

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2022-CFPB-0001

In the Matter of:

EDFINANCIAL SERVICES, LLC

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed Edfinancial Services, LLC's (Respondent, as defined below) student loan servicing activities concerning Family Federal Education Loan Program (FFELP) loans and the Public Service Loan Forgiveness (PSLF) Program, and has identified the following law violations: Respondent engaged in deceptive acts and practices in violation of §§ 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B), by making misrepresentations concerning the PSLF program to FFELP consumers. Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

II.

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated March 22, 2022 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III.

Definitions

3. The following definitions apply to this Consent Order:
 - a. “Customer Service Representatives” are Respondents’ employees whose primary function is to speak with borrowers.

- b. “Effective Date” means the date on which the Consent Order is entered on the administrative docket.
- c. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Bureau, or his or her delegate.
- d. “FFELP Consumer” means any consumer who has one or more FFELP loans serviced by Respondent as of the Effective Date.
- e. “Prior FFELP Consumer” means any consumer who had one or more FFELP loans serviced by Respondent from January 1, 2017 to the day prior to the Effective Date and has consolidated their FFELP loan or loans into a Direct Consolidation Loan prior to the Effective Date.
- f. “Public Service Loan Forgiveness Limited Waiver” or “PSLF Limited Waiver” means the temporary changes to the PSLF program rules that were announced by the Department of Education on October 6, 2021 through Exhibit A (PSLF Waiver Press Release) and further described in Exhibit B (Guidance for FFEL and Perkins Loan Program Participants on the Limited Public Service Loan Forgiveness Waiver).
- g. “Public Service Job” means a public service job as that term is defined by 20 U.S.C. § 1087e(m). The definition is based on the status of the employer and the two main categories of eligible jobs are government

work and work for organizations that are nonprofits under § 501(c)(3) of the tax code and exempt from taxation.

- h. “Public Service Specialists” means a business unit of Customer Service Representatives who will be specifically trained and designated by Respondent to answer borrowers’ questions about PSLF and the PSLF Limited Waiver and to counsel borrowers with respect to the requirements to obtain PSLF or take advantage of the PSLF Limited Waiver.
- i. “Regional Director” means the Regional Director for the Southeast Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his or her delegate.
- j. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- k. “Respondent” means Edfinancial Services, LLC, and its successors and assigns.

IV.

Bureau Findings and Conclusions

The Bureau finds the following:

4. Respondent is a student loan servicing company with its principal place of business in Knoxville, Tennessee.
5. Respondent services student loans, and therefore engages in offering or providing a “financial product or service” within the meaning of 12 U.S.C. § 5481(15)(A)(i).
6. Student loans are used primarily for personal, family, or household purposes within the meaning of 12 U.S.C. § 5481(5)(A).
7. Respondent is therefore a “covered person” under 12 U.S.C. § 5481(6).

Public Service Loan Forgiveness Program
Prior to the PSLF Limited Waiver

8. The PSLF Program is a government program administered by the Department of Education that forgives student-loan debt for certain borrowers who are employed in government or non-profit work and who meet certain other criteria.
9. To obtain loan forgiveness under PSLF, a borrower must: (1) have a qualifying student loan; (2) make 120 qualifying payments; (3) make those payments under a permissible repayment plan; and (4) be employed in a Public Service Job.
10. Only certain types of student loans qualify for the PSLF program. FFELP loans must first be consolidated into Direct Loans to qualify.
11. The required 120 qualifying payments must be made monthly.

12. It typically takes a borrower more than 10 years to satisfy this requirement, but payments do not need to be consecutive.
13. Student loan borrowers must work full time in a Public Service Job at the time the qualifying payments are made to be eligible for PSLF.
14. The main qualifying repayment plans are income-based repayment (IBR) plans.
15. Under the PSLF Limited Waiver, borrowers with Public Service Jobs who have made payments on other repayment plans can have those payments retroactively deemed as PSLF-eligible as long as non-Direct loan borrowers consolidate their loans into Direct Loans and all borrowers submit a PSLF form before the PSLF Limited Waiver expires, currently by October 31, 2022, for all eligible Public Service Jobs.

