SPOUSAL CONSOLIDATION

DO US PART

Impact Report

2022-2023

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Introduction

Our Mission

We are a grassroots organization that centers the needs and voices of spousal consolidation borrowers, and partners with allies, to impact statute, policy and procedure towards these unlawful loans. Our goal is to successfully separate our joint, or spousal, consolidation loans to which we have been held severally liable in a legal and procedural vacuum. While we have achieved legal parity via Public Law 117-200 (PL117-200), we now focus on motivating regulatory and procedural parity by encouraging timely and fair execution of PL117-200 by the Department of Education (ED).

Our Purpose

We seek to restore parity to all joint consolidation loan holders, so that they may realize the same financial freedoms that commercially and federally held non-joint consolidation holders enjoy, by advocating the separation of joint consolidation loans. We further seek to restore parity to FFEL joint borrowers so that they may equitably realize federal benefits of their Direct counterparts.

SCAN ME

SpousalConsolidation.DoUsPart!

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Data and statistics provided throughout this document are derived from our Who We Are Survey (WWAS). This survey is optionally completed by members as they are onboarded to the organization.

This survey collect 46 data points organized into topical categories. The categories of information collected follow.

- General demographic information & loan information
- FFELP joint borrowers applicability to PSLF
- Discovery of joint/spousal consolidation loans as a solution
- Knowledge of statutes and programmatic policies related to spousal consolidations
- Servicing experience and payment history related to PSLF
- Servicing experience and payment history related to IDR
- The numbers: original loan balance, amount paid, current balance
- Factors of financial security and debt stress
- Communication regarding the spousal consolidation servicing experience

51% of our 961 members have completed the survey (n = 497).

Our accomplishments in 2022...

2022 was a good year for joint consolidation loan borrowers as we successfully advocated for the passage of the Joint Consolidation Loan Separation Act (JCLSA) into law. President Biden signed it into law on October 11, 2022 as PL117-200. For the first time in sixteen years we reclaimed statutory parity.

Throughout 2022, we found, connected and mobilized about 1000 joint consolidation borrowers across 47 states. And in doing so, we collected testimonies and statistics on our borrower experience to reclaim and tell our story, because for those sixteen years we lived disconnected and faceless. Until 2022, no joint borrower had known another joint borrower, as we are rare student loan borrowers. We continue to grow.

We partnered with news organizations to include National Public Radio (NPR) and Mother Jones to tell our story, raise our visibility and find more members. We mobilized members to connect with USA Today, NPR, Mother Jones, Business Insider and The Guardian to give their testimonies and expose our plight.

Throughout 2022 we organized, developed policies, formed a steering committee, founded our Facebook Group, published our publicly facing website, and began building relationships with major advocacies, like the Student Borrower Protection Agency (SBPC), Student Debt Crisis Center (SDCC), Debt Collective (DC), National Consumer Law Center (NCLC), UC Berkeley School of Law, Center for Survivor Agency and Justice (CSAJ) and The Center for Law and Social Policy (CSLP).

Our most important efforts included coordination of advocacy campaigns and relationship building with our Senators and the Representatives throughout the year, climaxing in successful passage of the JCLSA to PL117-200.

- In this, we successfully recruited 22 new bill cosponsors to the JCLSA, including 20 Democrats and 2 Republicans.
- Through our advocacy and partnership with key bill sponsors, the JCLSA passed via Unanimous Consent in the Senate.
- The JCLSA passed with 55% approval in the House, as we garnered support from 14 Republicans.

PL117-200 provides joint borrowers the ability to apply for separation of their joint consolidation. By default, the result of the separation is two Direct consolidation loans based on the proportion borrowed by each cowriter. It frees former spouses from each other and victims of abuse from their abuser. It regrants FFEL joint borrowers the financial freedom to access Direct loans.

Executive Summary

As of this writing, we are 200+ days past the signing of PL117-200. While we have reclaimed parity in law, we have not realized tangible execution or procedure. The law is most meaningless when it cannot be executed to restore justice at a time when it is so direly needed.

Public Law 117-200 (PL117-200) was the only modification presented to the Higher Education Act (HEA1965) in 2022. When compared to the overshadowing and mammoth Presidential Broad Forgiveness Program (BFP) that has already approved 16 million borrowers, PL117-200, execution has taken nearly 2.5 times longer and has a reach of less than 0.09% of the 16M borrowers. While the Higher Education Reconciliation Act of 2005 (HERA2005) served to modify roughly 29 sections of HEA1965, including cessation of new joint consolidations, PL117-200 only modifies 1 section. In terms of execution, PL117-200 is set to surpass HERA2005 in execution timeline.

The continued lack of a separation process shows that PL117-200 is not a priority. The lack of communication by Department of Education displays a lack of desire for accountability regarding execution and delivery.

The cumulative consequences of the 109th Congress's statutory removal of joint consolidations, without borrower consideration and planning, was catastrophic to individual and paired joint borrowers between June 30, 2006 to present.

On average and cumulatively, **Joint Consolidation Borrowers ...**

... have, on average, been in repayment for

19.9 years

... have paid

101%

of their original loan balance.

... and currently owe

125%

of their original loan balance.

"I am a 70 year old public school administrator in Colorado. I would like to retire. I can't. I have given nearly 50 years of my life in public service and would like to retire. I can't... I am a recent breast cancer survivor and may have cancer again. My doctors want me to retire. I can't... [Through this loan] I would be tethered to a violent and abusive man for the rest of my life... And when I had to declare bankruptcy because of such an acrimonious and frightening divorce, the man threatened to show up at bankruptcy court and told me to be watching my back... Even after I pulled out all my retirement savings and moved to Colorado to start over, this man threatened me."

~Lynn, a DoUsPart! member

Executive Summary

Joint borrowers are backed by Congressional statutes. As such, we believe that the continued servicing of joint consolidations runs contrary to these laws. It has been discriminatory, unregulated, has broken contracted terms and is illegal.

- Under the statutory parity provisions declared in 20 U.S.C. 1087a(b)(1)-(2), joint consolidation borrowers hold statutory, regulatory and procedural equity with all other FFEL consolidation borrowers and Direct joint consolidation counterparts. While both FFEL and Direct joint borrowers have suffered catastrophically, FFEL joint borrowers have particularly been treated contrary to these provisions.
- The Reauthorization of the Violence Against Women Act 2022 (VAWA2022) defines 'economic abuse', a condition that has long been perpetrated through the ongoing servicing of joint loans by abusive former spouses. Many female joint borrowers have been devastated financially and emotionally through ongoing victimization over the past 17 years due to these loans.
- Since October 11, 2022, PL117-200 has legally restored the right to separate joint consolidations so that joint borrowers can again realize parity and financial liberty with all other student loan borrowers. It serves to free economic abuse victims from their abusers. It serves to restore joint borrowers' liberties that were condemned to statutory, regulatory and procedural vacuum for 17 years.

