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May 12, 2014

The Honorable Arne Duncan  
Secretary of Education  
U.S. Department of Education  
LBJ Education Building  
#7W311  
400 Maryland Ave., SW  
Washington, D.C. 20202

[Sent by regular mail and email]

Dear Secretary Duncan:

I am writing to follow up on my previous letters urging the Department to address a number of operational issues affecting student loan borrowers.

I am pleased that the Department has made significant progress in some areas, including important changes to the disability discharge program. The new single servicer processing system for disability discharges is more efficient and easier for borrowers to navigate.

The Department also deserves tremendous credit for successfully managing the transition to 100% Direct Lending origination. However, in our experience, the Department's servicing and collection performance lags far behind its origination efforts. The Department's failure to improve these systems causes significant harm to our clients and other borrowers seeking relief from student loan debt.

### **Lack of Access to Discuss Borrower Concerns**

Before providing a summary of our key concerns, I also want to express my frustration with the Department's general failure to respond to our requests to meet and discuss student borrower concerns. For example, we sent two letters to Federal Student Aid (FSA) Chief Operating Officer James Runcie in the past few months (see Attachment A). We have not yet received a response (even an acknowledgment of receipt) from Mr. Runcie or anyone else from the Department to either letter.

We continue to have productive meetings with FSA ombudsman staff. However, in the past few years, outside of the ombudsman office, our requests to meet with policy and FSA staff have been generally ignored or put off. This is in contrast to a recent statement from a Department of Education spokeswoman in an April 15 *InsideHigher Ed* article that "...its officials would use the feedback they receive from frequent meetings with students and student groups to inform their negotiations with the loan servicers over the new performance metrics." This description of frequent meetings with student groups is far from our experience, even though we are one of the few consumer or student groups that directly represent low-income student borrowers.

### **Lack of Transparency and Need for More Information**

We have sent numerous Freedom of Information Act (FOIA) requests as part of our efforts to collect key information about the operation of student loan programs. A sampling of these requests is included (see Attachment B). The Department has responded to just a few of our requests, and mostly with partial or heavily redacted information. This failure to share information about such important topics as servicer and collector performance is extremely troubling and directly contradicts the Obama Administration's statements about openness in government.

We are very concerned that the Department of Education is moving toward a model in which it justifies withholding basic information because of supposed proprietary contract arrangements. This may work well for Department employees seeking to avoid accountability, but it does not work best for borrowers and taxpayers.

We need more information to better understand how the current student loan program is working and how to improve it, including:

**1. Information and data about why borrowers default and incidence of re-default.**

For example, we asked for information, including studies and research, on re-default rates after rehabilitation and consolidation in our August 30, 2012 FOIA request. The response from the Department was that there have been no studies on reinstated loans since September 2010.

Has the Department not studied re-default rates? We fear this may be the case given the recent U.S. General Accounting Office (GAO) findings that with respect to rehabilitation, the Department did not have data to track loan rehabilitation performance or data on the extent to which borrowers that rehabilitate stay out of default.<sup>1</sup>

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<sup>1</sup> U.S. Government Accountability Office, "Federal Student Loans: Better Oversight Could Improve Defaulted Loan Rehabilitation" at 20 (March 2014).

2. **Information about the Department’s commission and compensation system for servicers and collectors and performance evaluation metrics.** For example, in our March 29, 2013 FOIA request, we asked for information about the Competitive Performance and Continuous Surveillance scores. These requests were denied pursuant to the exception for records related to trade secrets or because there were allegedly no responsive documents.
3. **Copies of guidance to servicers and collectors other than the vague, publicly available contracts.**

The public contracts include mostly boilerplate language and general information about privacy and other issues. There is little information about specific servicer interactions with borrowers, including requirements to inform borrowers of their rights.
4. **Information about servicer performance broken down by:**
  - Percentage of loans in various stages of delinquency,
  - Percentage of borrowers enrolled in income-driven repayment (IDR),
  - Retention rates for those enrolled in IDR,
  - Re-default rates, and
  - Percentage of borrowers in deferments and forbearances
5. **Information about collection and servicer complaint systems.**
6. **Breakdown of accounts sent to the Department of Treasury for offset, including by type of benefit program and by demographic information including age.**