Public Service Loan Forgiveness for FFELP Borrowers
Prior to the PSLF Limited Waiver

16. To qualify for PSLF, borrowers with FFELP loans must first consolidate them into Direct Consolidation Loans.
17. Any payments made before consolidating a FFELP loan into a Direct Loan did not count toward PSLF even if they are made under a permissible repayment plan.

18. Consolidation does not require any underwriting, does not include any fees, and is readily available to borrowers, including borrowers with one or more FFELP loans.
19. For borrowers who have FFELP loans and may be eligible for the PSLF Program, receiving timely and accurate information about consolidating FFELP loans into Direct Loans is essential to taking advantage of the program.
20. For such borrowers, each month in which the borrower makes an on-time payment toward a FFELP loan is a month that could have counted toward the 120-qualifying-payments requirement under PSLF had the borrower consolidated her loan into a Direct Loan.
21. Borrowers who do not receive timely and accurate information about PSLF could lose years of payment credit, and the total amount they will pay on their loan could substantially increase.
22. Under the PSLF Limited Waiver, payments on unconsolidated FFELP loans can count towards PSLF for borrowers in Public Service Jobs who complete two tasks before the PSLF Limited Waiver expires, currently October 31, 2022: (a) apply to consolidate their FFELP loans into Direct Loans and (b) submit a PSLF form for each eligible Public Service Job.

23. Any FFELP borrower who previously consolidated into a Direct Consolidation Loan in order to seek PSLF must make sure that PSLF forms for all eligible Public Service Jobs are submitted before the PSLF Limited Waiver expires, currently October 31, 2022, to benefit from the PSLF Limited Waiver's retroactive credit.
24. Payments on FFELP loans over the 120 eligible payments will not be reimbursed by the Department of Education as part of the PSLF Limited Waiver.

Respondent's Business

25. Respondent markets itself to borrowers and the public as providing expert help to borrowers in navigating complex student-loan-repayment options.
26. Respondent services both Direct Loans and FFELP loans. As of the Effective Date, less than one and one-half percent of the borrowers whose loans Respondent currently services have FFELP loans.
27. Some of Respondent's borrowers work in the government or non-profit sectors.
28. Respondent's Customer Service Representatives regularly field questions from FFELP borrowers about PSLF and other types of loan-forgiveness programs.

29. Despite servicing FFELP loans, until at least March 2019, Respondent did not have any job aids, call scripts, or trainings that provided clear and accurate information for its call representatives about how borrowers could consolidate FFELP loans to make them eligible for PSLF.

Respondent Made Misleading Statements to FFELP Borrowers

30. Respondent made five types of misleading statements to FFELP borrowers concerning PSLF from at least January 1, 2017 through at least February 2021.

Respondent Misrepresented that FFELP Borrowers
Could Not Qualify For PSLF

31. In conversations with Respondent's Customer Service Representatives, FFELP borrowers often inquired about their eligibility for loan-forgiveness programs or similar forms of relief.
32. In response to these questions, Respondent's Customer Service Representatives frequently told FFELP borrowers that their loans were ineligible or did not qualify for PSLF.
33. Respondent's Customer Service Representatives often did not provide any information about how to become eligible for PSLF when borrowers inquired about the program or mentioned that they worked in a job that was likely a qualifying public-service job.

34. The information Respondent's Customer Service Representatives provided was incorrect and incomplete: otherwise eligible borrowers could qualify for PSLF if they consolidated their FFELP loans into Direct Loans.

Respondent Misrepresented that FFELP Borrowers
Could Not Consolidate their Loans

35. Respondent's Customer Service Representatives also told some borrowers who expressed an interest in PSLF that: (1) FFELP loans could not become Direct Loans; (2) borrowers who had only one FFELP loan could not consolidate to a Direct Loan; or (3) FFELP consolidation loans could not be re-consolidated into Direct Loans.
36. None of these statements concerning consolidation were accurate. Borrowers could consolidate a FFELP loan or loans into Direct Loans to become eligible for PSLF.

Respondent Misrepresented that FFELP Borrowers
Were Making Payments Toward PSLF Before Consolidation

37. In many instances, Respondent's Customer Service Representatives also either explicitly told borrowers with FFELP loans that payments made under an IBR plan would count toward PSLF, or implicitly indicated as much by telling borrowers that their past payments would qualify, and did not mention that borrowers first needed to consolidate their loans into Direct Loans.

