July 13, 2015

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

RE: Docket No. CFPB-2015-0021

Dear Ms. Jackson:

On behalf of the National Council of Higher Education Resources (NCHER), thank you for the opportunity to respond to the above referenced Request for Information (RFI) published May 21, 2015, in which the Consumer Financial Protection Bureau is seeking comments from the public related to the market for student loan servicing. The Bureau seeks information "to assist market participants and policymakers on potential options to improve borrower service, reduce defaults, develop best practices, assess consumer protections, and spur innovation."

NCHER is a nonprofit trade association that represents a nationwide network of higher education assistance agencies that administer education programs that make grant and loan assistance available to students and parents to pay for the costs of postsecondary education. Our members have a long history of servicing federal loans made under the Federal Family Education Loan Program (FFELP) and private student loans. A number of our members also currently have contracts with the U.S. Department of Education to service federally-held loans. Many of our members, including state agencies and state-designated authorities, also provide higher education access, outreach and financial literacy programs, counseling, and delinquency and default aversion services.

Our comments focus primarily on the servicing of federally-held student loans, although a number of comments are relevant to the servicing of private student loans. Our organization does not believe changes in the servicing of FFELP loans are needed, although there are many best-practices related to FFELP servicing that could be beneficial to all student loan borrowers. Almost all FFELP loans have entered repayment, and it would be inadvisable to make servicing changes due to the disruption to borrowers.

Thank you again for the opportunity to share our views on the importance and future of student loan servicing. If you have any questions about these comments and suggestions, please contact me at 202-822-2106 or jbergeron@ncher.us.

Sincerely,

James P. Bergeron
President

NCHER Response to the Consumer Financial Protection Bureau's Request for Information (RFI) on Student Loan Servicing
Docket No: CFPB-2015-0021

Introduction

NCHER does not believe that student loan servicing is broken. The nation's student loan servicers, including but not limited to those servicing federally held loans (both the original Title IV Additional Servicers (TIVAS) and the Not-for-Profit (NFP) servicers that were added later in response to Congressional direction), provide an array of important, high-quality services to student and parent borrowers, at minimal cost to the federal government. In our comments on Part A regarding issues related to student loan repayment, we provide background and discuss the importance of localized and/or regional service delivery at the center of the Federal Family Education Loan Program (FFELP) and highlight the multitude of statutory, regulatory, and contractual requirements, including compliance with the Federal Information Security Management Act (FISMA), that student loan servicers are subject to by the U.S. Department of Education (Department), the Consumer Financial Protection Bureau (Bureau), and other federal, state and local authorities.

In our comments on Part B regarding student loan servicing, we discuss the main challenges that student and parent borrowers are having with the federal financial aid system, including the lack of timely and accurate information because of outdated federal rules under the Telephone Consumer Protection Act (TCPA), the complexity of the repayment options available under the student aid system, and the lack of innovative approaches in the current federal student loan service delivery model. Finally, we note that the federal student loan programs are unique in that no credit underwriting is performed prior to loan origination. While this is entirely appropriate given the compelling need to promote postsecondary education in the country, the servicing of the resulting loan obligations presents many challenges. In many respects, student loan servicing is really about student loan counseling, and the potential solutions to address identified challenges are less about servicing standards and more about federal policy changes needed to improve student loan servicing.

Part A: Issues Related to Student Loan Repayment

<u>Localized Delivery of Services Continues to Benefit Student and Parent Borrowers</u>

As noted in our cover letter, our comments focus primarily on federally-held student loans. However, there are inherent benefits to student and parent borrowers and taxpayers alike under the public-private partnership that was the foundation of FFELP. Loans generally were made and serviced at the local or regional levels (by state-based, not-for-profit and for profit organizations), where the borrowers knew the servicer and the servicer, in turn, understood their customers' demographics and had a vested interest in serving their fellow citizens. This allowed the loan holders, secondary markets and servicers, and their guaranty agency partners, to keep their borrowers current on their student loans. For those student and parent borrowers who struggled to pay their financial obligations, these state and local players assisted with default prevention, often employing "late-stage default prevention measures" that helped borrowers avoid the substantial penalties associated with default. The most recent available data from the Department of Education bears out the benefits of this local, decentralized service delivery model: the Federal Fiscal Year 2011 three-year cohort default rate isolated for Direct Loans is 12.9 percent; the comparable rate for FFELP loans is 9.4 percent. Similarly, loan delinquency is higher in the Direct Loan program. According to the Department's data center, as of the end of the second quarter of FFY 2015, 79.3 percent of Direct Loans in repayment are in a current status; 7.7 percent are 31 to 90 days delinquent; 6.5 percent are 91 to 180 days delinquent; 3.4 percent are 181 to 270 days delinquent; 2.4 percent are 271 to 360 days delinquent; and 0.8 percent are in default status. Comparable average data for FFELP performance shows the following: 86.8 percent in repayment are in a current status; 7.5 percent are 31 to 90 days delinquent; 1.4 percent are 91 to 180 days delinquent; 3.4 percent are 181 to 270 days delinquent; 0.7 percent are 271 to 360 days delinquent; and 0.2 percent are in a default status.

