weekends, but later learned that a required course was available only on weekdays during regular business hours when you work).
- My school misrepresented the number of credits required to graduate.
- My school told me I would be able to graduate in a certain amount of time, but then did not offer enough sections of required classes so that I could complete the program on time.
- My school failed to tell me that a different company was providing their curriculum instructional materials.
- My school failed to tell me that a different company was recruiting students on the school's behalf.
- My school misrepresented its status as a for-profit, nonprofit, or public institution.
- My school claimed to be a selective admissions school, but actually had an open-enrollment policy, meaning that they enrolled everyone regardless of their grade point average, test scores, volunteer experiences, or other entrance requirements.

- My school misrepresented its criteria for admission, meaning the basis upon which a school determines who it will admit.

### PROGRAM COST AND NATURE OF LOANS

Did the school misrepresent or fail to tell you important information about the cost of your program or the nature of your loans? Please select all that apply:

- My school told me I was receiving only grants and scholarships, but I found out later that some or all of those funds were loans.
- My school misrepresented the repayment terms or total cost of the loans that it arranged for me, provided to me, or that were provided to me by a lender the school recommended.
- My school misrepresented the overall cost of my program.
- My school misrepresented what costs were or were not included in the published tuition and fees.
- My school misrepresented the cost of living in campus-owned or campus-operated housing.
- My school offered me a full scholarship when admitting me to the school, but then reduced the scholarship amount or failed to renew the scholarship even though I met the scholarship requirements, such as by maintaining a certain GPA, enrolling in a particular program, performing required community or volunteer service, or some other criteria that I satisfied.

### AGGRESSIVE AND DECEPTIVE RECRUITMENT

Did the school pressure you to make an enrollment decision immediately, take unreasonable advantage of your lack of knowledge about higher education and financial aid, use abusive language, or repeatedly contact you after you told them to stop? Please select all that apply:

- My school pressured me to enroll or to make loan-related decisions immediately.
- My school told me that I would lose my place or my financial aid if I did not enroll right away.
- My school discouraged me from discussing my decision with family members or reviewing other resources prior to enrolling or making loan-related decisions.
- My school pressured me to enroll or to make loan-related decisions without giving me enough time to review the relevant documents.
- My school took unreasonable advantage of my lack of knowledge about higher education or financial aid to pressure me into enrolling or taking out loans to attend the school.
- My school used abusive or threatening language while trying to get me to enroll.
- My school repeatedly contacted me for the purposes of enrolling or re-enrolling after I asked them to stop.

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#### Provide us more detail

Please answer the following questions in detail to ensure you have a materially complete application. The questions request additional information describing the misconduct selected above, including information like what occurred, when it occurred, how it impacted you, and other details necessary to consider your application.

If the acts or omissions you experienced occurred during different interactions with the school please include detail about each interaction. Be sure to reference how the included supporting documentation validates your claim(s).

*Note: If you need more space than what's provided to sufficiently answer each question, please write your responses on a separate piece of paper and include it with your application.*

- **What** did the school say, write, represent to you, or conceal, suppress, or omit from you and when, where, and how (e.g., e-mail, advertisement, school's website) was it provided or omitted? Who provided or omitted the information? What did the school's actions lead you to believe?

- **Why** was the information provided to you, or concealed, suppressed, or omitted from you, important to you when you decided to enroll or remain enrolled (for example, you chose to attend this school over others or take out student loans because of the information you were provided)?

- **When** did you first become aware that the information was allegedly false or misleading (approximate date or time of year; please be as specific as possible) and how did you determine the information was false/misleading or aggressive/deceptive?

- **(If selected aggressive and deceptive recruitment tactics)** What were the aggressive and deceptive recruitment tactics that were used and when, where, and how (e.g., e-mail, advertisement, school's website) did you experience this conduct? Who (if applicable) used these aggressive and deceptive recruitment tactics? How did the conduct influence your decision to enroll (for example, because of the school's conduct, you enrolled without consulting friends and family)?

- **How** has this caused you harm (for example, have you suffered financial harm, lost opportunities, or experienced other harm as a result)?

- Is there any other information you believe is important to this claim(s)? If so, please include in your response.

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#### JUDGMENT

Has a court awarded a favorable judgment against your school? Specifically, do any of the following apply to you?

- I filed a lawsuit against my school and won a favorable judgment in a Federal or state court;
- I filed a claim against my school and won a favorable judgment from a Federal or state administrative tribunal;
- I was a class member in a class action lawsuit and won a favorable judgment or I benefited from a government enforcement action where the government won a favorable judgment that related to the making of a covered loan, or the provision of educational services for which the loan was provided.

