

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552



April 23, 2019

The Honorable Elizabeth Warren
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Warren,

Thank you for your letter about the Consumer Financial Protection Bureau's (Bureau's) efforts to protect student loan borrowers through its oversight of student loan servicers. Student loan borrowers represent a special population that the Bureau seeks to serve.

In the last 10 years, student loan balances have risen dramatically. Accordingly, the Bureau makes it a priority to focus on the financial literacy of students, to help students determine whether to enter into loans in the first place, and to assist them in understanding what it means once they do. As with all industries subject to the Bureau's supervisory or enforcement authority, the Bureau will continue to monitor those subject to its authority – in this case, student lenders and student loan servicers – to ensure they are complying with the law.

In response to your question regarding the Bureau's examinations of student loan servicers, examiners continue to use the version of the Bureau's Supervision and Examination Manual that was issued in June 2017,¹ which, as you note in your letter, clarifies examination procedures for student loan servicers' administration of the Public Service Loan Forgiveness Program (PSLF). The Bureau has conducted several exams of student loan servicers since December 2017 covering a wide variety of topics related to the servicing of student loans. In some exams the

¹ The Manual is available at <https://www.consumerfinance.gov/policy-compliance/guidance/supervision-examinations/>.

examiners have applied questions regarding PSLF, focusing on representations about PSLF that servicers make to borrowers.

With respect to the sharing of information with the Department of Education (Department), the Bureau recognizes the importance of its relationship with the Department, since it is the largest participant in the student lending market. You asked about a guidance document issued in December 2017 by the Department providing guidance to student loan servicers concerning the application of the Privacy Act of 1974 to certain records regarding student loans. Since December 2017, student loan servicers have declined to produce information requested by the Bureau for supervisory examinations related to Direct Loans and Federal Family Education Loan Program (FFELP) loans held by the Department based on the Department's guidance. The Bureau has pursued options that would have permitted it to obtain information from student loan servicers necessary for supervisory examinations of Direct loans and Department-held FFELP loans.

As you also know, the Department also terminated a Memorandum of Understanding (MOU) with the Bureau effective October 1, 2017. We have a responsibility in statute to have a MOU with the Department and so it is a priority for us at the Bureau to make progress on a new MOU. I want to have the Private Education Loan Ombudsman in place to have that conversation and facilitate a productive working relationship going forward with the Department so that we can each carry out our responsibilities. In any event, since the termination of the previous MOU, the Department has provided the Bureau with the confidentiality assurances necessary for the Bureau to share confidential supervisory information with it. The terminated MOU also, among other things, had allowed the Bureau to refer consumer complaints regarding student loan servicing to the Department through a secure web portal. The Department continues to have access to the Bureau's public complaint database, and Bureau staff continue to analyze complaint data and can provide that analysis as technical assistance if requested by the Department.

With respect to your question regarding a media report about Bureau investigative activity, the Bureau neither comments on ongoing investigations nor confirms whether any particular company is under investigation. The Bureau does this to protect the integrity of the law enforcement process as well as the confidentiality and due process interests of any entities that are under investigation.

Should you have any questions about this response, please do not hesitate to contact me or have your staff contact Matthew Pippin in the Bureau's Office of Legislative Affairs. Mr. Pippin can be reached at (202) 435-7552.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen L. Kraninger". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kathleen L. Kraninger
Director