In this, we no longer seek political support for pending legislation, as we look forward to a legislature that holds agencies accountable to execution of the law, in its spirit and urgency.

Under PL117-200 nothing has changed in the joint consolidation borrower experience. It is as vacuous and desperate today as it has been the last 17 years.

- Divorced and abused joint borrowers remain tethered to their former spouses and abusers only through these loans. Abusers continue to economically abuse their victims through these loans. In some cases, emotionally separated borrowers remain married, only because it is easier to manage their joint consolidation.
- Divorced Direct and FFEL borrowers who live in separate households remain forced to report both cowriters' income and household information, even if remarried.
- Broken couples remain forced to cooperate in order to recertify for IDR, forbearance or deferment.
- FFEL joint borrowers continue to repay with no parity with mainstream FFEL borrowers or Direct joint borrowers, particularly with the ability to consolidate to Direct loans and enjoy rightful federal benefits.

"...I've filed bankruptcy. My ex-husband is unresponsive and I must forge his name to recertify for IDR... As is, I am in a hopeless situation that I cannot get out of. My health is impacted, my anxiety and blood pressure require medication, and I am hoping for a miracle that will bring relief. I am 57."
~Lori, a DoUsPart! member

Executive Summary

FFEL joint borrowers have been barred access to the COVID-19 Emergency Relief Student Loan Payment Pause (Payment Pause) and continue to repay, pay interest, capitalize interest and use forbearance to survive.

- Joint consolidations borrowers range ages 40 to 70 years old with slightly less than half ranging ages 50-70, consequently making most borrowers high risk to age related health concerns and costs, **especially COVID**. Borrowers are overwhelmed with increasing cost of living, including health care costs while continuing increasing payments during a time of economic uncertainty.

- Currently 4.5% of respondents are in default with an additional 7.4% anticipating default due to continued payment throughout the Payment Pause. 23% of WWAS respondents report having been in in default, currently in default and anticipating default.

FFEL joint borrowers were barred access to the Broad Forgiveness Program application. 74% of survey respondents reported at least one cowriter qualified for Pell Grants.

Without a means to separate these loans or understanding of timing for execution, borrowers cannot meaningfully move forward and the situation grows worse for borrowers who have maintained repayment throughout the Payment Pause.

"Since 2017 I have been making automatic payments of $350 monthly, but still in dealing because it's not under an actual repayment plan. I can't rehabilitate my account because my ex-husband is not responsive. This affects my security clearance and I have had to explain to my employers why I'm in default."
~ Nickie, a DoUsPart! member

- Many borrowers cannot keep up with payments.

- It has significantly complicated decision making and financial planning.

- Responsible borrowers now face difficult considerations like interest capitalizing forbearance or deferment. Others anticipate default or bankruptcy while they wait. Some are considering the risks of simply stopping payments.

- Particularly, FFEL joint borrowers are financially strapped given the continued and increasing payments over the course of the barred Payment Pause, combined with increasing age associated costs and inflation.

This is exacerbated by the joint loan's ongoing stipulations of 'several liability' where IDR recertification, access to account information and payment tabulations are all contingent on shared income and household information of both cowriters, no matter if both cowriters remain married or are separated by divorce. This is particularly problematic for those who continue to be tied to their former abuser only through these loans, and for those who have divorced, remarried and started new families.

The lack of foresight and provisioning by Congress and ED in 2006 and subsequent years should not constitute an ongoing injustice and emergency on joint borrowers' part. The urgent emplacement of PL117-200 is emblematic of the depth of this injustice and desperate need to restore parity to both FFEL and Direct joint borrowers.

Our 2023 goals...

Executive Summary

1

Attain a level of communication with Department of Education (ED)

We wish to attain a regular and meaningful level of communication with Department of Education (ED) on status of Separation & Direct consolidation process. Transparency and meaningful communication would go a long way to restore trust at a time of high anxiety and continued hardship while other borrowers continue to enjoy the Payment Pause.

2

Attain urgent, temporary relief while waiting for ED's implementation of P.L. 117-200

We believe it is within our rights to have accommodations that allow us access to the COVID Payment Pause while we wait for ED to execute PL117-200. If that cannot be extended, then we request that ED make arrangements with servicers to allow an interest free administrative forbearance or deferment period and be refunded paid interest since October 11, 2022, until ED can execute procedure for PL117-200.

3

Realize a process to separate/reconsolidate joint consolidation loans

ED should provide a solution for separation and reconsolidation no later than May 15, 2023, so that borrowers can plan and apply for separation/reconsolidation in advance of the end of 2023 cutoff for the one time PSLF and IDR account adjustments.

4

Gain access to the President's Broad Forgiveness Program, PSLF one-time adjustment and IDR one-time adjustment

ED should accept and accommodate applications from joint borrowers for the Broad Forgiveness Plan for $10K/$20K, given the specific conditions barring joint borrowers, the marginalization of FFEL joint borrowers from all other FFEL borrowers and the knowledge of these conditions and impending solution by both lawmakers and ED throughout the waiver. If deemed lawful, ED should waive restrictions for joint borrowers.

Our Stance...

As of this writing, we are 200+ days past the signing of PL117-200. While we have reclaimed parity in law, we have not realized tangible execution of regulation or procedure. The law is most meaningless when it cannot be executed to restore justice at a time when it is so direly needed. The mission and requests in this document are founded on the following principles. The continued lack of a separation process shows that PL117-200 is not a priority. The lack of communication displays a lack of desire to be accountable regarding execution and delivery.

Joint borrowers are backed by Congressional statutes.

- In the 1990s, 20 U.S.C. 1087a(b)(1)-(2) established two federal programs, William D. Ford Federal Direct Loan Program (Direct) and Federal Family Education Loan Program (FFEL), with statutory parity provisions where loans under both programs had the same terms, conditions, and benefits. This established the parity in treatment that must exist between Direct and FFEL loans as well as the underlying basis of their contractual terms.

- The Reauthorization of the Violence Against Women Act 2022 (VAWA2022) statutorily defines 'economic abuse.' We have joint borrowers who can prove how economic abuse has been and is perpetrated through joint consolidation loans.