Yes     No

**Note: A settlement does not qualify you for School Misconduct Discharge relief even if the settlement was favorable to you. A settlement agreement is not a favorable judgment for the purposes of School Misconduct Discharge relief.**

How much was awarded to you in the judgment or court order?

Please attach the judgment (i.e., the court order or opinion) and all relevant documents relating to your judgment(s). If you don't have a copy of the court documents, please provide as much information as you can about the judgment or order, including the approximate date (month and year) it was obtained, the court or tribunal where the case was heard, and the name of the plaintiff(s) if you were not a named plaintiff (for example, in the case of a class action).

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## BREACH OF CONTRACT

*Please attach the contract and all relevant documents.*

Did your school breach a contract with you?

First, did you ever enter into a contract with your school (e.g., did you sign an enrollment agreement when you enrolled? Or, did you sign an agreement regarding a scholarship or other financial aid benefit)?

Yes  No

Second, did your school fail to perform any obligations under the contract?

Yes  No

Describe, in as much detail as you can, the ways in which you believe the school failed to perform its obligations under any contract it entered into with you. Please include when you first became aware that the school failed to perform its obligations under such contract (approximate date or time of year).

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## OTHER

Did your school misrepresent or fail to tell you about important information other than what you have already described in this application?

Yes  No

If yes, please identify what the school misrepresented or failed to tell you:

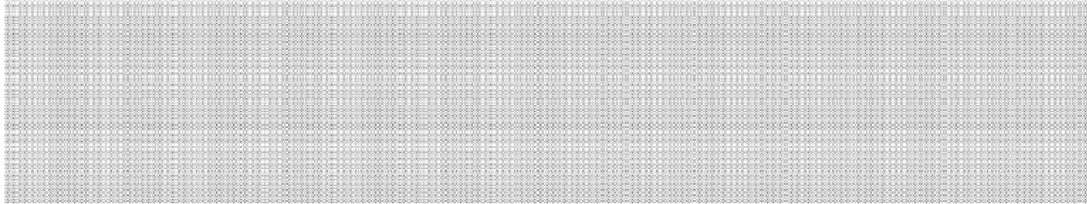
Describe the following information in detail, answering each listed question thoroughly to ensure you have a materially complete application. Be sure to reference how the included supporting documentation validates your claim(s).

*Note: if you need more space than what's provided to sufficiently answer each question, please write your responses on a separate piece of paper and include it with your application.*

- **What** did the school say, write, represent to you, or conceal, suppress, or omit from you and when, where, and how (e.g., e-mail, advertisement, school's website) was it provided or omitted? Who provided or omitted the information? What did the school's actions lead you to believe?

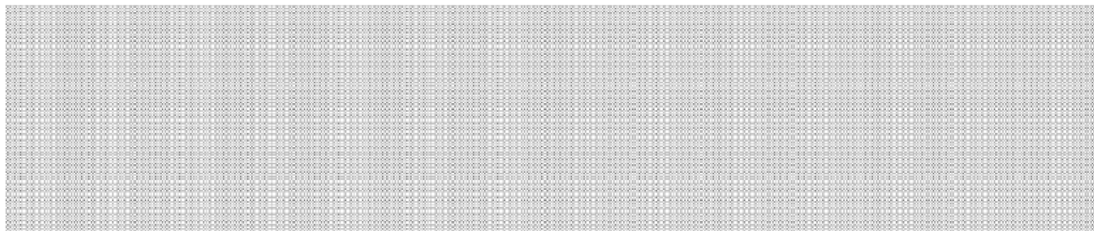


- **Why** was the information provided to you, or concealed, suppressed, or omitted from you, important to you when you decided to enroll or remain enrolled (for example, you chose to attend this school over others or take out student loans because of the information you were provided)?

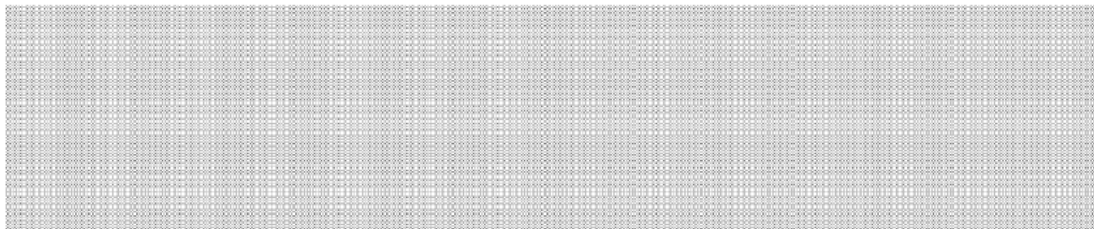
A large rectangular area filled with a dense grid of small black dots, used to redact text.