38. Again, the information Respondent provided was incorrect: borrowers with FFELP loans could not make qualifying payments toward PSLF unless and until they consolidated their loans into Direct Loans.

Respondent Misrepresented that Certain Jobs Were Not Eligible for PSLF

39. Respondent's Customer Service Representatives, in many instances, also either explicitly stated that qualifying jobs did not qualify for PSLF or failed to include entire categories of qualifying jobs, such as non-profit work, when describing PSLF.
40. The applicable statute defines public service expansively and explicitly includes government work (excluding time served as a Member of Congress) and military service, and work in public safety, law enforcement, and public education, among other positions and professions that qualify for PSLF. The statute also explicitly includes work at an organization that is described in § 501(c)(3) of Title 26 of the U.S. Code and exempt from taxation under § 501(a) of that title.

Respondent Mislead FFELP Borrowers by Describing
Forgiveness Programs Without Mentioning PSLF

41. Finally, some of Respondent's Customer Service Representatives responded to FFELP borrowers' questions about forgiveness options by only providing information about forgiveness programs for FFELP loans. These Customer Service Representatives did not tell borrowers about PSLF and did not tell

borrowers that PSLF could be available if the borrowers consolidated their FFELP loans.

Findings and Conclusions as to Respondent's Deceptive Representations that
FFELP Borrowers Could Not Qualify For PSLF

42. The CFPB prohibits covered persons or service providers from engaging “in any unfair, deceptive, or abusive act or practice.” 12 U.S.C. §§ 5531(a), 5536(a)(1)(B). An act or practice is deceptive if: there is a representation, omission, or practice that is likely to mislead consumers acting reasonably under the circumstances and the representation, omission, or practice is material.
43. When borrowers with FFELP loans asked about PSLF, Respondent's Customer Service Representatives in many instances told them that they were ineligible for this program. Respondent failed to advise these borrowers that they could become eligible for PSLF by consolidating their loans.
44. These representations created the net impression that borrowers with FFELP loans could not be eligible for PSLF.
45. In fact, borrowers with FFELP loans can obtain PSLF if they consolidate their loans into Direct Loans and meet the other qualifying requirements.

46. Respondent's representations were material because they were likely to affect borrowers' conduct regarding whether and when to consolidate their FFELP loans into Direct Loans and apply for PSLF.
47. Thus, Respondent engaged in deceptive acts and practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondent's Deceptive Representations that
FFELP Borrowers Could Not Consolidate their Loans.

48. When FFELP borrowers asked about PSLF, Respondent's Customer Service Representatives in many instances told borrowers that their FFELP loans could not be consolidated.
49. In fact, borrowers with FFELP loans can consolidate their loans (whether they have a single loan or multiple loans) into a Direct Loan in order to qualify for PSLF.
50. Respondent's representations were material because they were likely to affect borrowers' conduct regarding whether and when to consolidate their FFELP loans into a Direct Loan and apply for PSLF.
51. Respondent's representations were likely to mislead reasonable consumers and were therefore deceptive acts or practices that violated the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondent's Deceptive Representations that FFELP Borrowers Were Making Payments Toward PSLF Before Consolidation

52. Respondent's Customer Service Representatives, in both express and implied statements, told some borrowers that their payments on FFELP loans would count toward the ten years of payments required to obtain PSLF.
53. In fact, borrowers with FFELP loans were not making any qualifying payments toward PSLF because they had not yet consolidated their loans into Direct Loans.
54. Respondent's representations were material because they were likely to affect borrowers' conduct regarding whether and when to consolidate their FFELP loans into a Direct Loan and apply for PSLF.
55. Respondent's representations were likely to mislead reasonable consumers and were therefore deceptive acts or practices that violated the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondent's Deceptive Representations to FFELP Borrowers that Certain Jobs Were Not Eligible for PSLF

56. In numerous instances, Respondent's Customer Service Representatives explicitly stated that certain jobs that would qualify for PSLF did not, in fact, qualify.