Other examples of the benefits of locally-delivered services can be seen in the work of the Ombudsman Caucus, a network of dedicated professionals established by the Department (including representatives from the Bureau) and coordinated through NCHER, that serves as specific contacts for student loan borrowers in need of special attention. The collaboration and communication among Caucus participants has addressed thousands of concerns raised by individual students throughout both the Federal Direct Loan Program and FFELP. Each entity involved in the Caucus has one common goal, which is to aid and assist the student through a fair and impartial process. This is handled by providing personal assistance to borrowers who call or write in for help. Students and/or borrowers are encouraged to address issues at the lowest possible level, but if that does not work, are given the name and number of an individual within an organization who can assist in their resolution. Much of the work of the Caucus is educating the borrower in both the history of their loan(s) and what their options are to move forward. An additional important function of the Caucus is to communicate on a regular basis regarding the trends seen within both the FFELP and Direct Loan communities. This communication has led to major changes to how the Total and Permanent Disability discharge process is handled, and more recently, toward outreach efforts to ensure borrowers know they do not have to pay third parties for services that are available for free. Finally, guaranty agencies can often provide relief by authorizing actions that it would take borrowers months, if not years, to get directly through the Department. These actions are taken within the law and regulations, but demonstrate the benefit – and flexibility – of local control.

As noted, under FFELP, there are multiple entities that provide localized services to student and parent borrowers, many of whom are in repayment. There are also a number of organizations tasked with looking out for the interests of the student borrower. As such, it would be imprudent for the federal government to develop new servicing standards for FFELP and overregulate in this space.

<u>No Lack of Federal and State Laws and Regulations Governing the Activities of Federal and Private Student Loan Servicers</u>

We disagree with the stated premise that "Historically, [non-bank servicers] have not been subject to.… supervision for compliance with federal consumer protection laws." Presently, every bank and non-bank NCHER member providing private education funding or federal or private education loan servicing and debt recovery is subject to a multitude of federal and state consumer protection laws, including the Higher Education Act for FFELP and Direct Loans, the Fair Debt Collection Practices Act (FDCPA), the Fair Credit Reporting Act (FCRA), the Truth-in-Lending Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act; other laws on Unfair, Deceptive or Abusive Acts or Practices (UDAAP); the Servicemembers Civil Relief Act (SCRA); the Electronic Funds Transfer Act (EFTA); the Gramm-Leach-Bliley Act (GLBA); the Telephone Consumer Protection Act (TCPA); and the Electronic Signatures in Global and National Commerce Act (E-Sign); the Bank Secrecy Act (BSA), the Patriot Act, the Equal Credit

Opportunity Act (ECOA), the Fair and Accurate Credit Transactions Act (FACTA), Regulations B, E, F, P, V, and Z, OFAC Regulations and as well as numerous state (and sometimes city) rules and regulations. This legal compliance framework is extensive. These laws are enforced by the Department, the Bureau, the Federal Trade Commission, the Federal Communications Commission, prudential federal banking agencies and state agencies and attorneys general. Frankly, student loan participants are spending too much time responding to reviews, detracting from their ability to help borrowers. In short, the notion that student loan service providers are unregulated, while often advanced by the Bureau and in the media, is not supported by fact.

To give but one example, the Higher Education Act and related regulations mandate the required servicing and collection activities for FFELP participants, including such areas as payment posting, due diligence in delinquency servicing, the assessment of collection costs, and how to apply SCRA provisions regarding interest rate relief. The Bureau and others have been critical of FFELP servicers in these areas when, in fact, the providers are simply following the laws and regulations governing the program.

