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NCHER, EFC, SLSA Submit Public Comments to CFPB on Policy Statement on Abusive Acts or Practices

Earlier this week, NCHER, Education Finance Council, and the Student Loan Servicing Alliance submitted [public comments](#) to the Consumer Financial Protection Bureau (CFPB) expressing concern with certain elements of its Statement of Policy Regarding Prohibition on Abusive Acts or Practices. In early April, the CFPB released a new policy statement that sets forth how abusive conduct generally includes (1) obscuring important

features of a product or service or (2) leveraging certain circumstances—including gaps in understanding, unequal bargaining power, or consumer reliance—to take unreasonable advantage of consumers. The letter raises four issues with the statement and urges the Bureau to rely on evidence rather than solely opinion, which is open to bias and could be used as a means to circumvent personal responsibility.

Separately, a coalition of financial services trade associations, including the Bank Policy Institute, American Financial Services Association, Consumer Bankers Association, Credit Union National Association, Mortgage Bankers Association, and the U.S. Chamber of Commerce, submitted [public comments](#) to the CFPB saying that the Bureau took a hasty approach to the policymaking and that the policy statement deviates from statutory requirements and fails to provide clear guidance regarding abusive acts or practices. “Responsible providers already take steps to identify and avoid practices that may be unfair, deceptive or abusive, and federally-regulated financial institutions have extensive compliance management systems specifically to monitor for such conduct,” the coalition wrote. “By identifying conduct that may be abusive because it is more egregious than conduct that is solely unfair or deceptive, the Bureau will enable institutions to better calibrate compliance systems, change practices, and better protect consumers.”

White House Holds Briefing to Discuss Current Approach to Assisting Student Loan Borrowers

Today, the White House held a briefing with Secretary of Education Miguel Cardona, Under Secretary of Education James Kvaal, and White House National Economic Council Deputy Director Bharat Ramamurti following last week’s decision by the U.S. Supreme Court striking down the federal student loan forgiveness program. During the briefing, Secretary Cardona condemned the court’s decision while Under Secretary Kvaal and Deputy Director Ramamurti explained the three alternative pathways that the U.S. Department of Education is pursuing to help student loan borrowers. The first pathway consists of initiating a negotiated rulemaking process to create new regulations to deliver forgiveness to as many borrowers as possible through the Higher Education Act with the first public hearing for the process taking place later this month. Second, with loan repayment resuming in September, the Department is focused on ensuring that vulnerable borrowers and those who cannot make payments avoid the worst consequences by implementing a 12-month on-ramp period where if borrowers miss payments they are not automatically put into delinquency or default. Third, the Department finalized its new Income Driven Repayment (IDR) plan that will be published

in the Federal Register on Monday. Secretary Cardona, Under Secretary Kvaal, and Deputy Director Ramamurti encouraged borrowers to resume making payments in September and stated that, in the coming weeks, the Department will be releasing more information to borrowers to ensure a successful return to repayment. For more coverage, see this article from [ABC News](#).

New Protect Borrowers Action Group Launches Campaign to Unseat House Republicans Opposed to Federal Student Loan Forgiveness

Last week, a group of advocates in support of federal student loan forgiveness launched a new group called Protect Borrowers Action, a nonprofit group aimed at unseating House Republicans who are opposed to debt relief. The group launched an initial \$2 million campaign targeting 13 Republicans who signed an amicus brief urging the U.S. Supreme Court to strike down the U.S. Department of Education's loan forgiveness program, voted to block the plan under the Congressional Review Act earlier this year, and represent battleground districts. The members include Reps. Don Bacon (R-NE), Lauren Boebert (R-CO), Ken Calvert (R-CA), Lori Chavez-DeRemer (R-OR), Anthony D'Esposito (R-NY), Mike Garcia (R-CA), John James (R-MI), Kevin Kiley (R-CA), Nick LaLota, (R-NY), Mike Lawler (R-NY), Scott Perry (R-PA), Michelle Steel (R-CA), and Brandon Williams (R-NY). This campaign is the first big effort from advocates of loan forgiveness following Friday's decision by the U.S. Supreme Court and comes as the Democratic Party looks to win credit for trying to forgive student loan debt while deflecting the blame for the plan being blocked onto Republicans. For more information on the group, click [here](#).