- Public Law 117-200 (PL117-200) defines the rights of joint borrowers to request separation of joint consolidations, which defaults to two Direct loans. This law and it's date of codification, during the COVID-19 Emergency Relief Student Loan Payment Pause (Payment Pause) and during the Public Service Loan Forgiveness (PSLF) Waiver, now distinguishes FFEL joint borrowers from other FFEL consolidation borrowers. All other FFEL borrowers have had the ability to consolidate to Direct since 2010, while joint loans have been barred. PL117-200 serves to restore parity and its timing serves to urgently repair damages that result from the lack of parity.

We believe that the continued servicing and manner of servicing of joint consolidations outside of the statutory parity provisions of the Higher Education Act 1965 (HEA1965) are illegal. We hold the following based on tenets of statutory parity provisions.

- Commercially held FFEL joint consolidations should have enjoyed the same Payment Pause benefits as their Direct counterparts under the Heroes Act invoked by both the Trump and Biden administration, as defined in the HEA1965 at 20 U.S.C. 1098aa-1098ee ("2003 Heroes Amendment").

- Commercially held FFEL joint consolidations should have the same access to federal benefits as their Direct counterparts to include Public Service Loan Forgiveness (PSLF) and the one-time adjustment, the Income Driven Repayment (IDR) one-time adjustment, and broad forgiveness.

- Commercially held FFEL joint consolidations should be tracked in the National Student Loan Data System (NSLDS) with the same level of attention and detail as Direct counterparts and fellow FFEL consolidations are, but they are not, despite continued servicing.

- The degree of marginalization for FFEL joint consolidations is so high that they do not even have parity with FFEL consolidation borrowers or their Direct counterparts.

The National Student Loan Data System (NSLDS) is the national database of information about loans and grants awarded to students. FSA's flagship NSLDS provides a centralized, integrated view of federal student aid loans and grants that are tracked through their entire lifecycle from aid approval through disbursement and repayment (if applicable).

Our Stance...

We believe that the continued servicing and manner of servicing of joint consolidations without oversight by Department of Education (ED), the agency charged with regulation of Direct & FFEL loans, changed the terms of the loan and are illegal.

- Neither Direct nor FFEL joint consolidation references exist in HEA1965. They statutorily have not existed for sixteen years, yet they have been serviced and left to the full discretion of ED's contracted servicers.

- We believe that joint consolidation loan abandonment in 2006 changed contracted terms of the loan, since protections implicit in the name of the program and guaranteed through oversight and regulation by ED were systemically struck.

- Just as ED holds that they were under no obligation to systemically consider these loans, we hold that systemic abandonment stripped away the rights and protections implied in the contract and in statutory parity provisions. While the statute stated no new loans after June 30, 2006, regulatory guidance indicated “elimination” of joint consolidations. Existing joint consolidations were not eliminated, but in fact remained in service, under the FFEL program.

We believe that the continued servicing and manner of servicing of joint consolidations, especially in cases where women are left vulnerable and in cases where economic abuse is evidenced as being perpetrated through the loan, are illegal. Under tenets of the VAWA2022, ‘economic abuse’ is a statutory term.

We believe that continued servicing of joint consolidations under the law, PL117-200, without a method by which to apply and separate continues to deprive borrowers of their legal rights and financial freedoms, and therefore is illegal.

- We are the only borrower group to directly and successfully solicit Congressional support for a statutory solution to our specific student loan issues. We believe it was in part unnecessary due to statutory parity provisions and wholly discriminatory based on marital status and age.

- The Department of Education advised that law change was the only way to enable 'fair' administration of these loans into the future. PL117-200 now exists, yet there is no execution.

Our Stance...

We believe that we are now in the stage of execution of statute. We no longer seek political support for pending legislation. Now, we see Congressional support as legislature holding agencies accountable to executing Congressionally passed law. Political debate passed with the signing of PL117-200.

- Congress provided bicameral and bipartisan support, urgently passing the law to provide much needed reprieve and legal parity to clearly marginalized borrowers.

- To urge timely and fair execution works within the wishes of Congress and spirit of the law.

"**COVID changed our income...**"

~ Joint consolidation borrower
Member of SpousalConsolidation.DoUsPart!

Our story since signing of PL117-200...

The information provided in this section serves to highlight specific circumstances that have risen in the months following emplacement of PL117-200 in order to illustrate and substantiate our circumstances, organizational goals and requests for 2023.

Put short, nothing has changed in the joint consolidation borrower experience. It is as vacuous and desperate today as it has been the last 17 years since the 109th Congress's Higher Education Reconciliation Act (HERA2005) struck the the loans in June 2006.

As of this writing, joint borrowers have been waiting 200+ days for execution of PL117-200, the Joint Consolidation Loan Separation Act. The wait for execution, for most borrowers, is dire. The past three years have been difficult. Without a means to separate these loans, borrowers cannot meaningfully move forward and the situation grows worse for borrowers who have maintained repayment throughout the Payment Pause.

- Many borrowers cannot keep up with payments.
- It has significantly complicated decision making and financial planning for borrowers.
- Responsible borrowers now face difficult considerations like interest capitalizing forbearance or deferment. Others anticipate default or bankruptcy while they wait. Some are considering the risks of simply stopping payments.
- Particularly, FFEL joint borrowers are financially strapped given the continued and increasing payments over the course of the barred Payment Pause, combined with increasing age associated costs and inflation.

This is exacerbated by the joint loan's ongoing stipulations of 'several liability' where IDR recertification, access to account information and payment tabulations are all contingent on shared income and household information of both cowriters, no matter if both cowriters remain married or are separated by divorce. This is particularly problematic for those who continue to be tied to their former abuser only through these loans, and for those who have divorced, remarried and started new families.

The lack of foresight and provisioning by Congress and ED in 2006 and subsequent years should not constitute an ongoing injustice and emergency on joint borrowers' part. The urgent emplacement of PL117-200 is emblematic of the depth of this injustice and desperate need to restore parity to both FFEL and Direct joint borrowers.

Our story since signing of PL117-200...

Implementations Compared...

When comparing other ED implementations and executions, in light of our stance and current circumstances, the continued delay, lack of clear direction and communication by ED is unreasonable by measure.

	Broad Forgiveness Program Implementation	Joint Consolidation Separation/Reconsolidation Execution
Legality	Legality debated	Backed by P.L.117-200 & VAWA 2022, approved by Congress
Implementation	**79** days of implementation & communication	**200+** days no execution or communication
Reach	**26** million applicants **16** million applicants approved **46** million potential reach	**14.8** thousand applicants **0** applicants approved It is unknown how many Joint Consolidations are still being serviced under both Direct and FFEL programs. See pages 34-35.