The Bureau's RFI references incidents of borrower complaints received through its complaint portal. It is fair to say that nobody enjoys repaying a loan obligation; as such, it is natural to expect consumer complaints. Some of these complaints may be legitimate, and all involved have an interest in correcting the cause in these cases. We suspect, however, that many complaints arise from borrower confusion due to program complexities involving numerous types of repayment, deferment, forbearance, and forgiveness options. Despite these complexities, our view is that student and parent borrowers are receiving high-quality servicing. We urge the Bureau to validate the veracity of complaints so as to better inform the marketplace on where there are true deficiencies in loan servicing. Unverified complaints should not be the basis for new and burdensome rules.

Part B: Questions Related to Student Loan Servicing

Part One: General questions on common industry practices related to student loan repayment

<u>Current Law Restrictions on Communicating with Borrowers Should End</u>

It is almost universally recognized that student and parent borrowers need more timely and accurate information in order to successfully manage their student loan debt. The adage that "knowledge is power" is very fitting in the student loan space. However, outdated and unnecessary barriers to communication – in the form of an overly broad interpretation of the definition of an "automated telephone dialing system" under the TCPA – prevent servicers of federal and private student loans from contacting borrowers on their cell phones. This is due to the restrictive views of what constitutes the requisite – and unrevoked – "consent," who is entitled to relief, and the substantial penalties for even an unknowing violation. Recent declaratory rulings by the Federal Communications Commission (FCC) affirming and enhancing these restrictions and uncertainties will harm borrowers even further by denying them critical and timely information to better manage their debt and avoid delinquency and default.

For example, these restrictions are preventing federal loan servicers and collectors from reaching out to student and parent borrowers to provide information about the various repayment plans available to assist them and to provide early contact designed to ensure the understanding of their loan obligations. It has been proven that if servicers can talk to student and parent borrowers, they almost always can find a solution to avoid default. The challenge is to reach borrowers, and the TCPA's restrictions create an unnecessary barrier. Industry experience notes that the use of predictive dialing technology increases contact success rates by over 150 percent, but current interpretations of the TCPA prevent servicers from using this modern technology to contact borrowers on their cell phones without borrower consent, and sometimes even with consent. According to a recent U.S. Department of Health and Human Services study, 58.8 percent of all American households are now either exclusively or predominantly wireless, and the percentage is even higher for age groups most likely to have student loans. Current law has simply not kept pace with the needs of the growing majority of borrowers who are increasingly moving away from traditional landline telephones in favor of cell phones. The President's Fiscal Year 2016 budget request proposed creating an exemption from the TCPA restriction for servicers and collectors of federal debt. The Bureau should take all action necessary to ensure the adoption of this proposal. This action could be coupled with the adoption of reasonable rules to protect consumers from being contacted unreasonably.

Reducing the Number of Income-Driven Repayment Plans will Alleviate Borrower Confusion

One overarching issue that is the source of much of the concern about the experiences that borrowers are encountering with their student loans is that federal financial assistance programs have gotten too complicated. Every new statutory and regulatory "improvement" is layered on top of what came before – the result can be bewildering, especially for first-time student or parent borrowers. We understand that a recent survey conducted by the National Association of Student Financial Aid Administrators (NASFAA) of its members found that more than half indicated that borrowers do not understand the advantages and disadvantages of the various federal loan repayment plans, including income-based repayment, and options for deferment and forbearance. The dramatic increase in the number of borrowers who are enrolling in Income-Driven Repayment (IDR) plans, a development strongly supported by the Department and the Bureau, is testament to the good work performed by federal loan servicers and provided by the Department. Nonetheless, borrowers are often confused in trying to understand the multiple IDR plans for which they may be eligible. This is one of the most important issues for the Administration and Congress to address in the short run. We have already recommended the creation of a single IDR plan to both the U.S. House of Representatives and the Senate in response to requests for recommendations to consider during the upcoming reauthorization of the Higher Education Act. We appreciate that there seems to be bipartisan recognition in Congress of the need to reform and simplify the IDR plans. We urge the Bureau to add its voice to the debate.

In addition to reducing the number of IDR plans, there is a need to streamline the annual renewal process in order to assist students, borrowers, and families. Federal student loan servicers have found that of the borrowers that fall out of IDR plans during the renewal process, most are falling out due to their failure to respond to requests from their servicer to complete the necessary documentation to remain in the program. In fact, the Department recently shared data showing that 57 percent of borrowers enrolled in Pay-As-You-Earn (PAYE) and Income Based Repayment (IBR) plans missed the deadline to update their income information. This confirms that borrowers do not understand the recertification process. It is our assessment that this cannot be rectified with additional communication attempts or more disclosures. The fundamental problem rests with the complicated annual renewal process.