## **Key Operational Concerns**

### **1. Servicing Performance Metrics and Borrower Choice**

Unfortunately, consistent quality service is not the current borrower experience. Among other problems, we see servicers pushing borrowers into the quickest options, such as forbearance, rather than explaining and assisting borrowers to obtain more favorable long-term solutions, such as income-based repayment. The servicing system has become so confusing that an entire industry of for-profit “debt relief” companies has sprung up to supposedly provide the services that the free government servicers are failing to provide.

We are particularly interested in receiving a response to our March 6, 2014 letter regarding the new “servicer choice” system available through consolidation. Note that we are sending a copy of this letter to CFPB Assistant Director Rohit Chopra due to the CFPB’s role in overseeing servicers and collectors.

Among other issues, we have requested meetings to discuss the Department’s goals in reforming the servicing system. In a March 2014 letter to U.S. House Education and Labor Committee Chairman John Kline, the Department’s Director of Budget Service Thomas Skelly stated that the Department intends to refine the contract terms and conditions of the TIVAS

contracts. Mr. Skelly also described how the Department has developed a multi-year servicing plan. We are requesting information about how this plan was developed; whether outside groups were consulted and, if yes, which groups; and whether borrower and borrower advocates were part of this process. We would also like the opportunity to share our concerns about the current process and ideas for improvement.

## **2. Collection Agency Oversight**

In our experience, collection agencies routinely violate consumer protection laws and prioritize profits over borrower rights. The March 2014 GAO report affirmed this unfortunate trend, finding that the Department documented instances where collection agency representatives provided false or misleading information to borrowers. According to the GAO report, when the Department found these violations it simply provided feedback. This tender treatment of collection agencies breaking the law is in sharp contrast to the way borrowers are incessantly hounded when they run into financial distress.

We have provided the Department of Education (and more recently the CFPB) with consistent examples of problems over the years with little or no response. This is a key topic we hope to discuss in meetings with Department staff.

## **3. Rehabilitation and Reasonable and Affordable Repayment**

We appreciate the regulatory changes that came out of the prior negotiated rulemaking process. We look forward to these changes taking effect in July 2014.

However, we are concerned about the inconsistent ways in which the Department's collection agencies are implementing the rehabilitation program and whether this performance will change after July. Specifically, we have found that many agencies claim that only certain borrowers are eligible for reasonable and affordable repayment plans. In fact, *all* borrowers are eligible for such plans even under the current regulations. This has been the case for many years even though the Department's commission system incentivized collection agencies to push borrowers into higher payments. Some agencies have inaccurately also told our clients that PLUS borrowers are not eligible for the "new" reasonable and affordable repayment plan. Still others erroneously continue to insist that borrowers must pay minimum payments, often as a percentage of loan balance.

We have asked repeatedly, and unsuccessfully, for the current instructions to collection agencies with respect to rehabilitation and reasonable and affordable payments. We understand that the Department has changed its commission system to encourage agencies to use the IBR (15%) formula to determine rehabilitation payments. However, the Department has not provided us with copies of these instructions.

#### 4. **IBR and Collection**

Our clients experience many problems accessing IBR. We have sent examples of these ongoing problems to the Department's ombuds office and to other Department staff and we will continue to do so. We urge you to take steps to improve the administration of IBR **and** to get comprehensive information to borrowers *before* they default.

I look forward to hearing back from you soon and appreciate your consideration of these important issues.