ED deployed a controversial broad forgiveness program, potentially reaching 46 million borrowers, in 54 days, announcing the broad forgiveness program on August 24, 2022 and opening application on October 17, 2022. In three weeks time, 16 million of 26 million applicants had been approved. This evidences the world class speed in which ED can implement a program.

As of this revision, it has been 200+ days since PL117-200 was enacted. The estimated 14,782 affected joint borrowers constitute < 0.09% of the 16 million borrowers approved for forgiveness under the controversial broad forgiveness program.

Our story since signing of PL117-200...

In discussions with bill sponsors in Spring 2022, we learned that ED and lawmakers had been discussing HR2460/S1098 since at least December of 2021, but likely back to 2017. Conversations with ED and Federal Student Aid (FSA) officials in March 2022 verified their knowledge and communication with lawmakers regarding the bill.

Implementations compared...

On February 8, 2006, President Bush signed the **Higher Education Reconciliation Act of 2005 (HERA2005)** which made changes to 29 sections of the HEA1965 and discontinued the making of joint consolidations after June 30, 2006. These changes were effective July 1. 2006, only about **five months (118 days)** after the law was signed. We know from the GEN-06-05 Dear Colleague Letter in late April 2006 that ED anticipated execution by July 1, 2006 as it mentions 'guidance in coming weeks.'

These final regulations, covering 29 sections of the HEA1965 took 266 days, if we tabulate from February 8, 2006 to November 1, 2006. However, these terms were defined in the Interim Final Regulations released on September 8, 2006 (212 days). They became effective on December 1, 2006.

The resounding response from servicers facing inquiries from joint borrowers about PL117-200 execution is that they are awaiting guidance from ED and can take no steps until ED provides it.

A review of ED/FSA's Knowledge Center will show that there has been no stream of interim guidance, letters, or announcements, akin to HERA2005, related to joint consolidations in 2022 or 2023.

"COVID changed our income" ...

An unnamed married couple, both of whom are public servants, have continued to pay throughout the Payment Pause on their FFEL joint consolidation. They would both qualify for PSLF, but there is no manner to separate their loans. When discussing their experience during the last three years, they stated "COVID changed our income." Having already gone through bankruptcy and rehabilitated in the past, when asked about their current financial outlook, they claimed "We anticipate defaulting on our loans." They live in an area with lower cost of living to make ends meet.

Communication, guidance & the plight of Reconsideration...

The lack of communication regarding timeline and execution of the separation plan has led to a broad deficit in understanding across servicers and borrowers. The consequences are profound, as guidance from servicers is nonexistent, the relics of deregulation persist and determinations remain at the discretion of servicers. The rollout of ED's reconsideration process for joint consolidation borrowers serves as a good example.

Shortly after emplacement of PL117-200, Department of Education (ED) rightly considered joint consolidation loans by opening brief access to the PSLF waiver and consideration for the IDR one-time adjustment. The guidance given was hidden in subsections on FSA's website and are merely conceptual.

However, borrowers desperately need some idea of execution timeline and policy for planning purposes. They also need to deconflict various communication from servicers.

- Every day without a communicated plan or timeline for execution is costing borrowers.
- Borrowers cannot sufficiently plan or conduct any cost-benefit analysis to make reasonable decisions about how to manage their loans while waiting for implementation.
- Recent communication and action taken on joint consolidations by servicers are inconsistent and confusing. When inquired, servicers cannot provide sufficient or consistent reasoning for determinations.

Communication regarding joint consolidation separation has been via Federal Student Aid's (FSA) website. No listed communication provides any understanding of the process or timeline for execution that borrowers need for planning.

- On March 1, 2023 ED announced the emplacement of PL117-200 on their Joint Consolidation Loan Separation News and Updates page, which summarized the law's tenets with an illustrative example.
- On October 17th, ED published modifications to their Limited PSLF Waiver page to include a process for joint consolidation borrowers to apply for Reconsideration. This process and webpage were modified again on October 24th, 2022. There were several other places where guidance was posted by thirds parties in tandem to these posts. Unfortunately those posts provided conflicting information. ED had no way to directly reach all borrowers.
- FSA added a proviso statement for joint consolidation borrowers on their Income Driven Repayment Account Adjustment page.

The Reconsideration process...

The Joint Borrower Waiver Reconsideration process, from October 17, 2022 through October 31, 2022, rightfully gave waiver access to joint borrowers but did not achieve the world class level, reach or organization that ED demonstrated with other programs. It was feared that many qualifying public servants who were joint borrowers were left largely unreached and at continued risk. We do not know how many joint borrowers were able to successfully apply for the PSLF waiver.

14 days

Borrowers had 14 of 365+ days for the PSLF Waiver to apply for Reconsideration so that ED could collect contact information.

The Program had obscure communication & guidance, with confusing midstream procedural changes.

ED was largely unresponsive to requests for clarification from this organization for those 14 days.

~5%

The number of successful applicants remains unreported, but we believe ~5% of borrowers applied successfully.