We recommend reducing the burden for borrowers in annually re-applying for an IDR payment amount by capturing a borrower's initial consent on the IBR repayment plan application and allowing his/her servicer to reset the payment amount for all subsequent repayment years. Under this process, the IDR application would be used as the vehicle for capturing the borrower's authorization/consent for the servicer to use an Internal Revenue Service (IRS) data retrieval process and would be a condition of getting an IDR plan. The servicer would then continue to perform the data retrieval on each borrower's IDR renewal date and determine the borrower's discretionary income using the IRS-reported exemptions instead of the current family size definition under IDR. Allowing the use of the IRS-reported exemptions in lieu of the borrower needing to provide family size each year streamlines and adds efficiency to the annual renewal process. In addition, a borrower would have the option, upon request, to submit alternative documentation and self-certify a different family size, and the ability to request reevaluation during the year to reflect his/her current situation would be retained. Consideration should also be given to eliminating the need for a borrower to submit alternative documentation if the borrower's income increases during the current year (e.g., a recent college graduate who had little income reported on the income tax return last year, but is now employed). The borrower's current income would simply be captured at the next annual renewal point. For borrowers who are not required to file an income tax return, we propose allowing servicers to keep the borrower's IDR payment at the previous amount until the borrower next files a tax return.

New Innovations Could Improve Student Loan Servicing

In addition to removing the TCPA restrictions and streamlining IDR repayment plans and the certification process, we recommend that Congress and the Department experiment with innovative ways to improve student loan servicing and the borrower experience. There is a need to think outside-the-box, especially when it comes to the administration of the federal student loan programs. One suggestion would be to assign the NFP servicers loans to borrowers from their respective states, and allow borrowers to choose an NFP servicer to service their consolidation loans. These are recommendations we have made previously to the Department. However, on a more global level, there exists in each state, higher education assistance organizations that have a long history in assisting with and providing default prevention services to student and parent borrowers. The failure to utilize the services of these organizations represents a missed opportunity to improve servicing in the current Direct Loan program, especially since it is always better for a student or parent borrower to hear from a local organization. We recommend the Department explore ways to leverage the skill sets, expertise, and relationships of these state-based and regional organizations that are well-known and respected within their states. One possible idea would be to improve the small business subcontracting structure for student loan servicing, similar to that employed in other procurements run by the federal government, including Federal Student Aid (FSA). However, it would have to be clear that the definition of 'small business' include not-for-profit entities to allow for the participation of state-based organizations that have a long history of helping borrowers.

Another approach that deserves a close look is the provision of more intensive services to struggling borrowers. For example, the Department could build and expand upon the recent Request for Proposals around late-stage delinquency. Further, we read with interest the RFI the Department posted on January 21, 2015 seeking information on data and statistical models that will predict borrower behavior and gauge portfolio risk. While the purpose of this RFI is unclear, we believe that data analytics may prove to be a way to better target resources. Private lenders are using these tools in servicing loan assets. We must note, however, that effective implementation of either of these proposals will require that the provider be fairly compensated. The current compensation structure is simply inadequate for this purpose.

We also recommend that more resources be devoted to financial literacy aimed at families of middle and secondary school students, Direct Loan applicants, and current students and borrowers. We are beginning to hear more about the benefits of financial literacy education and counseling. For example, Purdue University reports that aggressive counseling of students about the dangers of over borrowing, and the alternatives available to them, has dropped their students' borrowings by 18 percent since 2012.

Another area where the Bureau might be helpful is assisting borrowers who have defaulted on their private education loans. Under FFELP and Direct Lending, loan rehabilitation has been an attractive option for defaulted borrowers. We recommend that the Bureau work with the credit reporting agencies it supervises to see how the credit records of defaulted borrowers of private loans can be improved if they meet certain conditions.

<u>The Competitive Contract Structure Should be Retained, with Certain Improvements</u>

A central feature of the current contracting structure for servicing Direct Loans involves competition; it is the critical driver of performance and innovation. Competition incentivizes all of the federal student loan servicers to provide high levels of customer service and seek greater efficiency in the delivery of services, while protecting the interest of the federal government. This feature should be retained, and expanded to ensure that loan volume is allocated based largely on performance. In making these allocations, it is important that servicer performance be measured based on the risk of the loans that a servicer is managing. Many factors, besides servicer actions, can influence outcomes. For example, the type of school attended, whether a borrower graduated, and how long a borrower has been in repayment can influence delinquency and default outcomes. This data is available and should be used in comparing performance across all federal student loan servicers. Proposals to move to a single servicer for federally held loans would eliminate the benefits of competition. Through the use of a group of multiple, decentralized providers, the risk to the federal government is diversified, and competition and innovation are encouraged. This does not mean, however, that the current structure could not be revised to provide borrowers and schools with a single point of contact for federally held loans (with a single sign-on). We frequently hear that borrowers do not know how to contact their servicer, or even who their servicer might be, even though borrowers are generally informed about utilizing the National Student Loan Data System (NSLDS) that allows them to monitor information on all of their federal student loans and provides contact information for each servicer of these loans. A single point of contact would address these concerns.

