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## **1. What is Navient?**

- Navient is a company that services federal and private student loans. Until recently, Navient had a contract to service federal student loans owned by the U.S. Department of Education, including a large number of loans made under the Direct Loan Program and a smaller number of loans made under the Federal Family Education Loan (FFEL) Program. On October 20, 2021, the U.S. Department of Education [announced the transfer](#) of this contract from Navient to Aidvantage, a division of Maximus Federal Services, Inc. However, Navient will continue to service federal student loans made under the FFEL Program that are owned by private lenders as well as non-federal private student loans.
- Navient was created in 2014, when the company then known as Sallie Mae (formally, SLM Corporation), separated its loan servicing and recovery business from its consumer banking business. After the separation, the company's loan servicing and collection operations were re-branded as Navient, and the consumer banking business continued under the Sallie Mae brand.

## 2. What is this settlement about?

- In 2017 and thereafter, the Attorneys General of several states, including [Illinois](#), [Washington](#), [Pennsylvania](#), [California](#), and [New Jersey](#), have filed lawsuits against Navient and its subsidiaries alleging that the company violated consumer protection laws by engaging in unfair and deceptive servicing and collection practices and, as Sallie Mae, originating predatory subprime private student loans. Among other things, the Attorneys General have alleged that:
  - Despite promising to help borrowers find the best repayment option to minimize interest costs, Navient deceptively steered distressed federal loan borrowers into costly long-term forbearances instead of informing them about the benefits of income-driven repayment plans. Interest that accrued during these forbearances was added to borrowers' loan balances, pushing borrowers deeper into debt.
  - Navient also failed to adequately inform borrowers who did enroll in income-driven repayment of the yearly obligation to re-certify income and family size information.
  - In addition, the Attorneys General of Washington, Illinois, and Pennsylvania claimed that while operating as Sallie Mae, Navient made predatory subprime loans to students attending for-profit schools and colleges with low graduation rates even though it knew that borrowers would be unable to repay the loans. Navient made these risky private loans as an inducement to get schools and colleges to use Navient as a preferred lender for highly profitable federal loans.
  - Some of the state lawsuits also alleged that Navient engaged in a variety of other unfair and deceptive servicing practices, including failing to follow borrower instructions concerning allocation of payments, asking delinquent borrowers to pay more than the amount necessary to bring their accounts current, and promoting "cosigner release" benefits for private loans while implementing requirements designed to ensure that very few co-signers were ever released.
- The Attorneys General in many other states investigated Navient for these and other violations of consumer protection laws. These lawsuits and investigations by state Attorneys General resulted in this settlement.

## 3. What relief does the settlement provide?

- Under the settlement, \$95 million that Navient has agreed to pay to the States will be used as restitution to compensate federal loan borrowers who were placed in certain types of long-term forbearances. Navient has also agreed to provide debt-forgiveness to certain borrowers, and to reform its loan-servicing practices.
  - **Restitution.** Qualifying federal loan borrowers who were residents of one of the following states or had an address with a military postal code as of January 2017 will be issued a check in the amount of approximately \$260. The restitution-participating states are: AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, IL, IN, KY, LA, MA, MD, ME, MN, MO, NC, NE, NJ, NM, NV, NY, OH, OR, PA, TN, VA, WA, and WI.
  - **Debt Cancellation.** Certain private loan borrowers will receive a notice from Navient that their qualifying private loan has been cancelled, and that the credit

bureaus will be alerted to remove the loan's tradeline. (A tradeline is information about a consumer account that is sent to credit bureaus. Tradelines contain data such as the account balance, payment history, and the status of the account, *e.g.*, current, past due, or charged-off). To qualify, the borrower's mailing address on file with Navient as of June 30, 2021, must be within one of the restitution-participating states, Arkansas, Kansas, Michigan, Rhode Island, South Carolina, West Virginia, or associated with a military address postal code.

- **Conduct Reform.** The settlement requires Navient to reform its conduct and cease unfair and deceptive practices in servicing and collecting student loans. It includes terms designed to ensure that Navient improves its servicing and debt collection operations. A summary of some of the key reforms are listed [here](#).

