NAVIENT

Jack Remondi
President and Chief Executive Officer
123 S. Justison St.
Wilmington, DE 19801

April 20, 2020

The Honorable Sherrod Brown
503 Hart Senate Office Building
Washington, DC 20510

Dear Senator Brown:

Thank you for your letter of April 6, 2020, and your concern for the federal and private education loan borrowers we serve. Our team is fully dedicated to support borrowers, without interruption, throughout this challenging time. We have a long history of providing assistance to borrowers, including during periods of crisis or disasters. Our focus has been and continues to be on supporting borrowers, especially those impacted by the COVID-19 crisis, and ensuring the safety of our team members.

I am pleased to report that we rapidly implemented the CARES Act provisions for all federally owned student loans. In so doing, we have set all U.S. Department of Education (ED) loans to zero percent interest and suspended monthly payments for all ED borrowers in repayment. We have been able to accomplish this while protecting our team members and swiftly transitioning to work from home for more than 90 percent of our workforce.

While Congress passed legislation funding the CARES Act provisions, it did not extend an interest subsidy to federal loans not owned by the federal government. A coalition of consumer advocacy groups, education groups, and trade associations joined together to write congressional leadership on April 13, urging Congress to act quickly to extend the interest subsidies and the other benefits of the CARES Act to the nearly 9 million borrowers with privately held FFELP loans and Perkins loans.[1]

In the meantime, federal law allows us to suspend payments for up to 90 days for any FFELP borrower impacted by the COVID-19 national emergency who requests it. Under this suspension, known as a disaster forbearance, delinquency is cleared and payments are suspended. During the forbearance, interest accrues but does not capitalize at the end of the forbearance. We believe this action is neutral to a borrower's credit history, as the law allows us to report the affected borrower as "current" with a payment history of "deferred" and a special comment of "affected by natural or declared disaster." Furthermore, our team members work with affected borrowers to provide information about income-driven repayment, unemployment deferment, or other repayment options.

To more fully support all federal student loan borrowers, we recommend that Congress enact legislation making it easier for borrowers to enroll in income-driven repayment and recalculate their payment during this emergency. We have found that we can nearly triple the enrollment rate in IDR plans for struggling borrowers using a phone-facilitated e-sign process as opposed to the online process at studentaid.gov. Building on this success, we recommend going further during this time by allowing servicers to immediately enroll borrowers into IDR over the phone, including allowing

[1] https://slsa.net/slsa-supports-cares-act-relief/

borrowers to self-certify their income over the phone. We appreciate the concerns raised by the General Accountability Office's report about the exception rates on self-certifications in the IDR program.[2] Yet, we believe that there will be time for review once the crisis has passed, and in the meantime, streamlining a complicated process will get assistance to borrowers who need it the most.

We are also supporting private education loan borrowers during this difficult time. Borrowers in this loan program who are impacted by COVID-19 and related economic challenges also have access to a disaster forbearance allowing requesting borrowers to clear past due amounts and suspend payments for 90 days during this national emergency. During the forbearance, interest accrues but does not capitalize at the end of the forbearance. As with FFELP borrowers, we believe this action is neutral to a borrower's credit history. We are also drawing on our experience from the Great Recession of 2008-2009. At that time, we pioneered the first major loan modification program for private education loans—a program we continue to offer today. This program lowers the interest rate and lowers the monthly payments, scaled to the borrower's budget, to help during periods of longer-term financial stress. Importantly, the reduced payments also keep the loan on a positive amortization schedule. We are leveraging this program to assist our customers impacted by COVID-19 as well. Our specialists have one-on-one conversations with customers to discuss their individual circumstances and customize support based on their unique situation.

In addition, we took early action to assist private education loan borrowers whose loans were already in default. Within days of the national emergency declaration, we suspended all new lawsuit filings and wage garnishment proceedings. Further, we work with borrowers who inform us that they have been affected by the COVID-19 crisis—whether from a health emergency or job loss or other economic impact—to suspend collections and offer flexibility in settlements and resolutions.

We recently worked collaboratively with New York's Department of Financial Services and agreed on principles of the assistance we provide to New York residents for private education loans and privately held federal loans, as we do residents in your state. One of the key components to this agreement is that state officials urge their residents to contact their servicer if they have student loans and are affected by the COVID-19 crisis. As constituents reach out to you, please urge those with student loans to reach out to their servicer for help.

We have provided a great deal of information on a new webpage dedicated to those affected by the COVID-19 crisis. Available at navient.com/covid-19, this webpage includes details of the programs and assistance available, as well as frequently asked questions by loan type. We have helped provide answers to more than 2.5 million people through this page.

I am extremely proud of Navient team member accomplishments during this time, whether it is on a large scale such as our swift implementation of the CARES Act and our rapid deployment of a remote servicing capability or in the day-to-day empathetic conversations I hear our team members having with concerned borrowers. If you would like to discuss what we are seeing on the front lines of servicing or our recommendations for better serving borrowers during this time, I would be happy to arrange a phone call or video conference.

Sincerely,

Jack Remondi

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[2] https://www.gao.gov/products/GAO-19-347

Identical letter sent to:

The Honorable Elizabeth Warren
The Honorable Kamala D. Harris
The Honorable Brian Schatz
The Honorable Richard J. Durbin
The Honorable Chris Van Hollen
The Honorable Cory A. Booker
The Honorable Mazie K. Hirono
The Honorable Tina Smith
The Honorable Bernie Sanders
The Honorable Edward J. Markey
The Honorable Amy Klobuchar
The Honorable Jeffrey A. Merkley
The Honorable Kirsten Gillibrand