Part Two: Applicability of consumer protections from other consumer financial product markets

As stated earlier in this response and contrary to media reports that reference an "unregulated student loan marketplace," federal and private student loan providers (including lenders, servicers, guaranty agencies, and collection agencies) are highly regulated organizations that are subject to numerous federal, state, and local consumer protection laws and regulations, with multiple federal and state regulators. These organizations invest a tremendous amount of time and resources in compliance with the requisite laws and regulations, both as a condition of their servicing requirements and in the interest of superior customer service.

The Bureau's RFI attempts to correlate the student loan market with that of mortgage and credit card lending. While there are overlapping provisions inherent in any consumer credit product (as addressed below), we strongly disagree that "lessons learned" from investigations of the other two markets are pertinent in the student loan space. The first and most obvious difference is the lack of underwriting and collateral with federal student loans. Virtually all applicants (except a small percentage of parent PLUS and Grad PLUS borrowers) receive federal student loans without the need for collateral or cosigners. The second and equally compelling difference is the existence of deferments, forbearances, and multiple IDR plans that make federal student loans unique among consumer credit programs. Servicing and collection of federal student loan debt, particularly when working with distressed borrowers, is more about resolution of borrower delinquencies than direct cash collections. Neither of these characteristics of federal student loans is true for the home mortgage and credit card industries.

With respect to rules derived from the credit card industry, the fundamental differences between the servicing practices of that industry as compared to student loans undermines the wisdom of grafting similar rules onto student loan servicers. For example, credit cards provide open-end credit and often attract borrowers by offering low introductory rates, that will later go up, or rates that appear low on one-type of credit (balance transfer), but prove to be high for other debt (purchases). Student loans provide installment credit with the terms of the entire debt spelled out in the promissory note. These terms do not change over the life of the contract, though servicers can and do offer certain benefits like discounts for on-time or automatic payments. Unlike with credit card debt, the interest rate on student loans will not increase beyond the terms provided at origination.

We likewise question both the need for and appropriateness of applying the Bureau's mortgage servicing rules to student loan servicing. As an example, FFELP lenders and servicers have, over time, developed procedures to make sure borrowers are not adversely affected by the transfer of servicing. Unfortunately, the Department specifically directed its servicers to ignore these lessons when it undertook the massive transfer of federally-held loans from the legacy Direct Loan servicer to the NFP servicers and TIVAS. We suspect it is those transfers which are the basis for the complaints the Bureau received. The RFI also mentions the "live contact" requirement in the mortgage servicing rules for distressed borrowers. The Department's FFELP rules, which are followed by the servicers of federally-held loans, require servicers to make a number of attempts to contact the borrower by telephone. It should be noted that, unlike in the case of mortgage servicing where the servicer knows where the borrower is located, one of the biggest problems in contacting student loan borrowers is that he/she has moved without notifying the servicer. The RFI also mentions that mortgage rules prohibit certain fees. The Department already has rules on the fees borrowers may be charged for federal student loans. The Higher Education Act also sets maximum collection charges. Finally, the RFI points to a requirement about counseling. State-based and regional organizations, including servicers and guaranty agencies, serve as advocates for FFELP borrowers. We believe that the Department should offer Direct Loan borrowers a similar service, using the same high-quality and expert organizations. We know that the Bureau and other federal agencies are concerned that debt relief firms are preying on student borrowers, charging exorbitant fees without adding value. It is impossible under the current fee structure inherent in the Direct Loan Program to provide widespread counseling. A model using neutral third parties as borrower advocates is the advisable approach.

The RFI also asks about account information, record keeping, and payment processing. The Department has rigorous record keeping requirements for federal student loans. Since many of the federal servicers also service private loans, they are using the same systems and following the same requirements in their servicing of federal and private student loans. Given that most servicers administer private loans for more than one owner, and oftentimes those loans may reside in separate trusts subject to their own rules, it is hard to see how a set of uniform, workable rules on the processing of prepayments and partial payments can be developed. However, we believe servicers should tell their borrowers how these payments will be processed so that their borrowers are not surprised and, in appropriate cases, can provide direction.