57. In other instances, Respondent's Customer Service Representatives failed to include entire categories of jobs, such as non-profit work, when describing PSLF to FFELP borrowers.
58. Respondent's misrepresentations created the false impression that qualifying jobs were ineligible.
59. These representations were material because they were likely to affect whether FFELP borrowers sought loan consolidation and PSLF.
60. Respondent's representations were likely to mislead reasonable consumers and were therefore deceptive acts or practices that violated the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondent's Deceptive Conduct of Describing Forgiveness Programs to FFELP Borrowers Without Mentioning PSLF

61. In numerous instances, when FFELP borrowers asked about forgiveness options available to them, Respondent's Customer Service Representatives described only forgiveness options specifically available for FFELP loans and did not mention PSLF.
62. These statements created the net impression that PSLF was not available for FFELP borrowers.
63. In fact, borrowers with FFELP loans can consolidate their loans into Direct Loans in order to potentially qualify for PSLF.

64. Respondent's representations were material because they were likely to affect borrowers' conduct regarding whether and when to consolidate their FFELP loans into a Direct Loan and pursue PSLF.
65. Respondent's representations were likely to mislead reasonable consumers and were therefore deceptive acts or practices that violated the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

CONDUCT PROVISIONS

V.

Prohibition on Deceptive Practices

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

66. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, or performance of student loan servicing, may not make any misrepresentations to FFELP Consumers, expressly or impliedly, about PSLF, including eligibility requirements for PSLF.
67. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, must take the following affirmative actions regarding the PSLF Limited Waiver:

- a. provide an accurate and complete notification to all FFELP Consumers about the PSLF Limited Waiver to encourage all interested FFELP Consumers who work or have worked in a Public Service Job to consolidate into a Direct Consolidation Loan form before the PSLF Limited Waiver expires, currently by October 31, 2022, so they have an opportunity to take advantage of the PSLF Limited Waiver, including, at a minimum:
 - i. contacting each FFELP Consumer either by a phone call, text, e-mail, or letter notifying them about the opportunity to participate in the PSLF Limited Waiver (Notification Communications) and continuing these efforts until the FFELP Consumer affirmatively indicates whether or not the FFELP Consumer would like to participate in the PSLF Limited Waiver or the PSLF Limited Waiver expires;
 - ii. telephonically following up with each FFELP Consumer on a monthly basis after the FFELP Consumer indicates he or she would like to participate in the PSLF Limited Waiver to remind the FFELP Consumer about the need to consolidate to participate in the PSLF Limit Waiver and offer assistance or answer any questions regarding consolidation until: (1) the consumer has

consolidated, (2) the PSLF Limited Waiver has expired or (3) the FFELP Consumer has expressly communicated that they no longer want to receive calls from Respondent concerning the PSLF Limited Waiver;

- iii. ensuring that all incoming and outgoing phone calls with FFELP Consumers, including but not limited to affirmative Notification Communications, communicate accurate and complete information about the PSLF Limited Waiver, including that FFELP borrowers must apply to consolidate and PSLF forms must be submitted no later than the date the PSLF Limited Waiver expires, currently October 31, 2022, and should be submitted as soon as possible, in order to become eligible for the PSLF Limited Waiver;
- iv. requiring that Respondent's Customer Service Representatives affirmatively inquire on all incoming FFELP calls received after the Effective date through the end of the PSLF Limited Waiver (a) whether the FFELP Consumer has or has had a Public Service Job since January 1, 2007; and (b) whether the FFELP Consumer is interested in learning more about the PSLF Limited Waiver. If the FFELP Consumer responds in the affirmative to either question, the Customer Service Representative shall offer to forward him or

her to, or schedule a call back from one of Respondent's Public Service Specialists at a time convenient to the consumer within the next 24 business hours. Respondent will ensure wait times are no longer than 10 minutes to speak to a Public Service Specialist.