Sincerely,



Deanne Loonin  
Director  
National Consumer Law Center's  
Student Loan Borrower Assistance  
Project  
(617-542-8010; dloonin@nclc.org)

cc: (in alphabetical order)

Jeff Appel  
Rohit Chopra, CFPB  
Joyce DeMoss  
James Runcie  
Jamie Studley  
Brenda Wensil

# **ATTACHMENT A**



March 6, 2014

Rohit Chopra  
Assistant Director and Student Loan Ombudsman  
Consumer Financial Protection Bureau

James Runcie  
Chief Operating Officer  
Office of Federal Student Aid  
U.S. Department of Education

Sent via e-mail

Dear Mr. Chopra and Mr. Runcie:

We have been following the Department of Education's plans to launch a new Direct Loan consolidation system. We understand from the January 7, 2014 announcement that the Department has begun implementing the first phase of this system and that the second is likely to occur this spring.<sup>1</sup> According to the announcement, most borrowers without loans in default should be applying for consolidation through the new studentloans.gov portal.

We have been unable to navigate the system because it requires a borrower PIN number. Based on the announcement and discussions with Department staff, we understand that borrowers will, for the first time, be required to choose a specific loan servicer as part of the consolidation application. This "chosen" servicer will be responsible for completing the consolidation application and acting as the borrower's general loan servicer. Borrowers will be able to choose between FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Nelnet and Sallie Mae.

Although we agree generally with enhanced borrower freedom to choose servicers, we are very concerned about the potential for abuse with this new consolidation system. This could occur in a number of ways, including:

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<sup>1</sup> We refer to this announcement:  
<http://www.ifap.ed.gov/eannouncements/010714NewDirectConsolidLoanProInfoPhaseOneTran.html>

1. **Collection agency referrals:** Phase one does not include borrowers with loans in default. However, the current plan is to require these borrowers to use the new system once phase two is implemented. These borrowers are almost always dealing with a collection agency. Although borrowers should be able to bypass collection agencies and consolidate on their own, our experience is that the collection agencies pressure borrowers to allow the agencies to process the consolidation applications. Under the new system, we fear that these agencies will make servicer choices without consulting the borrowers.

There is very serious potential for abuse. Kickback arrangements are one possibility. Even more directly, one of the servicers on the list, Sallie Mae, owns collection agencies.

2. **For-Profit Debt Relief Companies.** The National Consumer Law Center released a report last year focusing on abuses in the for-profit student loan “debt relief” industry.<sup>2</sup> New York Governor Cuomo’s new Student Protection Unit recently announced that it had sent subpoenas to thirteen of these “relief” companies.<sup>3</sup>

We found that the only “service” most of these companies perform, if they perform any service at all, is processing government loan consolidation applications on behalf of borrowers. This appears to be yet another area of potential abuse if these companies seek compensation to steer borrowers to particular servicers. Our investigation found that these companies generally do not provide reliable information to consumers. Therefore it would not be surprising if they selected servicers on behalf of borrowers without informing the borrowers about their right to choose servicers. Most of these companies seek powers of attorney to act on behalf of borrowers.

3. **School Referrals.** A number of our clients with loans in default have told us that for-profit school staff seeking to recruit them have offered to get their loans out of default for free. Many then tried to process loan consolidation applications on behalf of the borrowers. In some cases, we believe that the schools may be working with “debt relief” companies described above.

In addition, many schools, both for-profit and non-profit, counsel students on handling loans after leaving school. In many cases, the schools are working with borrowers seeking to consolidate loans. It is unclear how these schools can counsel borrowers on comparing servicers and making informed selections.

4. **FFEL (Federal Family Education Loan or Guaranteed Loan) Conflicts.** Borrowers with FFEL loans often seek to consolidate into the Direct Loan program. All four of the “consolidation servicers” has a legacy FFEL portfolio. All but Sallie Mae were FFEL guaranty agencies, although Sallie Mae owns a guaranty agency. We fear that these agencies will steer borrowers into choosing them as the Direct Loan servicer, perhaps even inaccurately informing borrowers that they are required to keep the same servicer as they transition to Direct Loans.

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<sup>2</sup> See National Consumer Law Center, “Searching for Relief: Desperate Borrowers and the Growing Student Loan ‘Debt Relief’ Industry” (June 2013), available at: <http://www.nclc.org/issues/searching-for-relief.html>.

<sup>3</sup> See <http://www.dfs.ny.gov/about/press2014/pr1401221.htm>.