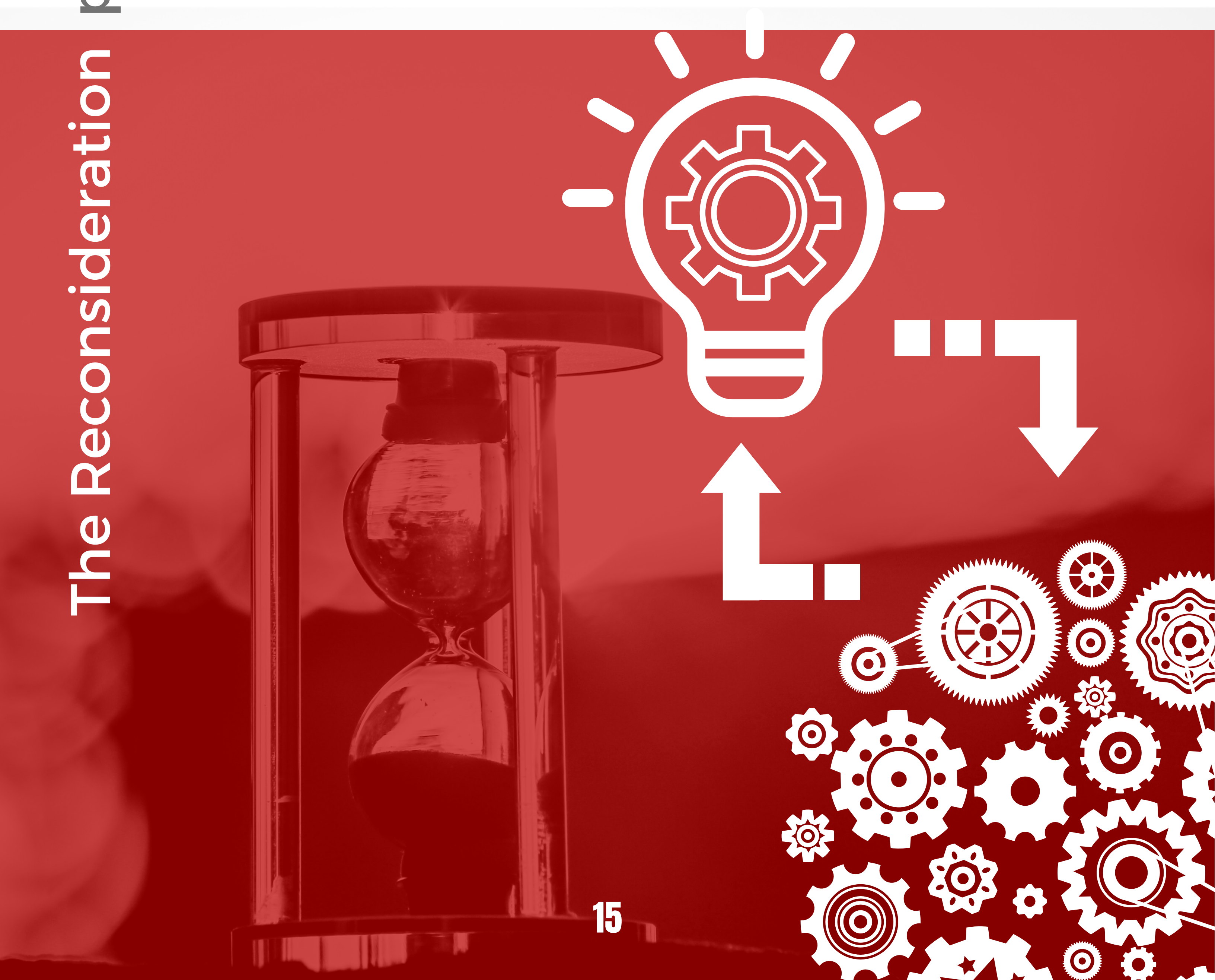
It is important to understand that ED and FSA acknowledged a substantial deficit of information on joint consolidation borrowers' loan history, particularly for those not held by ED. This was conceded in both meetings and documented in a 2021 FOIA response from FSA that will be discussed later.

In this light, the Reconsideration Process was a method for ED to capture information regarding joint borrowers that they simply did not have.

This effort was particularly egregious for FFEL joint borrowers. Mainstream FFEL consolidation and Direct joint consolidation borrowers were given uncontested access to apply for the waiver throughout the 390 day waiver period. FFEL joint borrowers carried the unnecessary burden for 370 days to enact statutory change so that they could separate their loans and apply for consolidation to the Direct loan program. For only 14 of the remaining 20 days were FFEL borrowers allowed access.

The Reconsideration process...

During those 14 days, ED made modifications to the process on October 21, which was not formally posted until October 24. Generally there are advocacies and influencers that watch these announcements and then provide direction on social media and their respective websites. The problem is that there was no time for a communication plan. Guidance on the website created confusion from the start. The consequence was incongruent guidance from various sources. We discovered this issue across our members and sought to deconflict with ED on October 26 and 27. We received no response.



The costs of inconsistencies and lack of guidance

The costs of inconsistencies and lack of guidance are laid on the borrowers while servicers continue to collect. Borrowers desperately need tangibles on implementation, timeline and impending policy. Through our WWAS survey of members, we have learned that these are joint borrowers who have collectively paid 101% of their original loan balance over the repayment of the joint loan. This does not include their payment history predating the joint consolidation.

- Many borrowers are financially stretched after paying through the pandemic and are now facing multiple factors to inflation and age and health related costs that are forcing hard choices. In the last year, our steering committee that is comprised of all joint spousal loan borrowers has seen a 33% turnover due to major age and health conditions. See Lynn's story on page 18 and Brigid and Chris's story on page 19.

- Joint borrowers are beginning to consider if they should even continue to pay, risking delinquency and default.

- We have seen FSA and servicers acting on loans in ways that appear to contradict terms of the new law. See Jennifer's story on page 18.

- People who traditionally saw a single report for their joint consolidation loan by servicers on their credit score are now beginning to see two separate loans with no clear explanation.

- Borrowers are beginning to receive letters from new lenders stating that their loans have been transferred through ED but recommend that borrowers continue to pay their original servicer.

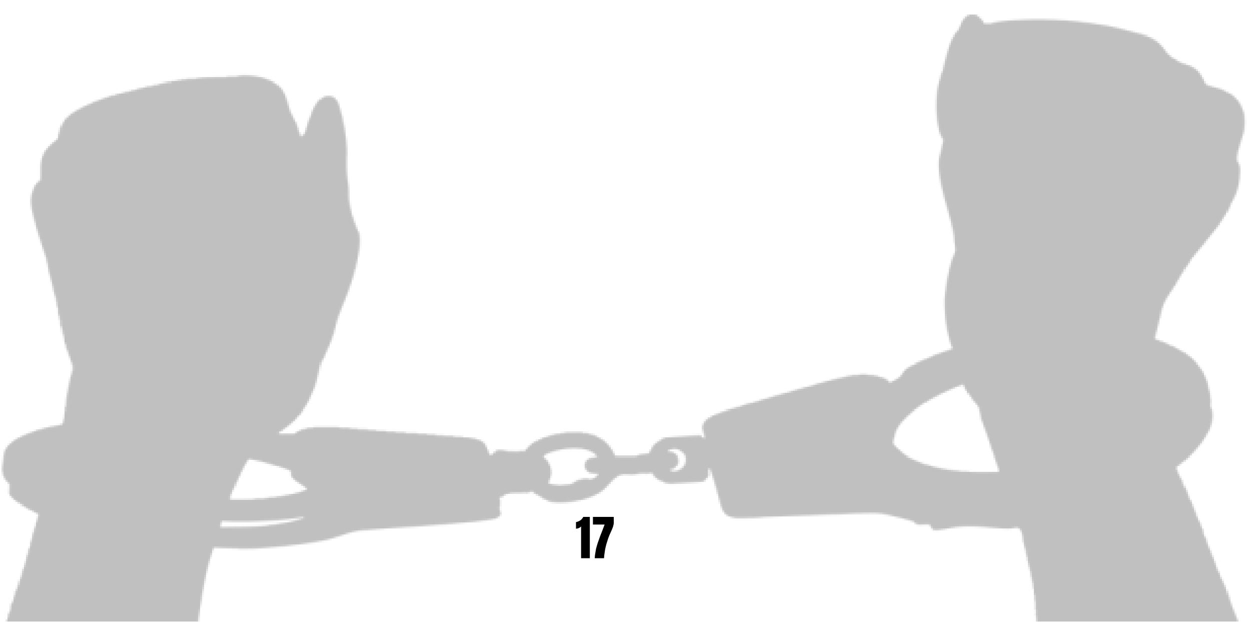
- Direct loan borrowers are receiving notifications that portions have been forgiven; however, their forgiveness statement does not represent the correct proportion of the loan. When borrowers call for clarification, reasoning cannot be sufficiently provided.

