



STATEMENT on April 3, 2017 article

Readers of an April 3 Bloomberg story on Navient received a distorted, inaccurate picture of Navient's legal arguments and performance. Picking a single phrase out of a technical legal brief may make for sensational headlines but ignoring the results we deliver is a disservice to borrowers and the public. Here are the missing facts and important context.

1. Our job as a student loan servicer is to help borrowers understand the options available to them so they can make an informed choice about what's best for them. When federal student loan borrowers find their payment is not affordable, Navient representatives discuss the various options for a more affordable payment, such as the many income-driven repayment options. However, it is up to the borrower to decide how he or she wants to proceed. Student loan servicers do not make decisions for a borrower or advise them what is in their best interest—only individual borrowers can determine that for themselves based on their assessment about short- and long- term options, trade-offs and expectations. Servicers of student loans, auto loans, mortgages and even investment center representatives do not serve as “fiduciary” agents for the customers they support.

The data show that Navient provides exceptional customer support. Statements that Navient does not inform borrowers of their array of repayment options are patently false. In fact:

- In 2016, we provided our 10 million federal student loan customers with over 170 million communications about repayment options and fielded over 20 million phone calls to discuss options and provide services.
- Borrowers we service are [31 percent](#) less likely to default.
- [49 percent](#) of loans balance we service for the government are enrolled in income-driven repayment plans.
- 9 times out of 10 when we can make contact with distressed federal loan borrowers, we can help them avoid default.
- Navient has been a leading [advocate](#) for program [simplification](#) to make it easier for borrowers to make these important decisions.

2. The article misleads on Navient's positive track record of performance helping borrowers. According to Department of Education measures of delinquency at 90 days or more delinquent—the point at which credit is affected—Navient is the leader. Out of the 10 Department of Education's delinquency metrics, Navient is best on seven, second on two, and third on one, compared to other major servicers.¹

3. The CFPB makes no allegations that Navient violated any established legal rules, regulations, or contract requirements. Student loan servicers are required to follow numerous requirements of the Truth in Lending Act, the Higher Education Act, and the Department of

¹ In addition to measuring delinquency at 90 days past due and 270 days past due, the Department of Education also measures “current” within 5 days of the payment due date. This measure is not a measure of borrower distress. The National Consumer Law Center is among the groups that has recommended against the focus this measure, saying: “Creating financial incentives for borrowers to stay current is extremely important, but the current structure starts reducing the per-borrower payment as soon as a borrower is six days delinquent. This generates a lot of activity for borrowers that may easily self-cure. Any reduction in payments should not start until a borrower is at least 30 days delinquent.” Source: https://www.nclc.org/images/pdf/special_projects/sl/borrower-advocates-comments-USED-reservicing-7.15.16.pdf

Education's regulations and contract—none of which are at issue in this case. These requirements govern every aspect of student loan servicing including the contents of communication and requirements relating to informing borrowers on the availability of income-driven repayment plans. After years of investigations—and evidently not finding violations of any actual servicing rules—the CFPB's suit instead invents new rules and claims that Navient failed to comply with them.

4. At this stage, the legal proceedings are required to focus on technical legal arguments, not the facts and merits of the case. In the initial legal argument, the court does not permit us to provide our facts. As a result, we were not allowed to discuss the information and support we provide to borrowers to help them select the repayment plan that best fits their needs, including income-driven plans. At that time, we will provide additional facts.