**We are also concerned about the lack of information available to consumers to help them make servicer choices.** The only information we know of showing servicer performance is the quarterly servicer survey information that is generally available only on the Department's Information for Financial Aid Professionals (IFAP) web site. <sup>4</sup> While imperfect, this information gives borrowers some sense of servicer performance. However, it is hidden on a site that consumers rarely visit or even know about. Further, we have noticed that the most recent information has not been posted. We have not seen an update since August 2013. There are media reports that the Department is making adjustments to some of the data categories. However, we do not understand why this would preclude the Department from continuing to release updated information in the other categories.

We are requesting that you send information about any and all information that is publicly available for consumers to learn about servicer performance. Please also indicate whether any information will be available in the future. Please be specific about this information. For example, can borrowers access the redacted transcripts from borrower satisfaction surveys? What other information is available?

In addition, we request that you contact us as soon as possible to explain any precautions the Department or other agencies have taken to avoid potential abuses and to provide information so that consumers can truly shop for servicers. This is particularly critical since once they make a choice, as far as we know, the Department will not let borrowers switch to a different servicer.

Sincerely,



Deanne Loonin

National Consumer Law Center  
617-542-8010  
dloonin@nclc.org.

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<sup>4</sup> See, e.g., <http://www.ifap.ed.gov/eannouncements/082213LSIQrtlyCustSatisSurveyBeginSept2013.html>.

April 4, 2014

Rohit Chopra  
Assistant Director and Student Loan Ombudsman  
Consumer Financial Protection Bureau

James Runcie  
Chief Operating Officer  
Office of Federal Student Aid  
U.S. Department of Education

Sent via e-mail

Dear Mr. Chopra and Mr. Runcie:

As representatives of the undersigned consumer and student advocacy groups, we are writing to request information about student loan servicing.

As the Department of Education and the Consumer Financial Protection Bureau noted in a 2012 report to Congress on private student loans, investor appetite for asset-backed securities fueled a boom of risky lending, mirroring some of the troubling practices in the subprime mortgage market in the run-up to the financial crisis in 2008.

Troubling origination practices have also existed in federal loan programs. For example, Sallie Mae reached a settlement in 2007 with New York Attorney General Andrew Cuomo for kickbacks paid to school officials in exchange for loan volume. The National Consumer Law Center recently highlighted problems with Sallie Mae, including origination concerns, in the report “The Sallie Mae Saga: A Government-Created, Student Debt Fueled Profit Machine.”

Similar problems occurred in other credit markets. However, unlike student loans, Congress and regulators addressed many of the problems in these other markets, including mortgages. For example, the Dodd-Frank Act amended the Real Estate Settlement Procedures Act and the Truth-in-Lending Act to provide more protections to homeowners, many of whom took on loans with predatory origination practices. In addition, the Consumer Financial Protection Bureau (CFPB) issued final mortgage servicing regulations in January 2013, requiring mortgage servicers to provide certain information and protections to consumers.

Although there is existing statutory and regulatory authority to extend similar protections to student loan borrowers, there remain large gaps in the protections available to student loan borrowers compared to other consumers. This is particularly acute in the private student loan market. These products are generally more expensive for borrowers with little or no relief for financially distressed borrowers.

In order to understand the current level of consumer protection, we ask that you respond with information about whether there are student loan servicer requirements in any of the categories listed. Please outline the specific protections or other requirements that apply in each. Please distinguish between federal and private student loans. We have included some examples under each category.

This information is extremely useful to borrowers and advocates seeking to ensure that the federal and private student loan marketplace works fairly and efficiently.

### **1. Dispute Resolution**

For example, in the mortgage market, arbitration clauses are restricted.

Are arbitration clauses restricted in any way in student loan and school enrollment contracts?

### **2. Periodic Statement and Payment Handling**

For example, mortgage servicers are required to credit payments on the date of receipt, provide payoff statements in writing within 7 business days of the request, and provide special statements for delinquent borrowers.

Do similar requirements exist for student loan servicers?