Also, as the Bureau noted with respect to the allocation of prepayments, many servicers apply prepayments proportionately across multiple loans, instead of allocating to the highest-rate loan first, as required under the CARD Act. This practice is not, as the Bureau suggests, driven by a desire to inflate late fees on partial payments (indeed most servicers agree that late fees should be applied per-account, not per-loan, and should be subject to reasonable caps), but by existing Department rules requiring certain servicers to apply prepayments by advancing the next due date. This rule reflects the expectations of student loan customers, who may send in a single prepayment intended to advance the due date of multiple loans within a single account. The Card allocation rule would adversely affect these customers and drive complaints by causing all but one of the loans in an account to become delinquent if the student fails to make a payment in the following month based on the established expectation that the due date was advanced.

Regardless of how the Bureau proceeds in this area, we strongly believe there needs to be consistency across loan programs. Those servicers that administer Direct Loans, FFELP loans, and private loans use the same system to do so, following Departmental requirements. To mandate separate rules or standards between programs for the same processes would add unnecessary and burdensome complexity.

We agree that certain provisions of consumer credit are universal, as is the need for transparency and timely, accurate, and courteous customer service. The need for timely and accurate payment posting, error resolution, accurate statements, and understandable disclosures are all important aspects of quality servicing. As stated previously, lenders, servicers, and collectors are subject to a multitude of federal, state, and local consumer protection laws and regulations to ensure compliance. The key to quality student loan servicing, particularly for distressed borrowers, revolves around the ability to directly talk to the borrower, explain the many options and benefits that are unique to the student loan space, and help the borrower find the best solution that is unique to his or her particular circumstance.

The Truth-in-Lending Act (TILA) ensures that applicants for almost all consumer loans are provided with a federally-mandated disclosure that includes the annual percentage rate (APR) they will be charged on their loan, in addition to other important information. The APR takes into consideration origination fees and the impact of deferred payments. The purpose of the notice is to allow borrowers to compare different loan options before they become obligated. Private loan borrowers receive the disclosure. However, loans made under Title IV of the Higher Education Act are exempt from this requirement. For some borrowers, particularly parents and graduate students who might be looking at PLUS Loans, private loans may be a better choice. We recommend that the Bureau do whatever it can to ensure that Direct Loan applicants receive the same disclosure that private student loan borrowers receive upon approval of their loan application pursuant to section 226.47(b) of Regulation Z. This disclosure is provided prior to the borrower becoming obligated on the loan and will allow the applicant to fairly compare the terms of different borrowing options.

Part Three: Impact of limits on availability of data about student loan servicing and student loan repayment on borrowers

The RFI seeks input about the availability of data on student loan performance. Regarding Direct Loans, we agree that the Department could provide more transparency and relevant data concerning the performance of the portfolio, including information on the use and performance of IDR plans, how many borrowers using these plans are in a negative amortization status, comparisons between the performances of the Direct Loan and FFELP portfolios, the use of deferments and forbearances, and the success of the Department, guaranty agencies, and their collection agency partners in resolving defaults through the loan rehabilitation and consolidation programs. However, it should be noted that FSA’s Data Center over the past year has provided more robust data.

Regarding FFELP loans and private loans financed through securitizations, lenders publish more data than anyone could possibly need as part of their securitization reports and many private lenders publish similar data in their 10-K annual reports. Additional private education loan performance data for the major providers is available through MeasureOne, a neutral third-party provider that collects, analyzes, and distributes private student loan data. MeasureOne’s most recent quarterly report is attached to this response.

Conclusion

Student loan servicing does not need a significant overhaul in order to improve the experience of student and parent borrowers. The vast majority of servicing problems referenced in this RFI are due not to mistakes or omissions by servicers, but by a lack of communication with the borrowers and the complexities of the federal student assistance system. The two most important steps that the Bureau can take to provide real relief to millions of borrowers is to champion the cause of better communication through appropriate modernization of the TCPA, and a more streamlined and easy-to-understand student aid system. We urge the Bureau to refrain from imposing unnecessary and arbitrary standards in the student loan space. Federal student loans, many of which lack basic credit checks and guarantees of payment, provide hope and opportunity for millions of students seeking to gain access to postsecondary education. The Bureau’s actions should strengthen the nation’s student loan servicing structure, not impose arbitrary top-down approaches that will impede college access and completion.