- v. adding a prompt to Respondent's Interactive Voice Response (IVR) system asking each FFELP Consumer whether he or she has, or has had since October 1, 2007, a Public Service Job, and if so, whether they would like to speak to one of Respondent's Public Service Specialists regarding the PSLF Limited Waiver. If the caller answers in the affirmative, he or she will be routed to a Public Service Specialist to discuss the PSLF Limited Waiver.
- vi. contacting each Prior FFELP Consumer either by e-mail or letter using the last known contact information for such consumers that is contained in Respondent's servicing system records, notifying them about the opportunity to participate in the PSLF Limited Waiver (Notification Communications), including that in order for their prior FFELP payments to count, the Prior FFELP Consumer must submit no later than before the PSLF Limited Waiver expires, currently October 31, 2022, and should do so as soon as is possible, a PSLF application for all eligible Public Service Jobs

held while the consumer was on a repayment plan for the FFELP loan or loans previously serviced by Respondent; and

- vii. including on its website complete and accurate information about the PSLF Limited Waiver that Respondent receives from Federal Student Aid, including eligibility requirements, the steps required to qualify, and any associated time frames.

68. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, must take the following affirmative actions regarding servicing FFELP loans prior to the end of the PSLF Limited Waiver:

- a. develop and implement a call script for Customer Service

Representatives that, at minimum, requires them to solicit information from all FFELP Consumers about whether a consumer's employment may make them eligible for PSLF, and if so, to direct them to a Public Service Specialist, who will provide accurate and complete information about PSLF;

- b. review and enhance Respondent's policies, procedures, and training materials to accurately detail the eligibility requirements for PSLF, including consolidation when applicable, and prepare Public Service

- Specialists and, as necessary, Customer Service Representatives to explain the requirements for PSLF accurately to all FFELP Consumers;
- c. develop and implement a comprehensive training program for Respondent's Customer Service Representatives and their managers concerning how to become eligible for PSLF. This training program must be conducted for: (1) all existing Customer Service Representatives and their managers within 60 days of the Effective Date; (2) for new hires, before they talk to FFELP Consumers; and (3) any employee of Respondent before they talk to FFELP Consumers. The training also must be conducted at least annually for all Customer Service Representatives and their managers. All versions of the training must include a graded knowledge test and must require 90% accuracy to pass. Any Customer Service Representative or manager who fails the test must be removed from talking to FFELP Consumers until they complete the training again and pass;
- d. develop and implement a comprehensive call monitoring program specifically to ensure that Respondent's Customer Service Representatives and their managers are providing accurate and complete information about how FFELP Consumers can become eligible for PSLF; and

- e. update Respondent's website to provide clear, prominent, and accurate information about how borrowers with FFELP loans can become eligible for PSLF, which shall not merely be a link to other information but shall be based on information about PSLF that is released by the Department of Education.

VI.

Notification Plan and Compliance Plan

IT IS FURTHER ORDERED that:

69. Within 15 days of the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection, a comprehensive plan for complying with the requirements of Paragraph 67 (Notification Plan).
70. The Notification Plan must include, at a minimum:
 - a. all Notification Communication templates, including letters, e-mails, texts, and phone call scripts that Respondent creates for the Notification Plan;
 - b. all talking points, scripts and training documents that will be used to ensure Respondent complies with Paragraph 67 (a)(i)-(a)(v);
 - c. a training plan which specifies who will be trained to perform Paragraph 67 (a)(i)-(a)(iv), when they will be trained, and who will train them;

- d. a description of the methodology the Respondent will use to track and ensure timely response by Respondent to all consolidation applications for FFELP Consumers seeking to participate in the PSLF Limited Waiver;
 - e. the website content and a description of how consumers will navigate to such information;
 - f. confirmation that Respondent will produce to the Bureau a monthly detailed report of FFELP Consumers' responses including, whether each FFELP Consumer is interested in the PSLF Limited Waiver or has not yet responded, the method Respondent used to obtain a response (i.e., letter, email, text or phone call), when that FFELP Consumer responded, and whether each interested FFELP Consumer consolidated into a Direct Loan, with the first report due 60 days after the Effective Date;
 - g. detailed steps for addressing each action required to comply with Paragraph 67; and
 - h. specific timeframes and deadlines for implementation of the steps described above.
71. The Enforcement Director will have the discretion to make a determination of non-objection to the Notification Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Notification

Plan, Respondent must revise and resubmit the Notification Plan to the Enforcement Director within 7 days.

72. After receiving notification that the Enforcement Director has made a determination of non-objection to the Notification Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Notification Plan.