### **3. Servicing Transfer**

For example, mortgage servicing regulations prohibit late fees 60 days after a transfer if a payment is received by the transferor servicer. Regulations also mandate timely transfer of documents and notices to borrowers.

Are similar protections in place for student loan borrowers?

### **4. Error Resolution**

Are student loan servicers required to respond to written requests from borrowers about servicing errors as mortgage servicers must under new regulations?

### **5. Request for Information from Consumer/borrower**

Mortgage servicers must provide borrowers with certain information upon the receipt of certain requests, including the “qualified written request” requirement in RESPA.

Are student loan servicers required to provide similar responses?

### **6. Interest Rate Adjustment Notices**

Mortgage servicers must provide interest rate adjustment notices 60 to 120 days prior to the first payment due after a rate adjustment.

Are there similar requirements for companies servicing variable rate federal and private student loans?

## **7. Servicing for Delinquent Borrowers**

Mortgage servicers are required to provide information about loss mitigation and alternative repayment plan options.

Are student loan servicers required to inform delinquent borrowers about options such as income-based repayment, Pay as You Earn, or private loan alternative options?

In addition, mortgage servicers with loss mitigation programs are required to respond to borrower inquiries on particular time lines and to provide detailed responses in cases of denial. Are there similar requirements for student loan servicers?

## **8. Post-Default Proceedings and Bankruptcy**

For example, the National Mortgage Settlement requires that servicers shall conduct a quarterly review of foreclosure documents or post-default proceeding documents.

What is currently in place to ensure that student loan servicers are accurately documenting post-default proceedings?

## **9. Loss Mitigation During Bankruptcy**

The National Mortgage Settlement includes prohibitions on denial of loss mitigation to borrowers on the basis that they are debtors in bankruptcy.

Are student loan servicers and debt collectors permitted to discriminate against borrowers on the basis of bankruptcy status?

## **10. Restrictions on Servicing Fees**

For example, the National Mortgage Settlement and CFPB regulations include payment application rules that limit late fees in some situations.

Are similar provisions in place for delinquent student loan borrowers?

Please feel free to contact Deanne Loonin at the National Consumer Law Center (dloonin@nclc.org;617-542-8010) if you have any questions. Thank you for your prompt consideration of this request for information.

Signed,

Americans for Financial Reform

Consumer Action

Consumers Union

National Consumer Law Center

The Institute for College Access & Success and its Project on Student Debt

Woodstock Institute

# **ATTACHMENT B**

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August 16, 2012

SENT VIA EMAIL

U.S. Department of Education  
Office of Management  
Regulatory Information Management Services  
400 Maryland Avenue, SW, LBJ 2W220  
Washington, DC 20202-4536  
EDFOIAManager@ed.gov

**Re:Freedom of Information Act Request**

Dear Chief Information Officer:

On behalf of the National Consumer Law Center, pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, I hereby request the following records:

**Information about Loan Rehabilitation**

- (1) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning administrative resolution fees paid to private collection agencies for Direct Loan rehabilitations.
- (2) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning administrative resolution fees paid to private collection agencies for FFEL loan rehabilitations.
- (3) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning commission fees for rehabilitation of Direct Loans.
- (4) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning commission fees for rehabilitation of FFEL loans.
- (5) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting

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Fax: 202/463-9462

on its behalf concerning “balance sensitive” or “credit sensitive” rehabilitations.

- (6) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning criteria to determine “reasonable and affordable” payment amounts for rehabilitation of all federal loans.
- (7) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning the processing of Direct Loan rehabilitations after borrowers have completed the required payments.

### **Information about Direct Loan Consolidation**

- (8) All correspondence and other communications sent to borrowers after the Department or its agents receive an application for Direct Loan consolidation.
- (9) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning the processing of Direct Loan consolidation applications.
- (10) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning fees paid to private collection agencies for consolidation of default loans.

In your response to this request, please specify whether: (1) you are providing all documents responsive to the request; (2) no documents exist that are responsive to the request; or (3) documents exist that are responsive to the request, but you are claiming that some or all of those documents are exempt from disclosure.

