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## ATTORNEY GENERAL SLATERY ANNOUNCES \$1.8 BILLION SETTLEMENT WITH STUDENT LOAN SERVICER NAVIENT

*Tennessee borrowers will receive nearly \$50 million in relief*

Nashville-Attorney General Herbert H. Slatery III announced today that Navient, one of the nation's largest student loan servicers, will provide relief totaling \$1.85 billion to resolve allegations of deceptive practices in originating predatory student loans.

This settlement, joined by a coalition of 39 attorneys general, resolves claims that since 2009, Navient steered struggling students into costly long-term forbearances despite saying it would help borrowers find the most affordable income-driven repayment options.

"Student loan servicing in many respects is just a mess. And predatory lending is worse," said General Slatery. "Navient's practices harmed Tennesseans trying to improve their lives through an education. This Office will continue to work on their behalf to enforce consumer protection laws and stop deceptive and predatory student loan practices."

According to the attorneys general, the interest that accrued because of Navient's forbearance steering practices was added to the borrowers' loan balances, pushing borrowers further into debt.

Navient also allegedly originated predatory subprime private loans to students attending for-profit schools and colleges with low graduation rates, even though it knew a high percentage of them would be unable to repay the loans. Navient allegedly made these risky subprime loans in order to become a preferred lender for highly-profitable federal and "prime" private loans, without regard for borrowers and their families, many of whom were unknowingly ensnared in debts they could never repay.

Under the terms of the settlement, Navient will cancel the remaining balance on more than \$1.7 billion in subprime private student loan balances owed by approximately 66,000 borrowers nationwide. In addition, Navient will pay \$142.5 million to the attorneys general. A total of \$95 million in restitution payments of about \$260 each will be distributed to approximately 350,000 federal loan borrowers who were placed in certain types of long-term forbearances.

### What does this mean for Tennessee?

- \$47,626, 335 in debt relief for 2,090 eligible Tennesseans.
- About \$2,861,854 in restitution for 10,848 eligible Tennesseans.
- \$687,456 to the state.



## Herbert H. Slatery III Attorney General & Reporter

The settlement also requires Navient to change its business practices which includes explaining the benefits of income-driven repayment plans before placing borrowers into optional forbearances.

The settlement also requires Navient to notify borrowers about the U.S. Department of Education's recently announced [PSLF limited waiver opportunity](#), which temporarily offers millions of qualifying public service workers the chance to have previously nonqualifying repayment periods counted toward loan forgiveness—provided that they consolidate into the Direct Loan Program and file employment certifications by October 31, 2022.

### **Do I need to do anything if I qualify for debt cancellation and/or relief?**

- Federal loan borrowers do not need to take any action except update or create their studentaid.gov account to ensure the U.S. Department of Education has their current address. For more information, visit [www.NavientAGSettlement.com](http://www.NavientAGSettlement.com).
- Borrowers receiving private loan debt cancellation will receive a notice from Navient, along with refunds of any payments made on the cancelled private loans by July 1, 2022.
- Federal loan borrowers who are eligible for a restitution payment of approximately \$260 will receive a postcard in the mail from the settlement administrator later this spring.

On October 20, 2021, the U.S. Department of Education announced the transfer of Navient's contract to service federal student loans owned by the U.S. Department of Education to Aidvantage, a division of Maximus Federal Services, Inc. Navient will continue to service federal student loans made under the FFEL Program owned by private lenders, as well as non-federal private student loans.

The settlement was led by Pennsylvania, Washington, Illinois, Massachusetts, and California, and was joined by attorneys general in Arizona, Arkansas, Colorado, Connecticut, the District of Columbia, Delaware, Florida, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin.

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