#### 4. Who is eligible to receive restitution relating to federal loan forbearance steering?

- Generally, borrowers are eligible for restitution if they:
  - Resided in a restitution-participating state as of January 2017;
  - Entered repayment on a Direct or FFEL Program loan before January 2015;
  - Had at least one federal loan that was eligible for income-driven repayment;
  - Had at least two years of consecutive verbal or administrative forbearance between October 2009 and January 2017, where at least one of the forbearances was entered through a phone call, and where at least half of the forbearance time was prospective (*i.e.*, not used to bring a past-due loan current); and
  - Did not enroll in income-driven repayment prior to the forbearance period.

#### 5. Who is eligible for private loan debt cancellation?

- The private loan debt relief will primarily go to borrowers who took out private subprime student loans (made to borrowers with low credit scores) through Navient's predecessor, Sallie Mae, after 2002, and then had more than seven consecutive months of delinquent payments prior to June 30, 2021.
- The debt relief also includes certain other, non-subprime private student loans made by Sallie Mae Bank and certain other lenders after 2002 for borrowers to attend specific for-profit schools that have been subject to state or federal law enforcement actions. A [list](#) of these for-profit schools is shown in the table below.
  - In many cases, large numbers of federal borrowers who attended these schools have sought cancellation of their federal student loans by filing [Borrower Defense to Loan Repayment Applications](#) alleging school misconduct.
- To be eligible for private loan debt relief, the loan must have been in past due status for more than seven consecutive months prior to June 30, 2021.
- Generally, only loans that were within a statute of limitations period or still credit-reporting as of June 30, 2021 are within the scope of the debt relief.
- To qualify, the borrower's mailing address on file with Navient as of June 30, 2021, must be within one of the restitution-participating states, Arkansas, Kansas, Michigan, Rhode Island, South Carolina, West Virginia, or associated with a military address postal code.
- Some borrowers might be eligible to receive both private loan debt relief and a restitution payment.

<b>For-Profit School List</b>	
<i>Company Name</i>	<i>Example School Brands</i>
Advanced Career Technologies, ABC Training Center of Maryland, and The Career Institute	American Career Institute, The Career Institute of American International College, and Clark University Computer Career Institute
Alta College	Westwood College and Redstone College
Apollo Group	University of Phoenix
ATI Enterprises	ATI Career Training Center
Bridgepoint Education	Ashford University
Career Education Corporation	Le Cordon Bleu, Sanford Brown, American InterContinental University, Brooks Institute, Colorado Technical University, Briarcliffe College, Harrington College of Design, International Academy of Design & Technology, and Missouri College
Center for Excellence in Higher Education	College America, Independence University, Stevens-Henager College, and California College San Diego
Corinthian	Bryman Institute, Everest Institute, Everest College, Heald College, and WyoTech
DeVry	DeVry University, Ross University, Keller Graduate School of Management, and Carrington College
Education Corporation of America	Virginia College and Brightwood College
Education Management Corporation	Art Institute, Argosy University, Brown Mackie, and South University
Minnesota School of Business	Minnesota School of Business and Globe University
Graham Holdings	Kaplan University, Kaplan Career Institute, Kaplan College, and Mount Washington College
ITT Educational Services	ITT Technical Institute
Lincoln Educational Services	Lincoln Technical Institute
B&H Education	Marinello School of Beauty
Premier Education Group	Salter College, Branford Hall, Hallmark Institute of Photography, Harris School of Business, American College of Medical Careers

## 6. Do I need to do anything to qualify for settlement relief?

- No. Restitution payments will be automatically distributed to eligible federal loan borrowers by the settlement administrator, Rust Consulting. If you are eligible for a payment, you will receive a postcard in the mail from the settlement administrator later this spring. Checks are expected to be sent by mail in mid 2022. To ensure the settlement administrator can find you, federal loan borrowers who may be eligible for a restitution payment are encouraged to update their contact information in their [studentaid.gov](https://studentaid.gov) account or [create an account](#) if they do not already have one.
  - [Studentaid.gov](https://studentaid.gov) is the U.S. Department of Education's main website for federal student loans and a portal to access information about all your federal student loans. You can use your [studentaid.gov](https://studentaid.gov) account to apply for repayment plans, consolidate your federal loans, explore repayment plans with a loan simulator, and use the Public Service Loan Forgiveness Help Tool.

- Navient will notify eligible private loan borrowers of the discharge of their private loans in writing by July 2022. Consumers who are eligible for the private loan cancellation under the settlement do not need to take any action.
- For additional information, please visit the settlement website [www.NavientAGSettlement.com](http://www.NavientAGSettlement.com) or call the settlement hotline at \_\_\_\_\_.