"NO customer service rep even understood the type of loan and I always received contradictory guidance and was forwarded to another dept."

The costs of inconsistencies and lack of guidance

With no clear communication with ED, how do we navigate this guidance?

Student loan attorneys have advised members that they should forbear or defer if they are certain that they have 120+ qualifying payments towards PSLF. Our limbo in FFEL will not allow refunding of payments through the Payment Pause, since they were required to be in Direct. Refunds are for those in Direct who paid over 120 months. In a discussions with servicers, only General Forbearance has been made available, since members may not have used their allotted 3 years, but this is only allowed in 3 month increments. For those who were advised to use forbearance earlier in their repayment period, they likely have no options.



Our story since signing of PL117-200...

Abuse victims treated contrary to law...

Jennifer

"... I remain tethered through my joint consolidation loan with my abuser since there is no execution of PL117-200. My servicer forgave my part of the loan through PSLF in February 2023 and then forwarded my overage that I solely paid towards my abuser's share. The loan still has not been separated."
~Jennifer, a DoUsPart! member

Jennifer's Story

This is what she said in 2022 about the treatment of her joint consolidation since 2006, while we sought legislation:

"...The bottom line is this spousal consolidation has kept me bound to my abuser. These loans have continued to be an avenue in which my abuser continues to intimidate and abuse me. The government has allowed this with no solutions. They have forgotten me."

Jennifer is a member of our organization and survivor of domestic abuse. By policy, ED refunds any overage paid beyond 120 payments to Direct consolidation borrowers who qualify for PSLF under the waiver. As a Direct joint borrower, Jennifer was able to apply for PSLF early in 2022. After 12 months of processing, FSA and the servicer forgave her portion of the loan balance and determined that the overage would be credited to her abuser's portion. As a Direct borrower, she was able to enjoy the Payment Pause. However, it is clear that these loans have no urgency, despite the graveness of the situation and having no requirement to reconsolidate for forgiveness. This works entirely counter to the spirit of PL117-200 and VAWA2022 and categorically counter to the policies under the PSLF waiver.

Lynn

Lynn is a member of our organization and a survivor of domestic abuse. In contrast to Jennifer, her joint consolidation is a FFEL loan, so she has paid throughout the pandemic and continues to to wait for implementation of PL117-200 before realizing any ability to seek rightful PSLF. Lynn also faces age and health related expenses. Her paraphrased quote speaks for itself.

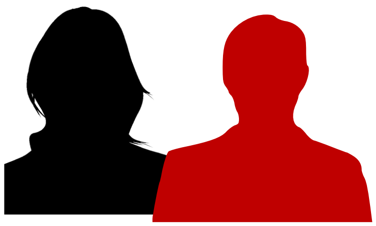
Lynn's Story

"I am a 70 year old public school administrator in Colorado. I would like to retire. I can't. I have given nearly 50 years of my life in public service and would like to retire. I can't... I am a recent breast cancer survivor and may have cancer again. My doctors want me to retire. I can't... [Through this loan] I would be tethered to a violent and abusive man for the rest of my life... And when I had to declare bankruptcy because of such an acrimonious and frightening divorce, the man threatened to show up at bankruptcy court and told me to be watching my back... Even after I pulled out all my retirement savings and moved to Colorado to start over, this man threatened me."
~Lynn, a SpousalConsolidation.DoUsPart! member

Our story since signing of PL117-200...

Age, health, inflation & double binds...

Brigid & Chris's story



"... Since Chris has been diagnosed with cancer, we have been inundated with medical bills while continuing to pay our student loans throughout the Payment Pause. We called our servicer to see if there was any arrangement that we could make, given the conditions and while we wait for execution of the newly signed law. They mentioned that we could get a Cancer Forbearance, something that we knew nothing about, but would be grateful to receive.,. After discovering that we had a joint consolidation, they indicated that we both would have to have cancer to qualify."

~Brigid, a SpousalConsolidation.DoUsPart! member

Because both borrowers are severally liable, both have to qualify for any given provision. Everyday without a separation process is grave for joint consolidation borrowers. Given the specific age range of joint borrowers, risk to serious health problems is higher. Chris & Brigid and Lynn are not alone as we have many members that have been diagnosed with major health conditions due to our age.

Brigid & Chris's Story

Forbearance & Double Binds

One couple holding a joint consolidation would capitalize $30,000 on top of their loan for four months of forbearance, placing them into a double bind. They cannot afford to keep paying as they have continued to pay throughout the pandemic and now cannot keep up with expenses and inflation. They also cannot afford to forbear their loan after reading through paperwork for the forbearance. ED offers no interest-free or payment pause for FFEL joint borrowers while they plan the implementation of PL117-200. So borrowers like these face interest capitalization tabulated from the interest rate on the loan. Many who borrowed before the subprime lending of the 2000s have very high interest rates. Here, four months of forbearance would capitalize $15,000 per cowriter.

Nuances, the cost of deregulation...

Direct borrowers, like Jennifer, have been waiting up to 18 months to be processed through PSLF, with numerous 'processing glitches' and no timetable for correction or loan discharge.

Members holding Direct joint consolidations report that the wrong proportion of their loan was forgiven. Her 35% was forgiven instead of his 65%, where he qualified for PSLF forgiveness.

PSLF is not the only federal program that joint borrowers are trying to access. There are other cases where joint borrowers have rights to discharge under Borrower Defense, but the inability to consolidate FFEL joint loans to Direct bars them from rightful access.