If it is your position that some of the requested documents or some portion of any of the requested documents are exempt from disclosure, please provide the nonexempt portions of those records. In addition, if it is your position that records exist that are responsive to this request, but that those records (or portions of those records) are exempt from disclosure, please identify the records that are being withheld and state the basis for the denial for each document being withheld. Also, please identify the person making the decision to deny the request.

The National Consumer Law Center requests that all fees in connection with this FOIA request be waived in accordance with 5 U.S.C. § 552(a)(4)(A)(iii), because it does not seek the records for a commercial purpose and disclosure is in the public interest because it is likely to contribute significantly to public understanding of the operations and activities of the government. The National Consumer Law Center, a nonprofit corporation founded in 1969, assists consumers, advocates, and public policy makers nationwide who use the powerful and complex tools of consumer law to ensure justice and fair treatment for all, particularly those whose poverty renders them powerless to demand accountability.

The National Consumer Law Center regularly issues reports, books, and newsletters on consumer issues, including student loan law, which are distributed to consumers, lawyers,



academics, and other interested parties. These publications, which are listed on our website, [www.nclc.org](http://www.nclc.org) and [www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org), often include information obtained through FOIA. We expect to publish information we receive pursuant to this FOIA request because to do so would contribute significantly to the public's understanding of student loan programs. Please note that your office has previously granted fee waivers for our organization and should have basic information about us on file.

Accordingly, we request that you waive all fees for locating and duplicating the requested records. If, however, a waiver is not granted, then please advise us of the amount of any proposed search and reproduction charges before those activities are carried out.

We will expect a response within 20 working days as provided by law. If you have any questions regarding this request, please contact me at (617) 542-8010.

Thank you very much for your attention to this matter.

Sincerely,

/s/

Persis S. Yu

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CENTER**<sup>®</sup>

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August 21, 2012

SENT VIA EMAIL

U.S. Department of Education  
Office of Management  
Regulatory Information Management Services  
400 Maryland Avenue, SW, LBJ 2W220  
Washington, DC 20202-4536  
EDFOIAManager@ed.gov

**Re:Freedom of Information Act Request**

Dear Chief Information Officer:

On behalf of the National Consumer Law Center, pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, I hereby request the following records:

**Information about Disability Discharges**

- (1) All correspondence and other communications sent to borrowers after the Department or its contractors receive an application for disability discharge.
- (2) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting on its behalf concerning forms used in the disability discharge process allowing the Department to release information to authorized third-parties.
- (3) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting on its behalf concerning criteria for suspending or terminating Treasury offset after receipt of disability discharge applications.
- (4) All information, including studies and other research, on loans reinstated during the conditional discharge period or the monitoring period.

**Information about Treasury Offset**

- (5) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting on its behalf

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concerning criteria for sending defaulted loan accounts to the Department of Treasury for offset.

In your response to this request, please specify whether: (1) you are providing all documents responsive to the request; (2) no documents exist that are responsive to the request; or (3) documents exist that are responsive to the request, but you are claiming that some or all of those documents are exempt from disclosure.

If it is your position that some of the requested documents or some portion of any of the requested documents are exempt from disclosure, please provide the nonexempt portions of those records. In addition, if it is your position that records exist that are responsive to this request, but that those records (or portions of those records) are exempt from disclosure, please identify the records that are being withheld and state the basis for the denial for each document being withheld. Also, please identify the person making the decision to deny the request.

The National Consumer Law Center requests that all fees in connection with this FOIA request be waived in accordance with 5 U.S.C. § 552(a)(4)(A)(iii), because it does not seek the records for a commercial purpose and disclosure is in the public interest because it is likely to contribute significantly to public understanding of the operations and activities of the government. The National Consumer Law Center, a nonprofit corporation founded in 1969, assists consumers, advocates, and public policy makers nationwide who use the powerful and complex tools of consumer law to ensure justice and fair treatment for all, particularly those whose poverty renders them powerless to demand accountability.