## **7. Where can I go for updates or new information about the settlement?**

- For more details and the most up-to-date information, please visit [www.NavientAGSettlement.com](http://www.NavientAGSettlement.com).

## **8. What types of conduct reforms is Navient required to make?**

The settlement includes conduct reforms, including prohibitions on unfair and deceptive conduct and terms designed to ensure that Navient improves its servicing and debt collection operations by:

- explaining the benefits of income-driven repayment plans and offering to estimate income-driven payment amounts before placing borrowers into optional forbearances;
- refraining from compensating customer service agents in a manner that incentivizes them to minimize time spent counseling borrowers;
- making additional attempts to notify borrowers of the need to annually recertify income and family size information to continue making income-driven payments;
- training alternative repayment specialists who will receive calls from distressed borrowers and help them to explore repayment options;
- creating public service specialists who will help public service workers access Public Service Loan Forgiveness (PSLF) and related programs;
- sending notices to FFEL borrowers about the U.S. Department of Education's recently announced PSLF limited waiver opportunity, which temporarily offers millions of qualifying public service workers the chance to have previously nonqualifying repayment periods counted toward loan forgiveness if they consolidate into the Direct Loan Program;
- using default payment allocation methods that are favorable to borrowers (*e.g.*, allocating overpayments to loans with the highest interest rate);
- enabling borrowers to provide one-time or standing instructions to control the allocation of their payments between their loans;
- providing billing statements clarifying the amount due, the amount past due, the borrower's current repayment plan, and if applicable, their income-driven repayment recertification status;
- refraining from charging multiple fees for a single late payment or fees for entering forbearance;
- providing payment histories identifying how payments were applied and the reason for capitalization events;
- ensuring consistent evaluation of requests for alternative repayment arrangements and the provision of accurate information regarding alternative repayment options for private loans;
- refraining from informing private loan borrowers that their loans are non-dischargeable in bankruptcy;

- easing certain cosigner release rules and providing information to private loan borrowers about the process and criteria for securing cosigner release; and
- describing each default resolution option available to federal loan borrowers with defaulted loans.

## **9. How can I identify my student loan servicer?**

- To find out which company services your federal loans, log in to your [studentaid.gov](https://studentaid.gov) account, go to your account dashboard and scroll down to the section titled “My Loan Servicers.” Alternatively, you can call the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243.
- To identify a private loan servicer, look for the most recent communication from the entity that sends bills for your private loan payments or check your credit report.

## **10. I am having problems with Navient or another student loan servicer. Where can I get help or file a complaint?**

- You can file a complaint with your home state’s Attorney General’s Office. A list of state-by-state complaint filing resources is available [here](#).
  - Beginning in June 2022, the settlement requires Navient to designate account specialists to handle consumer complaints that are submitted through a state agency, such as an Attorney General’s Office.
- You can also [file a complaint with the Consumer Financial Protection Bureau \(CFPB\)](#), a federal agency responsible for consumer financial protection. If your complaint involves a federal student loan, you can also [file a complaint with the Federal Student Aid Ombudsman](#).
- Certain states have state-level student loan advocates who can help individual borrowers resolve complaints and explore their repayment options. A list of these advocates (sometimes called “ombudspersons”) is available on the [National Consumer Law Foundation’s website](#).

## **11. Can I still sue Navient if I get relief under this settlement?**

- Yes. Under the settlement terms, individual borrowers’ claims are preserved. This means that even if you receive restitution or debt relief under this settlement, you may still sue for legal claims you may have.

## **12. Can my state Attorney General’s Office give me legal advice about whether I have legal claims against my loan servicer?**

- No. Attorneys General and their staff are not able to give you legal advice or any other advice on this matter. If you would like legal advice, please consult a private attorney or a legal aid attorney if you qualify.

## **13. I’ve heard of Public Service Loan Forgiveness (PSLF). How can I find out if I qualify?**

- The requirements of the PSLF Program, which is administered by the U.S. Department of Education, are available [here](#).