Multiple members who were also a part of a post class action lawsuit entitling them to discharge under Borrower Defense, Sweet vs. Cardona, continue to wait the separation/consolidation process to gain access to reprieve to which they are legally entitled for years.

Some are considering the option of simply stopping payments on principle, despite the risk that it may pose to credit.

One member has been paying since 2010 on hers and his balance, because he refuses, despite the divorce decree saying that it is his responsibility. She will refuse to pay on his any longer if ED does not produce a form soon.

He owing ~$30K is the primary on the account and she owing ~$1K have a divorce decree assigning him the debt. The problem is that she cannot speak with the loan company to settle or access information because he is primary on the account according to the servicer and NSLDS.

Because joint loans cannot be separated or influenced by divorce decrees, many female cowriters have been paying the loan. In many cases, it has been to secure their credit since the joint loan affects both cowriter's credit score.

In another case, she quit paying, because she cannot contact her former spouse, who is the primary cowriter on the account, to request that he contact AES. She claims that he would not do it if he thought it was a way to hurt/control her. While courts made him responsible for the student loan because he brought in $20K and she $5K, she has been paying on it to protect her credit.

Some divorced borrowers are looking simply for separation. She stopped paying 7.5 years ago since courts assigned the payments to him, but his poor financial habits and forbearance has wrecked his and her credit.

Our 2023 goals...

Based on the previous discussion related to our stance and experience since the codification of PL117-200, these are our primary aims.

Goal 1

We wish to attain a regular and meaningful level of communication with Department of Education (ED) on execution of PL117-200 and its required application, separation and consolidation procedures.

ED should provide a status report outlining the manner, process and timeline for execution of PL117-200 which requires an application and procedure for joint consolidation separation/reconsolidation, by May 15, 2023.

- Joint consolidation borrowers, from our organization, reflect on their only experience with ED during the Reconsideration 'process' undertaken the last 14 days of the PSLF waiver. While ED has shown that it can plan, deliver and communicate large, successful programmatic processes in a short time with its rollout of POTUS's Broad Forgiveness Program, joint consolidation borrowers have faced poorly devised communication and organization.
- FSA's Joint Consolidation Loan Separation News & Updates page and IDR One Time Adjustment page do not provide enough information regarding execution or timeline for borrowers facing difficult circumstances and planning.
- In order to qualify for the IDR and PSLF one-time adjustments, FFEL borrowers must be separated and consolidated to Direct to in order apply by the end of 2023.

Goal 2

We request to attain temporary relief by accessing the extended Payment Pause or an administrative forbearance that is non-capitalizing and interest free while waiting for ED's implementation of PL117-200 with a refund of interest payments dating back to October 11, 2022.

Our 2023 goals...

We request to attain temporary relief by accessing the extended Payment Pause effective immediately.

- The last Payment Pause extension was announced November 22, 2022, 42 days after emplacement of PL117-200.
- ED will also refund interest payments made on joint loans dating back to October 11, 2022 up to the effective administrative forbearance.

OR

We request an administrative forbearance that is non-capitalizing or interest free while waiting for Department of Education's (ED) execution of PL117-200.

- ED will request servicers to place all joint loans in an administrative forbearance with no interest accrual or capitalization effective immediately.
- We request a refund of interest payments dating back to October 11, 2022, where ED will credit all interest paid on joint loans paid since October 11, 2022 at the point of separation and consolidation of the joint loans to Direct.

OR

We request a refund of interest payments dating back to October 11, 2022, where ED will credit all interest paid on joint loans paid since October 11, 2022 at the point of separation and/or consolidation of the joint loans.

AND

Given the timing of PL117-200's emplacement, we also request the following.

- Any overage of 120 payments for joint borrowers qualifying for PSLF should be credited.
- Any payments made by any joint borrower made during the Payment Pause should be credited.

The consequences of continued payments through the Payment Pause are increasing monthly payments and capitalized interest while consuming General Forbearance time during a national emergency. Depending on interest rate, some borrowers could neither afford to continue payments nor place their loans in forbearance even for a couple of months.

Goal 3

We request a timely process to separate & reconsolidate joint consolidation loans in accordance with PL117-200.

ED should provide a solution for separation and reconsolidation no later than May 15, 2023, so that borrowers can apply for separation and Direct consolidation well in advance of the end of 2023 cutoff for the one time PSLF and IDR account adjustments.

It generally takes 4-6 weeks for reconsolidation into Federal Direct Loans and we know that Direct joint consolidations have required at least 12 months to process.

ED has had sufficient time to plan. In discussions with bill sponsors in Spring 2022, we learned that ED and lawmakers had been discussing HR2460/S1098 since at least December of 2021. Conversations with ED/FSA officials in March 2022 evidenced ED's knowledge and communication with lawmakers regarding the law.

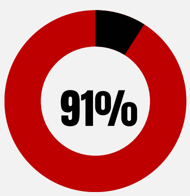
Goal 4

We wish to access to legitimate relief programs like PSLF, the PSLF one-time adjustment, the IDR one-time adjustment and the President's Broad Forgiveness Program, if deemed lawful by the U.S. Supreme Court.

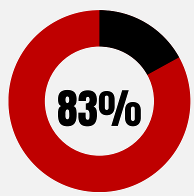
ED should accept and accommodate applications from and make provisions for joint borrowers to access the PSLF one-time adjustment, the IDR one-time adjustment and the President's Broad Forgiveness Program for $10K/$20K given the specific conditions barring joint borrowers, the clear marginalization of FFEL joint borrowers from all other FFEL borrowers and the knowledge of these conditions and impending solution by both lawmakers and ED throughout the waiver period.

Our 2023 goals...

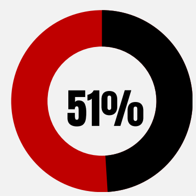
- 91% of SC.DUP! members are seeking PSLF. 83% have greater than 10 years of qualifying payments towards PSLF.



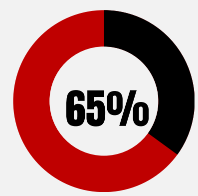
SEEKING PSLF



> 10 YEARS QUALIFYING PAYMENTS



PLACED IN ECONOMIC HARDSHIP DEFERMENT

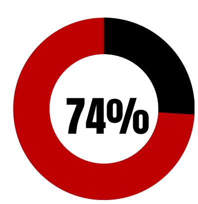


IN IDR REPAYMENT PLAN

- 65% of SC.DUP! members are in Income Driven Repayment. 51% have incurred economic hardship or forbearance at some point in their payment history,

- If/when the Broad Forgiveness program is again operational, and if the September 29, 2022 stipulation remains intact, ED should waive this condition for joint borrowers, given our circumstances.