73. Within 45 days of the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection, a comprehensive compliance plan designed to ensure that Respondent's student loan servicing for FFELP loans complies with all applicable Federal consumer financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:

- a. detailed steps for addressing each action required by this Consent Order (aside from Paragraph 67); and
- b. specific timeframes and deadlines for implementation of the steps described above.

74. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Compliance

Plan, Respondent must revise and resubmit the Compliance Plan to the Enforcement Director within 15 days.

75. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

MONETARY PROVISIONS

VIII.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

76. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$1 million to the Bureau.
77. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
78. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

79. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
80. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or

reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

IX.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

81. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
82. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
83. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

84. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

X.

Reporting Requirements

IT IS FURTHER ORDERED that:

85. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the incoming or outgoing transfers of any FFELP loans (not including transfers by individual consumers in order to consolidate their loans); the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in

Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.

86. Within 7 days of the Effective Date, Respondent must:
 - a. designate at least one telephone number and email, physical, and postal addresses as points of contact that the Bureau may use to communicate with Respondent;
 - b. identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
87. Respondent must report any change in the information required to be submitted under Paragraph 86 at least 30 days before the change or as soon as practicable after learning about the change, whichever is sooner.
88. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an accurate written compliance progress report (Compliance Report), sworn to under penalty of perjury, which, at a minimum:

- a. lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order;
- b. describes in detail the manner and form in which Respondent has complied with the Compliance Plan; and
- c. attaches a copy of each Order Acknowledgment obtained under Section XI, unless previously submitted to the Bureau.

XI.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

89. Within 7 days of the Effective Date, Respondent must submit to the Regional Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.
90. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.

91. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section X, any future executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the FFELP loan servicing activities that are the subject matter of the Consent Order before they assume their responsibilities.
92. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq., within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.
93. Within 90 days of the Effective Date, Respondent must provide the Bureau with a list of all persons and their titles to whom this Consent Order was delivered through that date under Paragraphs 90-91 and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 92.

XII.

Recordkeeping

IT IS FURTHER ORDERED that:

94. Respondent must create and retain the following business records:
- a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
 - b. all documents and records pertaining to the requirement to notify FFELP Consumers about the PSLF Limited Waiver, described in Paragraph 67 above;
 - c. all recordings of telephone calls with FFELP borrowers, including its metadata;
 - d. accounting records showing the gross and net revenues generated by FFELP loan servicing;
 - e. records showing, for each employee providing services related to FFELP loans, that person's name, telephone number, email, physical, and postal address, job title or position, dates of service, and, if applicable, the reason for termination; and
 - f. records showing, for each service provider providing services related to FFELP loans, the name of a point of contact, and that person's telephone number, email, physical, and postal address, job title or position, dates of service, and, if applicable, the reason for termination.

95. Respondent must make the documents identified in Paragraph 94 available to the Bureau upon the Bureau's request.

XIII.

Notices

IT IS FURTHER ORDERED that:

96. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Edfinancial Services, LLC, File No. 2022-CFPB-0001," and send them by overnight courier or first-class mail to the appropriate address below and contemporaneously by email to

Enforcement_Compliance@cfpb.gov:

Enforcement Director
Consumer Financial Protection Bureau
1700 G St, NW
Washington, DC 20552

Regional Director, Bureau Southeast Region
Consumer Financial Protection Bureau
Peachtree Summit Federal Building
401 West Peachtree Street NW, Suite 3000
Atlanta, GA 30308

XIV.

Compliance Monitoring

IT IS FURTHER ORDERED that:

97. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
98. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview regarding: (a) this matter; (b) anything related to or associated with the conduct described in Section IV; or (c) compliance with the Consent Order. The person interviewed may have counsel present.
99. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XV.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

100. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.

101. The Regional Director may, in his or her discretion, modify any non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVI.

ADMINISTRATIVE PROVISIONS

IT IS FURTHER ORDERED that:

102. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 103. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.
103. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent

and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

104. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
105. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

106. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
107. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
108. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found, and Respondent may not contest that court's personal jurisdiction over Respondent.
109. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

110. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 30th day of March, 2022.

Rohit Chopra

Rohit Chopra

Director

Consumer Financial Protection Bureau