



Consumer Financial  
Protection Bureau

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

January 29, 2015

[Recipient Name]

[Organization]

[Address Line 1]

[Address Line2]

Dear [Recipient Name]:

Last January, CFPB Director Richard Cordray and Education Secretary Arne Duncan convened the nation's largest student lenders and servicers at the Treasury Department to discuss ways for industry participants to offer more options, such as modified repayment plans, to help borrowers avoid default and increase the likelihood of full repayment.

Federal financial regulatory agencies have offered repeated guidance encouraging industry to pursue these workout arrangements, and they have noted that they will not criticize financial institutions even if these loan modifications lead to adverse credit classifications.<sup>1</sup> Today, regulators also provided additional guidance on the inclusion of graduated repayment options at the time of origination for future borrowers.<sup>2</sup>

While certain market participants have launched and developed programs to work with existing borrowers, information about these programs is not readily available to borrowers, who continue to express difficulties obtaining even basic information about enrolling in alternative repayment options.

We are requesting that market participants provide information about any current and planned loan modification options. If your response varies based on individual loan portfolios, please provide information based on each portfolio, if available.

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<sup>1</sup> Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System, *Banking Agencies Encourage Financial Institutions to Work with Student Loan Borrowers Experiencing Financial Difficulties* (July 25, 2013).

<sup>2</sup> Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, and the State Liaison Committee of the Federal Financial Institutions Examination Council, *Guidance on Private Student Loans With Graduated Repayment Terms at Origination* (January 29, 2015).

This is not a confidential supervisory information request and your response is voluntary. Information provided in response to this request will support the Bureau's ongoing consumer education and market analysis functions. We may make public certain information we gather in response to this request, but we will not identify any specific market participants. Please do not provide any personally identifiable information of any consumer. Information provided may be subject to other public disclosure to the extent required by law.

### Existing Private Student Loan Modification Options

- (1) Do you service or own loans where a loan modification program is available to consumers (e.g., permanently or temporarily reduce interest rates, extend repayment terms, alternative repayment programs)? If so, please describe the programs, as well as the criteria for enrollment and any required documentation. Please do not include information about forbearance plans or grace periods.
- (2) How can customers learn about these options (if they exist)? Do you publish applications and enrollment criteria on your website?
- (3) How many borrowers have received information about potential eligibility for these loan modification options?
  - a. Of these borrowers, how many have successfully applied and received a loan modification?
  - b. For borrowers who applied and were unsuccessful, what are the most common reasons to deny an application?

### Planned Private Student Loan Modification Programs

- (4) Do you plan to offer loan modification options in the future? If so, please provide additional details. When will this new loan modification option be available to borrowers? Will this be available to all borrowers? If not, what are the eligibility requirements? Please describe the application process including required documentation.

### Federal Student Loan Modification Programs

Nearly \$250 billion in privately-held legacy federally-guaranteed loans (commercial FFEL) remain outstanding. If you hold or service a portfolio of commercial FFEL loans, it would be helpful to understand the extent to which the alternative payment programs authorized under Title IV of the Higher Education Act have been utilized by your customers.

(5) As of December 31, 2014, describe the composition of your FFEL portfolio in terms of number of borrowers, loans, and loan balances. What portion of the portfolio was delinquent? In a forbearance status?

(6) What was the level of default in the portfolio during the 2014 calendar year in terms of number of borrowers, loans, and loan balances?

(7) As of December 31, 2014, how many borrowers were enrolled in income-driven repayment programs? Other alternative programs (e.g. graduated repayment)?

Please respond by February 27, 2015. We hope to share anonymized results from responses by various market participants.

Thank you in advance. If you have any questions about this request, please do not hesitate to let us know.

Sincerely,

Rohit Chopra  
Assistant Director & Student Loan Ombudsman  
Consumer Financial Protection Bureau