

September 16, 2014

Urgent Information for Current and Former Students Enrolled at Corinthian-Owned Schools

Today, the Consumer Financial Protection Bureau (CFPB) sued Corinthian Colleges, Inc., owner of Everest, Heald, and WyoTech, for using illegal tactics to induce students into taking out private student loans. The CFPB's lawsuit also alleges that Corinthian violated the law by harassing borrowers to make payments by pulling students from class, and preventing them from attending class, registering, graduating, and receiving a diploma.

In recent months, Corinthian Colleges has stated its intent to sell or close many of its campuses. We are publishing this special information for current and former students at Corinthian schools; we urge you to read it carefully so you fully understand your options and obligations on your student loans.

Your Student Loans

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How do I know if I have federal or private loans?

I am currently employed. Can Corinthian take money from my paycheck to repay my private student loan?

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Your Student Loans

Do I have to repay my federal and private student loans if Corinthian broke the law?

- You are still responsible for repaying your student loans. However, the CFPB is seeking relief for private student loan borrowers who took out loans after July 2011.
- Some states offer assistance to borrowers if their school closes or is implicated in a lawsuit. You may be eligible for relief if your state offers a tuition recovery fund.
- To protect your credit record, you should continue to make your loan payments until you fully understand your options.

How do I know if I have federal or private loans?

- Federal loans typically have names such as Stafford, Grad PLUS, Direct, or Perkins. If you aren't sure what kind of loans you have, visit the [National Student Loan Database System for Students](#) for a list of all federal loans made to you.
- Private loans are often issued by a bank, a credit union, your school, or another lending institution. They might use names like "private" or "alternative." Some Corinthian students may have taken out private loans from the "Genesis" program. Unlike federal student loans, there is not a single website that contains information about all of your private student loans. If you do not know about private student loans you might have, [request a free credit report](#). Private student lenders may report your loans to credit reporting agencies even while you're still in school or in deferment.

I am currently employed. Can Corinthian take money from my paycheck to repay my private student loan?

- The short answer is no, unless they have a court order. If your loan is in default, your school may sell the loan to a debt collector who may take steps to get you to repay. For borrowers in default, it is important to remember that there are major differences between federal and private student loans. The federal government has extraordinary tools to collect on defaulted federal student loans; however, many of these tools are not available to debt collectors seeking to collect on your defaulted private student loan. A debt collector trying to collect payments on a private student loan can not:

- Garnish your wages without a court order
- Seize your federal or state tax refund
- Garnish your Social Security or Social Security disability check
- Prevent you from receiving federal student aid to go back to school in the future

If Your Corinthian-Owned School Shuts Down

What are my options if my school is closing?

- Generally, you have a few options if your school notifies you that it is closing. You may be able to:
 - Withdraw from the school and potentially receive a refund for the costs paid to your school.
 - Complete your program at your campus before closure. If you choose to complete your program, you will not be able to apply for a refund or a loan discharge (to cancel your loans).
 - Accept an offer which allows you to transfer to a comparable program at another Corinthian school at no additional cost. You may be able to transfer to a program at a non-Corinthian program, but there may be additional costs.
- You can review a [list of Corinthian schools that are closing here](#). The Department of Education has prepared other [information on policies and benefits for students attending schools that close](#).

What if I took out federal loans to attend a Corinthian-owned school that is now closing?

- If you have [federal student loans](#) and are currently enrolled or recently left a college or university that has shut its doors, you may be able to discharge (cancel) your loans if you [apply for a loan discharge](#). This option is only a possibility if your school closes. If you are attending a school that is sold you may not be eligible for discharge under this process, even if your school no longer offers your program of study.
- If you do have your federal loans discharged and you end up completing your program at a similar school, you may have to pay back the loans that were discharged.

What if I took out private loans to attend a Corinthian-owned school that is now closing?

- You are still responsible for repaying your student loans. However, the CFPB is seeking relief for private student loan borrowers who took out loans after July 2011.

- Some state laws may provide for relief on your loan if your school closes. Your state may also offer programs that assist students with private student loans in the event of a school closure.

What if I am offered a “teach-out” to complete my program?

- If your school has announced that it is closing, you may be offered a “teach out,” an arrangement through which you may be able to complete your program and receive your degree or certificate.
- If you accept a “teach-out” to complete your program at your school or another school, you will be responsible for repaying all of your student loans. If you decline a “teach-out” offer and your school closes, you may not have to pay back your federal student loans.
- Under an agreement between Corinthian and the Department of Education, if you enrolled in a Corinthian-owned school after June 22, 2014, you will have the option to choose to participate in a teach-out or opt to receive a refund of your tuition costs. If you enrolled before June 22, 2014, you may not have this option.

Your Rights When Dealing with Debt Collectors

What are some of the legal limits on what debt collectors can say or do?

- The Fair Debt Collection Practices Act (FDCPA), the main federal law that governs debt collection practices, prohibits debt collection companies from using abusive, unfair or deceptive practices to collect past due debts from you.
- Generally speaking, [debt collectors may not contact you at an unusual time](#) or place, or at a time or place they know is inconvenient to you. If a debt collector knows that you’re not allowed to receive the debt collector’s [calls at work](#) then the debt collector is not allowed to call you there. If a debt collector knows that an attorney is representing you about the debt, the debt collector generally must stop contacting you and must contact the attorney instead. This is only true if the debt collector knows, or can easily find out, the name and contact information of your attorney. If an attorney is representing you and a debt collector calls, tell them which attorney is representing you and that the debt collector should contact the attorney instead.

Can debt collectors tell other people about my debt?

- No. Under federal law, a [debt collector](#) may contact other people but generally only to find out where you live, what your phone number is, and where you work.
- Debt collectors generally can’t contact more than once people you know and they can’t say they’re trying to collect on a debt. Generally, a debt collector

can't discuss your debt with anyone other than; you, your [spouse](#), your parents (if you are a minor), your guardian, or your attorney.

- If the debt collector knows an attorney is representing you about the debt, the debt collector must contact the attorney instead of you.

What is harassment by a debt collector?

- The Fair Debt Collection Practices Act (FDCPA) says debt collectors can't harass, oppress, or abuse you or anyone else they contact. Some examples of harassment are:
 - Repetitious phone calls that are intended to annoy, abuse, or harass you or any person answering the phone
 - Obscene or profane language
 - Threats of violence or harm
 - Publishing lists of people who refuse to pay their debts (this does not include reporting information to a credit reporting company)
 - Calling you without telling you who they are
- The FDCPA also says debt collectors can't use false, deceptive, or misleading practices. This includes misrepresentations about the debt, including:
 - The amount owed
 - That the person is an attorney
 - False threats to have you arrested
 - Threats to do things that cannot legally be done
 - Threats to do things that the debt collector has no intention of doing

What information does a debt collector have to give me about the debt?

- Any debt collector who contacts you claiming you owe payment on a debt is required by law to tell you certain information about the debt. That information includes the name of the creditor, the amount owed, and how you can dispute the debt or seek verification of the debt. If the debt collector doesn't provide that information in the initial contact with you, the debt collector is required to send you a written notice including that information within five days of the initial contact.

Reporting Potentially Illegal Practices

What should I do if I believe that Corinthian engaged in illegal practices that harmed me?

- If a consumer has a complaint related to a private student loan or other financial products offered by a school they can submit a complaint to the Bureau through our website, www.consumerfinance.gov/complaint. You can also contact us at students@cfpb.gov.