The National Consumer Law Center regularly issues reports, books, and newsletters on consumer issues, including student loan law, which are distributed to consumers, lawyers, academics, and other interested parties. These publications, which are listed on our website, [www.nclc.org](http://www.nclc.org) and [www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org), often include information obtained through FOIA. We expect to publish information we receive pursuant to this FOIA request because to do so would contribute significantly to the public's understanding of student loan programs. Please note that your office has previously granted fee waivers for our organization and should have basic information about us on file.

Accordingly, we request that you waive all fees for locating and duplicating the requested records. If, however, a waiver is not granted, then please advise us of the amount of any proposed search and reproduction charges before those activities are carried out.

We will expect a response within 20 working days as provided by law. If you have any questions regarding this request, please contact me at (617) 542-8010.

Thank you very much for your attention to this matter.

Sincerely,

/s/

Persis S. Yu

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EDFOIAManager@ed.gov

### **Re:Freedom of Information Act Request**

Dear Chief Information Officer:

On behalf of the National Consumer Law Center, pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, I hereby request the following records:

#### **Information about Collection Agencies and Fees**

- (1) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning collection fees charged to borrowers, including factors used to determine whether collection fees will be added to loan balances and formulas used to calculate fee amounts.
- (2) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting on its behalf concerning criteria for sending defaulted loan accounts to private collection agencies.

#### **Information about Vacating Judgments**

- (3) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning criteria for vacating judgments for borrowers seeking loan rehabilitation.
- (4) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting or collecting on its behalf concerning criteria for vacating judgments for borrowers seeking Direct Loan consolidation.

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Ste. 510  
Washington, DC 20036-5528  
Phone: 202/452-6252  
Fax: 202/463-9462

## **Information about Litigation**

- (5) All policies, public statements, handbooks, guidance and similar documents for use by the Department or those acting on its behalf concerning hiring of private law firms to litigate defaulted student loan accounts.

## **Research**

- (6) All information, including studies and other research, on re-default rates after rehabilitation.
- (7) All information, including studies and other research, on re-default rates after consolidation.

In your response to this request, please specify whether: (1) you are providing all documents responsive to the request; (2) no documents exist that are responsive to the request; or (3) documents exist that are responsive to the request, but you are claiming that some or all of those documents are exempt from disclosure.

If it is your position that some of the requested documents or some portion of any of the requested documents are exempt from disclosure, please provide the nonexempt portions of those records. In addition, if it is your position that records exist that are responsive to this request, but that those records (or portions of those records) are exempt from disclosure, please identify the records that are being withheld and state the basis for the denial for each document being withheld. Also, please identify the person making the decision to deny the request.

The National Consumer Law Center requests that all fees in connection with this FOIA request be waived in accordance with 5 U.S.C. § 552(a)(4)(A)(iii), because it does not seek the records for a commercial purpose and disclosure is in the public interest because it is likely to contribute significantly to public understanding of the operations and activities of the government. The National Consumer Law Center, a nonprofit corporation founded in 1969, assists consumers, advocates, and public policy makers nationwide who use the powerful and complex tools of consumer law to ensure justice and fair treatment for all, particularly those whose poverty renders them powerless to demand accountability.

The National Consumer Law Center regularly issues reports, books, and newsletters on consumer issues, including student loan law, which are distributed to consumers, lawyers, academics, and other interested parties. These publications, which are listed on our website, [www.nclc.org](http://www.nclc.org) and [www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org), often include information obtained through FOIA. We expect to publish information we receive pursuant to this FOIA request because to do so would contribute significantly to the public's understanding of student loan programs. Please note that your office has previously granted fee waivers for our organization and should have basic information about us on file.

Accordingly, we request that you waive all fees for locating and duplicating the requested records. If, however, a waiver is not granted, then please advise us of the amount of any proposed search and reproduction charges before those activities are carried out.

We will expect a response within 20 working days as provided by law. If you have any questions regarding this request, please contact me at (617) 542-8010.

Thank you very much for your attention to this matter.

Sincerely,

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Persis S. Yu