- Loan forgiveness is also available to some borrowers under the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) Program even if their repayment plan doesn't qualify under regular PSLF. Information about TEPSLF is available [here](#).
- For a limited time, borrowers may also be eligible to receive credit toward PSLF under the U.S. Department of Education's PSLF "limited waiver opportunity" even if their loan type, repayment plan, or repayment history don't qualify under regular PSLF rules. However, borrowers may need to consolidate into the Direct Loan program and/or file employment certifications [by October 31, 2022](#) to benefit. Information on the PSLF limited waiver opportunity is available [here](#).
- Beginning in June 2022, the settlement requires Navient to designate customer service specialists specifically trained in assisting borrowers with PSLF and related programs.
- Certain states have state-level student loan advocates who can help individual borrowers navigate loan forgiveness programs and repayment options. A list of these advocates (sometimes called "ombudspersons") is available on [the National Consumer Law Foundation's website](#).

**14. I can't afford my student loan payments. What resources are available?**

- If you struggle to afford your federal student loan payments, consider applying for an income-driven repayment plan. Under income-driven plans, payments can be as low as \$0 per month. Monthly payment amounts are based on family size and income. Income-driven plans also offer the possibility of loan forgiveness after 20 or 25 years of qualifying payments and can provide valuable interest subsidies.
  - The Revised Pay As You Earn (REPAYE) plan offers the most generous interest subsidy. Specifically, under REPAYE:
    - On subsidized loans, you do not have to pay the difference between your monthly payment amount and the interest that accrues for your first three consecutive years in REPAYE.
    - On subsidized loans after these first three years and on unsubsidized loans during all periods, you only have to pay *half* the difference between your monthly payment amount and the interest that accrues.
- More information on income-driven plans is available [here](#). You can also use the [U.S. Department of Education's Loan Simulator](#) to explore your repayment options.
- If you previously enrolled in an income-driven plan but experienced a loss of income or increase in family size, you may qualify for a new lower payment amount based on your changed financial circumstances.
- Until at least July 31, 2022, Direct Loan borrowers can "self-certify" their income when applying for income-driven repayment or requesting recalculation of their payment amount, meaning that they can report their income without having to submit tax returns or alternative documentation of income. This will make it even easier to apply for income-driven repayment or request recalculation.

<b><i>Ways to Apply for Income-Driven Repayment or Request Recalculation</i></b>	
<b>Online</b>	Use or <a href="#">create your FSA ID</a> to apply for income-driven repayment or request recalculation of your monthly payment on the <a href="#">U.S. Department of Education's studentaid.gov website</a> .

<b>Mail</b>	Submit an <a href="#">Income-Driven Repayment Plan Application</a> to your federal loan servicer to apply for income-driven repayment or request recalculation of your monthly payment amount.
<b>Phone</b>	If all your loans were covered by the COVID-19 payment pause, you can call your servicer and ask to apply for income-driven repayment or have your payment recalculated over the phone. This option may not be available after July 31, 2022.

- Beginning in June 2022, the settlement requires Navient to designate customer service specialists specifically trained in assisting borrowers with determining eligibility and applying for income-driven repayment.
- Certain states have state-level student loan advocates who can help individual borrowers navigate loan forgiveness programs and repayment options. A list of these advocates (sometimes called “ombudspersons”) is available on [the National Consumer Law Foundation’s website](#).

**15. My school misled me or engaged in other misconduct. How do I apply for forgiveness of my associated federal loans?**

- If your school misled you or engaged in other misconduct in violation of certain state laws, you may be eligible for a “Borrower Defense to Loan Repayment” discharge for your federal student loans. To apply or learn more, visit the [U.S. Department of Education’s borrower defense webpage](#).

**16. My federal loan is being transferred from Navient to Aidvantage. How do I reach Aidvantage or log in to my new account?**

- Aidvantage will send you a welcome letter to let you know your loans are with Aidvantage.
- You can call Aidvantage at **1-800-722-1300**.
- Once your loans are transferred you should be able to log in to your Aidvantage online account at [aidvantage.com](#) using the same User ID and Password you used at Navient.
- More information about the servicing transfer is available on [Navient’s website](#).

**17. What steps do I need to take to prepare for my federal loan payments to resume?**

- The COVID-19 emergency relief for federal student loans is scheduled to end on May 1, 2022. [Here](#) are six tips you can take to prepare for loan payments to resume.
- If you are enrolled in an income-driven repayment plan, you can learn about how the COVID-19 emergency relief has affected income-driven repayment and what to expect when loan payments begin again [here](#).