



Consumer Financial
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

February 3, 2015

Special Bulletin for Current and Former Students Enrolled at Corinthian-Owned Schools

On September 16, 2014, 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 addition, Zenith Education, a subsidiary of ECMC Group, announced that it would be purchasing a substantial number of Everest and WyoTech campuses from Corinthian. Today, the CFPB announced that we worked with the U.S. Department of Education and ECMC to secure approximately \$480 million in debt relief for former and current students enrolled at Corinthian-owned schools.

While our lawsuit against Corinthian is ongoing, this special bulletin includes more information on today's announcement. We urge you to read it carefully so you fully understand your options and obligations on your student loans.

Relief for Students who Attended Corinthian-Owned Schools

What do I need to do to sign up for this relief? How do I know if I am eligible?

My school was not bought by Zenith (also known as ECMC). Will I benefit?

How much debt relief will I receive?

Will I owe taxes on balances that are forgiven?

I was talked into taking out Genesis loans to attend a Corinthian-owned school. I couldn't pay and now my credit is damaged. What can I do to repair it?

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

Impact of Change in Ownership and School Closures

I'm a current student. My school is part of the sale to Zenith (also known as ECMC). Will my experience at Zenith be the same or better or worse than when Corinthian owned my school?

I'm a current student. My school was not part of the sale to Zenith (also known as ECMC). What happens to my federal student loans if my school is closing down?

Your Rights When Dealing with Debt Collectors

If my loan qualifies to receive benefits under today's agreement, can a debt collector sue me (or threaten to sue me) if I cannot make payments on any remaining balance I owe?

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

Reporting Potentially Illegal Practices

What should I do if I believe that a debt collector engaged in illegal practices that harmed me?

What should I do if my school is engaged in practices that I think are unfair, deceptive, or otherwise illegal?

Relief for Students Who Attended Corinthian-Owned Schools

What do I need to do to sign up for this relief? How do I know if I am eligible?

- Nothing. Your loan servicer (the company that collects payments from you) will notify you if you benefit from today's agreement, as well as any remaining balance you may owe.
- You should be sure your servicer has your most recent contact information.

My school was not bought by Zenith (also known as ECMC). Will I benefit?

- The debt relief announced today will benefit current and former students with qualifying private student loans, regardless of the Corinthian-owned school they currently attend or formerly attended.

How much debt relief will I receive?

- The total amount of relief for borrowers with eligible loans is approximately \$480 million. These borrowers will immediately see the amount they owe reduced by 40%.

Will I owe taxes on balances that are forgiven?

- While we cannot provide you with tax advice, we do not expect today's action to lead to significant tax obligations for borrowers.

I was talked into taking out Genesis loans to attend a Corinthian-owned school. I couldn't pay and now my credit is damaged. What can I do to repair it?

- As part of today's agreement, credit reporting agencies will receive instructions to delete any existing negative credit reporting information from borrowers' credit reports. If your loan qualifies, this will happen automatically.
- You can protect your credit record going forward by continuing to make on-time payments on any remaining balance.

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

- Today's announcement does not affect your responsibility for repaying your student loans. But it will lead to substantial, immediate relief for many borrowers with Genesis private student loans. Additionally, the CFPB's lawsuit with Corinthian is ongoing.
- Although federal student loans are not part of today's action, check out Section 23 (titled "Discharge") of your Federal Direct Loan [Master Promissory Note](#) (your Direct Loan contract). In some cases, you can seek forgiveness if the school did something wrong or failed to do something that it should have done. Contact your servicer (the company that collects payments from you) for more information. If your servicer doesn't give you clear information about this option, you can [submit a complaint](#).
- To protect your credit record, you should continue to make payments on remaining loan balances.
- For more information on how to navigate repayment options on your loans (including income-driven payment options on your federal student loans), visit the CFPB's [Repay Student Debt](#) tool.

Impact of Change in Ownership and School Closures

I'm a current student. My school is part of the sale to Zenith (also known as ECMC). Will my experience at Zenith be the same or better or worse than when Corinthian owned my school? What if no longer want to attend?

- Zenith has not previously run schools or colleges. But, as part of today's announcement, the CFPB is requiring Zenith to meet certain standards of conduct to avoid a continuation of Corinthian's practices that the Bureau alleged harmed thousands of students across the country.
- The Department of Education separately reached an agreement with Zenith related to tuition reductions and refunds, among other things.

I'm a current student. My school was not part of the sale to Zenith (also known as ECMC). What happens to my federal student loans if my school is closing down?

- 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 to ask for a discharge under this process, even if your school no longer offers your program of study.
- According to federal regulations, the Department of Education will mail you a loan discharge application (if they have your current address) after confirming the date of the school's closure.
- If you do have your federal loans discharged and you end up transferring credits to a similar program, you may have to pay back the loans that were discharged.

Your Rights When Dealing with Debt Collectors

If my loan qualifies to receive benefits under today's agreement, can a debt collector sue me (or threaten to sue me) if I cannot make payments on any remaining balance I owe?

- Debt collectors may not sue or threaten legal action against borrowers when seeking payment on any remaining balances on private student loans that are subject to today's agreement.
- For more information about what debt collectors can and cannot do, visit [AskCFPB](#).

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.

Reporting Potentially Illegal Practices

What should I do if I believe that a debt collector engaged in illegal practices that harmed me?

- If you have a complaint related to the collection of a Genesis Loan or another financial product or service, you can submit a complaint to the Bureau through our website, www.consumerfinance.gov/complaint.

What should I do if my school is engaging in practices that I think are unfair, deceptive, or otherwise illegal?

- If you see problems related to the quality of instruction or student services provided at any campus or online program, you should document any issues by writing down observations, including relevant times and dates, as well as detailed descriptions of the incident and the names of any school personnel involved.
- Students can share their stories with the CFPB using our [Tell Your Story](#) function on our website.
- The Department of Veterans Affairs also accepts complaints from consumers related to colleges and universities. The Department of Veterans Affairs will share your complaint with other state and federal law enforcement agencies. Consumers can file a complaint [online](#).

*If you have additional questions,
please contact the Consumer Financial Protection Bureau at students@cfpb.gov.*