Congress of the United States
Washington, DC 20515

Dec 18, 2017

Mr. John F. Remondi
CEO
Navient
123 S. Justison Street
Wilmington, DE 19801

Dear Mr. Remondi,

We write to you with deep concern over the rising rate of student loan defaults and continuous claims of fraudulent practices in loan lending, servicing, and collecting. Over $1.3 trillion in student loan debt is held across the country, and over 8.5 million borrowers have loans which are in default. This number continues to grow. The Consumer Financial Protection Bureau (CFPB), twenty-four Attorneys General and numerous consumer advocacy organizations have sited shoddy servicing and collections practices, poor recordkeeping, and steering borrowers into costly repayment plans benefitting the servicers rather than the borrower as the most prevalent complaints. We are alarmed and concerned that industry practices, both for federal as well as private loans, are a significant contributor to this rise in defaults.

Student lending is bigger than any other consumer finance market except mortgages; and student loan borrowers are our most financially vulnerable population. Often servicers place these vulnerable borrowers into costly plans that are not sustainable over the life of the loan. When these borrowers get into financial difficulty, servicers are not providing sufficient one-on-one support, instead, they are putting students in long term forbearance which accrues interest and which often results in delinquency, default, and hits to borrowers' credit. In other cases predatory loans were given to students who attended colleges with less than 50% graduation rate with a complete disregard to the students' ability to pay this back. Borrowers cannot just claim bankruptcy when they face difficult life circumstances. And to make matters worse, as recently noted in The New York Times on Nov 18, 2017, there are 19 States which currently seize the driver licenses or professional licenses of borrowers who are in default on their student loans.

We believe servicers have a significant role to play in improving this situation. We are asking you to explain the below:

Staffing:
Based on continued complaints that call center support personnel are not knowledgeable on the types of Income driven repayment plans available and often incorrectly place borrowers in plans that they cannot afford, please answer the below:

- What is your policy to ensure that there is quality customer service coast to coast during business hours?
- What is your staffing ratio of managers to call support personnel and what is the level of expertise expected of these managers or supervisors?
- What is your current staffing policy for addressing difficult-to-reach, at risk or delinquent borrowers? How do you plan to revise this balance to provide more expert level support staff for these borrowers?
- What is your success rate for reaching these borrowers?
- Have you conducted any pilot programs for staffing to accommodate high risk borrowers? If so, briefly describe this program and whether it was successful?

Repayment plans, Income Driven Plans and Forbearance:
Due to complaints that borrowers are ignored or often put in forbearance rather into an appropriate Income Driven Plan or other repayment plan:

- Please discuss what you are doing to ensure that your staff is knowledgeable in the options available to borrowers and can counsel borrowers on the correct plan.
- How much time per phone call do you allow for this servicing?
- Do you track these borrowers to ensure they remain in good standing?
- With millions of borrowers in repayment status, please explain what steps your company is taking to lessen the likelihood of placing these borrowers in forbearance and keeping them from slipping into default?

Default and Collections:
Often rehabilitated loans will fall back into default within 2 years of rehabilitation.
- Have you tracked the progress of borrowers who held rehabilitated loans three to five years out?
- Have you implemented any pilot programs to ensure that borrowers of rehabilitated loans do not fall back into default if so please briefly describe the program and if it was successful?
- How many loans have you sent to collections of the last 5 years?
- What are you doing to ensure that loans sent to collections were not due to fraudulent activity? Have you conducted any independent 3rd party audits of these accounts? Who conducted the audits?

Forgiveness:
Often borrowers ask how many payments have they made toward forgiveness only to find out some of their payments did not qualify.
- Do you know how many borrowers intend to qualify for forgiveness?
- What is your policy to ensure that borrowers are enrolled in a qualifying plan?
- Do you ask borrowers if they intend to apply for forgiveness during the process of counseling on plans?
- What is policy for informing borrowers that loans can forgiven due to disabilities in a timely manner.

Payment Processing:
There are many documented instances that payments are misapplied.
- Please describe how you intend to ensure that payments are applied correctly.
- How fast do you post payments?
- How do you process excess payments?

To the extent that you do not have programs that can address the above we are requesting that you:
- Implement an aggressive campaign to retrain staff on the types of income driven repayment plans and other available plans and make these a priority over forbearance.
- Implement an escalated customer support pilot program to service high risk borrowers and borrowers who have rehabilitated loans.
- Commit to a 3rd party verification to review your student borrower accounts and identify those who are delinquent and at high risk for default. Work with these borrowers to enroll them in an appropriate income contingent repayment plan.
- Track metrics on high risk borrowers 3 -5 years out from initiation of payments.
- Implement call center business hours that can service borrowers coast to coast. Currently west coast borrowers are having issues reaching east coast servicers to receive timely support.

We look forward to working with you to improve the outcomes of student borrowers.

Sincerely,

Emanuel Cleaver, II
MEMBER OF CONGRESS

Pramila Jayapal
MEMBER OF CONGRESS