- **When** did you first become aware that the information was allegedly false or misleading (approximate date or time of year; please be as specific as possible) and how did you determine the information was false or misleading?

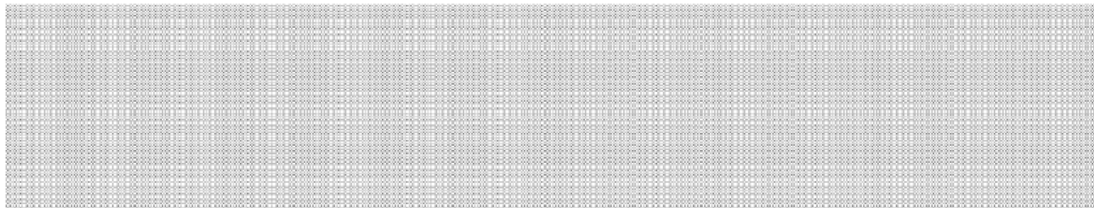
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A large rectangular area filled with a dense grid of small black dots, used to redact text.

- **How** has this caused you harm (for example, have you suffered financial harm, lost opportunities, or experienced other harm as a result)?

A large rectangular area filled with a dense grid of small black dots, used to redact text.

- Is there any other information you believe is important to this claim(s)? If so, please include in your response.

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#### SECTION 4: SUPPORTING DOCUMENTATION (REQUIRED)

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Attach/include supporting documentation with your application. Examples may include, but are not limited to: correspondence from the school (letters/emails), marketing materials, advertisements, course catalogs, manuals, school web messaging, court documents/judgement, written agreements/contracts, etc.

Please confirm you have supplied documentation supporting claim(s) made in Section 3.

- Yes, I have included supporting documentation in my application.
- No, I have not included supporting documentation in my application.

Please provide any additional detail needed to explain your supporting documentation:

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#### SECTION 5: HARM

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Above, you were required to explain how each specific type of misconduct by your school caused you harm. Please use the space below to explain how all the misconduct, taken together, caused you harm, and how the misconduct of the school has impacted your life more broadly.

- **What** harm did you experience as a result of the school's statements, acts, or omissions? (For example: because your credits did not transfer you had to start over at a different school; you were unable to find a job when you graduated; you do not have the certification the school promised you would obtain and are now unable to enter your field of study.)

Type text here

- **How** did the school's statements, acts, or omissions cause you this harm? How has your life been impacted by this harm?

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**SECTION 6: OTHER REFUNDS, REMEDIES, LOAN REDUCTION OR TUITION RECOVERY ACTIONS**

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Have you recovered the amount of tuition or fees that you paid to your school or had your student loans forgiven? (For example, did you get a closed school loan discharge, borrower defense to repayment discharge or total and permanent disability discharge from the U.S. Department of Education? Did you get relief as part of a class-action lawsuit or other settlement?)

Yes     No

If yes, please describe this other relief, including the amount of financial relief received, and attach any documentation about the relief, if available.

[Redacted area]

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**SECTION 7: FORBEARANCE AND STOPPED COLLECTIONS**

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If you are not currently in default, your private loans related to this discharge application will be put into **forbearance** while your application is under review.

If any of your student loans are in default, your loans will be put into a **stopped collections status** while your application is under review. "Stopped collections status" means that we will not attempt to collect on the defaulted loan(s) while your application is pending.

**It's important to understand that interest will continue to accumulate on all your student loans regardless of their status.**

If your application is denied, you will be responsible for the unpaid accrued interest, which will not be capitalized (added to your Unpaid Principal) at the end of this forbearance period. While interest will not be capitalized at the end of this forbearance, any unpaid accrued interest may be capitalized at the end of a deferment or forbearance you request in the future (as permitted by law and your loan agreement). You can shorten or cancel this forbearance at any time.

You do not have to place your loans in forbearance or stopped collections to apply for this discharge. Instead, you may continue making payments on your loans.

*Note:* even though payment will not be due while in forbearance, you can choose to make payments to help lower your loan costs.