House Education and the Workforce Committee Chairwoman Foxx Sends Letter to Under Secretary Kvaal About His Statements to Congress

House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) sent a [letter](#) to Education Under Secretary James Kvaal about answers to her questions at the Subcommittee on Higher Education and Workforce Development hearing held on May 24, 2023. In the letter, Chairwoman Foxx stated that some of Under Secretary Kvaal's answers "may include false statements." During the hearing, Chairwoman Foxx asked if the U.S. Department of Education had sent the committee an unredacted copy of the final valuation report prepared by FI Consulting on the finances for the federal student loan

program. The Chairwoman said that she never received a final unredacted copy of the report while outlining the history of her request for the report. The report, which was prepared prior to the Biden Administration taking office, shows that the federal student loan program was nearly half a trillion dollars in the red. Chairwoman Foxx requested that the report be provided with responses to all of her previous inquiries within two weeks after the date of the letter.

District Court Blocks Borrower Defense to Repayment for Career Colleges in Texas

Last week, the U.S. Court of Appeals for the Fifth Circuit issued a decision blocking the U.S. Department of Education from implementing its new borrower defense to repayment rules for colleges that belong to Career Colleges and Schools of Texas. In the case, the organization argued that the new federal regulations risk creating “crippling liability” against its members and other colleges in the state. The group said that the new borrower defense rules, which were set to take effect on July 1, creates a process that all but ensures borrowers’ claims will be approved, even as it cuts procedures needed to protect colleges against inaccurate loan discharges. While the three-judge panel of the 5th Circuit halted the rules in Texas, it rejected the association’s request for a broader injunction halting the rules nationwide.

CFPB Distributes \$3.5 million to Consumers Impacted by Third-Party Debt Relief Company

Today, the Consumer Financial Protection Bureau (CFPB) [announced](#) that it will be distributing more than \$3.5 million to consumers who were charged illegal fees to reduce or eliminate their federal student loan debt. In July 2020, the CFPB settled with Timemark, Inc. for violating the Telemarketing Sales Rule put in place by the Federal Trade Commission. From 2016 through October 2019, the company used telemarketing campaigns to convince people with federal student loans to pay up to \$699 in fees to file paperwork to reduce or eliminate their monthly payments, through loan consolidation, forgiveness, or income-driven repayment plans, options that the Department offers to borrowers for free. Under the Telemarketing Sales Rule, it is illegal to request or receive any fees for debt-relief services sold through telemarketing before the terms of the debt are altered or settled and the consumer has made at least one payment pursuant to the new arrangement. Timemark violated the Telemarketing Sales Rule because it requested and received payments from consumers within a few days, or at the latest, within 30 days

of their enrollment before the terms of the debts were altered. As part of today's announcement, the CFPB said that more than 7,100 people who were charged illegal advance fees by Timemark, Inc. to renegotiate, settle, reduce, or alter the terms of their federal student loans will receive a check in the mail.

U.S. Department of Education News

For today's Federal Register, click [here](#).

The following announcements were posted to Federal Student Aid's Knowledge Center:

- [\(GENERAL-23-54\) FSA Partner Connect – Implementation Planned for September 2023](#)
 - [\(GENERAL-23-53\) Opportunity to Comment on NIST SP 800-171, Rev. 3](#)
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General News

[Inside Higher Ed](#) reports that some graduate schools are not letting students borrow enough money to cover their basic needs

[Higher Ed Dive](#) reports that DeVry University recently asked a judge for the U.S. District Court for the Northern District of Illinois to block the U.S. Department of Education from recovering \$23 million dollars in loans discharged under the borrower defense to repayment rule

[The Hill](#) reports on the backlash that the White House has received from progressives about its decision to charge interest on federal student loans as part of its “on-ramp” for the restart of repayment.

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