NAVIENT

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The Honorable Elizabeth Warren
317 Hart Senate Office Building
Washington, DC 20510

Dear Senator Warren:

I am in receipt of your November 13, 2018, letter.

I stand by my responses to your questions in our meeting in June. I continue to be unaware of any reviews or audits that support the claims that Navient somehow systematically steered borrowers into forbearance. This particular Federal Student Aid review, when viewed as a whole, as well as dozens of other audits and reviews, show that **Navient overwhelmingly performs in accordance with program rules while consistently helping borrowers choose the right options for their circumstances.**

A thorough reading of the 2017 review reveals:

- **In 91 percent of the calls, FSA found no issues.**
- **An examination of the remaining 9 percent of calls—details of which are included in our response to the report—shows that we discussed options other than forbearance or that forbearance was the most appropriate choice for the borrower.** Some examples include:
    - A delinquent borrower whose wife was in the hospital in intensive care when we reached him and could not discuss options. In the short time he had to speak, we helped him put his loans in forbearance and then sent him information on income-driven repayment.
    - A borrower with a remaining balance of $508 who had recently become unemployed. Our team member discussed income-driven repayment with her, but that plan was projected to stretch out her payments from eight months to 28 months, so she chose unemployment deferment. The borrower needed a forbearance to not go further delinquent while submitting the required paperwork.
    - Twenty-four borrowers who were returning to school or enrolled in school where forbearance was used to make sure the borrower did not go delinquent while we waited for the school to provide enrollment information, often retroactively.
    - Eight borrowers for whom income-driven repayment was specifically discussed and recommended as the appropriate option or the payment plan was modeled (either on the call or previously) where a short-term forbearance was used to allow them time to fill out the paperwork for IDR. Two of these borrowers were pre-qualified on previous calls and had gone delinquent again without filling out the application paperwork.
    - Five borrowers who were already in income-driven repayment and required additional short-term relief.
    - Borrowers who had a clear short-term financial difficulty—such as changing jobs or moving—where a short-term forbearance was more appropriate than a long-term program that could

add more interest and years to their loan term. Still, these borrowers received verbal and written communication of other repayment options including IDR.
- A borrower who was paying off the loan in a few weeks and put the loan in a short-term forbearance.

Furthermore, every borrower who arranges a forbearance over the phone receives both a verbal disclosure and a written notice that advises them of the capitalized interest impact and that other repayment options like IDR and loan consolidation are also options.

In regular practice, FSA reviews the servicers' responses to the issues raised and adjusts its findings as appropriate. In this case, FSA simply included our response in their report and made no adjustments, presumably since the findings were already low. If FSA had followed its usual course of conduct, the exception rate on an individual call basis would have been in line with the exceptional results we see in other call reviews. Navient's last 12 call monitoring reviews performed by FSA resulted in an average score of 99.37 percent.

Your accusation that we benefit financially from borrowers in forbearance is simply not true. As I have shared with you previously, servicers are paid up to 60 percent less for accounts in forbearance; we simply do not have an incentive to use forbearance versus other payment options. In fact, the opposite is true. Furthermore, Navient's use of forbearance is in line with or lower than other servicers, and our IDR enrollment is consistently higher than comparable servicers.

As I have shared with you many times, we are committed to improving outcomes for student loan borrowers and are constantly evaluating and working to improve their experience. For example, we recently developed a program using digital technology to make it easier for borrowers to complete an IDR application, dramatically increasing response rates. We are always looking for ways to help borrowers and appreciate the compliance reviews and audits performed by our internal team and by FSA. These reviews present important feedback and help us as we continually strive to provide the best service we can. However, they should not be cherry picked and distorted to support a preconceived agenda.

A complete reading of the FSA report with our responses along with the full set of borrower communications renders your accusations inaccurate. I hope that in the future your staff will reach out to us to discuss your office's questions before making claims or inaccuracies such as contained in your letter. I also hope, for borrowers' and Navient team members' sake, that you and I can find a better path of communicating.

I continue to look for opportunities to work with policymakers on ways to improve student lending and borrower outcomes.

Sincerely,

John F. Remondi