**If you do not wish to have your loans placed into forbearance, meaning that you will need to continue making student loan payments while your application is being reviewed, please check the box below:**

**I DO NOT wish to have my loans placed into forbearance or stopped collections.**

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**SECTION 8: CERTIFICATION**

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By signing this attestation, I certify, under penalty of perjury, that: all of the information that I provided is true and complete.

Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code. I sign this application under penalty of perjury.

I also agree to the following: to provide additional information that is reasonably available to me that will verify the accuracy of my completed attestation and to provide, upon request, testimony, a sworn statement, or other documentation reasonably available to me that demonstrates to the satisfaction of my servicer or its designee that I meet the qualifications for School Misconduct Discharge relief.

I also certify that I received proceeds of a student loan, in whole or in part, to attend the school/campus identified in Section 2 above.

I also certify that I relied upon the misrepresentations and/or omissions identified in Section 3 above when enrolling at the school, and that the misrepresentations and/or omissions were material to my decision to enroll.

I also certify that I have not received a refund, tuition recovery, settlement, or other financial restitution to repay the loans that are the subject of this School Misconduct claim, except as otherwise disclosed in my application.

I agree to allow the school that is the subject to this School Misconduct Discharge application to provide my servicer with items from my student educational record relevant to this application.

I agree that Navient and their agents and contractors may contact me regarding my School Misconduct Discharge application or my loan(s) at any telephone number I provide now or in the future using automated dialing equipment or artificial or prerecorded voice or text messages.

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Signature	Date
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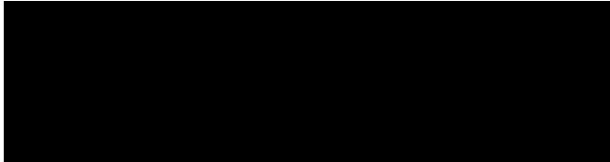
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## Appendix B. Screenshots of Navient School Misconduct Denial Notices

Image 1. Navient School Misconduct Discharge Request Denial Notice

P.O. Box 4200  
Wilkes-Barre PA 18773-4200

NAVIENT.



**[REDACTED]** your application for School Misconduct Discharge has been denied.

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We have completed a review of your application and have determined your applicable private student loans are not eligible for discharge due to the following reason(s):

- Navient carefully considers a variety of factors in determining whether a private loan should be discharged based on school misconduct and you do not meet the requirements for discharge based on misconduct by your school.

#### What to expect next

If you had a forbearance placed on your loans while we reviewed your application, payments will soon become due. Interest that accrued during the forbearance period will not be capitalized (added to your Unpaid Principal) but your payments will be applied first to any unpaid accrued interest before applying to your principal.

Be sure to review your next billing statement for any changes to your Monthly Payment Amount and repayment schedule.

#### We're here to help

We understand this is not the result you were hoping for, but we remain committed to helping you manage your account in a way that's convenient for you. If you have any questions about this decision or your options, visit us online or give Navient's Office of the Customer Advocate a call at the phone number above.

#### Important disclosure(s)

*Your loan servicer*

Your loans are serviced by Navient Solutions, LLC (NMLS# 212430).

#### Loan number

[REDACTED]

#### Date

June 3, 2024

#### Visit us online

Navient.com

#### Contact us

888-545-4199 ext. 998214

Monday - Friday,  
8:30 a.m. - 5 p.m. Eastern

Image 2. Navient School Misconduct Discharge Denial Appeal Response



Office of the Customer Advocate  
PO Box 4200  
Wilkes-Barre, PA 18773-4200  
Phone: 888-545-4199  
Fax: 570-821-4556  
Advocate@navient.com

June 6, 2024



Account



Dear Mr. 

Thank you for reaching out to the Office of the Customer Advocate with your concerns regarding the denial of your private loan school misconduct discharge request. We understand why this matter is important to you and appreciate the patience you demonstrated during the review.

Please understand, each application is subject to our review and discretion. A variety of criteria are used to determine eligibility, including, but not limited to, proof of resulting harm, sufficient documentation supporting your claim, date when events occurred or when you experienced harm, etc. Because we review each application holistically, it is not possible to identify specific criteria that caused your application to be denied.

Navient considers a variety of factors in determining whether a private loan should be discharged based on school misconduct. That analysis is confidential and proprietary to Navient.

You're welcome to call me directly at 888-545-4199, x887855, with any questions you may have.

Sincerely,

Dana Brush  
Office of the Customer Advocate

*Your loans are serviced by Navient Solutions, LLC (NMLS# 212430)*