- In a recent survey of joint borrowers, 74% of respondents indicated that one or both cowriters received PELL grants, demonstrating the need and target benefactors of the president's broad forgiveness program.



PELL GRANT RECIPIENTS

Our story before signing of PL117-200...

Both FFEL and Direct joint borrowers share a common set of conditions that make loan management difficult. All joint loans, despite program, hold both cowriters 'severally liable' to the loan. In this, administrative consideration or action can only be taken on the loan if both cowriters consent and qualify for the administrative consideration. Because of this, cowriters are bound on loan and programmatic stipulations.

- In terms of monthly payment calculation and IDR recertification, both cowriters' income and household information factor into the equation, irrespective of whether both cowriters share a household or spousal relationship. Divorce decrees bear no influence on how servicers and FSA view several liability on the loan.
- In terms of application for IDR recertification, forbearance or deferment, both cowriters must be present, cooperative and qualify.

FFEL joint borrowers have a unique obstacle that bars them from financial latitude and access to federal programs and benefits. Because of HERA2005, ED would no longer create joint consolidations and therefore would not consolidate joint consolidations to a Direct joint consolidation, despite retaining and servicing Direct consolidations within their portfolio. President Obama signed the Health Care and Education Reconciliation Act of 2010 (HCER2010) into law in March 2010. This law retired the FFEL loan program. Since 2010, all FFEL borrowers, except joint consolidation borrowers, have had the ability to consolidate their loans to the Direct program to enjoy federal loan benefits, with certain caveats. Neither HERA2005 nor HCER2010 provided an opt out or consideration for existing joint consolidation borrowers. The consequences have been profound.

- FFEL joint borrowers have had no parity with mainstream FFEL borrowers or Direct joint borrowers.
- FFEL joint borrowers have been barred access to the Payment Pause.
- FFEL joint borrowers have been barred access to PSLF and the PSLF waiver.
- FFEL joint borrowers have been barred access to the IDR adjustment
- FFEL joint borrowers have been barred access to the PSLF onetime adjustment
- FFEL joint borrowers have been barred access to the Broad Forgiveness Program application.

Our story before signing of PL117-200...

How did we get here?

Most WWAS respondents indicate that they were introduced to joint consolidations when approached by lenders specifically recommending joint consolidation, particularly in the early to mid 2000s. Many others were steered towards the product when inquiring about individual consolidations or options that would make payments more affordable. We have found that significant increases in solicitation and steering towards joint consolidations were coincident to a period of unregulated mining of the National Student Loan Data System (NSLDS) and offerings of illegal inducements to institutions. **(see page 27)**

From WWAS respondents we have learned the following regarding borrowers' discovery of joint consolidation loans and interactions with advisors and lenders involved with the joint consolidation application.

7% **of respondents purposefully sought a lender for joint/spousal consolidation.**

6% **of borrowers were advised or steered towards joint consolidation during counseling or when seeking payment options. Among those who advised are bank representatives, ED representatives, financial aid counselors at the borrower's institution, private lenders and even realtors and mortgage brokers, who enticed spousal consolidations in order to improve credit scores during the subprime mortgage crisis.**

85% **of respondents fall under the Federal Family Education Loan program and lenders.**

In some cases, former spouses/abusers consolidated without their partner's awareness, using their social security and making their partner the primary cowriter.

Consoldation Loan Lenders

Access Group
ACS
AES
American Student Assistance
Bank of America Student Banking, AES
CFS
Chase Student Loan Servicer
Chela
Dept of Education
Direct Loan Servicing
Edfinancial
EdSouth
FedLoan
Great Lakes
Goal Financial
Iowa Student Loan
KHESLC
Marine Midland, HSBC Bank
MOHELA
Nelnet
New Mexico Student Loans - NMEAF
Panhandle Plains
PHEAA
Sallie Mae
Student Assistance Foundation
Student Loan Consolidation Center
Sun Trust
Texas Guaranteed Student Loans
Texas Higher Education Authority
The Academic Lending Center
UHEAA
Utah Higher Education UHEA
VSAC

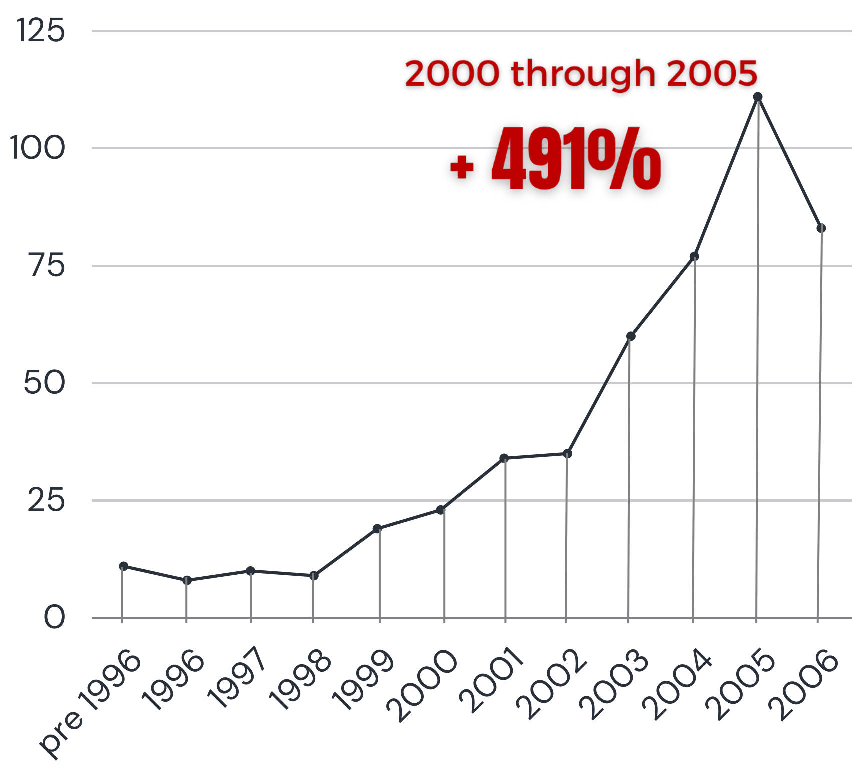
How did we get here?

While the loan industry went virtually unregulated in the 2000's, the continued servicing of joint consolidations in the following 17 years has been literally unregulated. The government's late 2000's case against Matteo Fontana, a former high-ranking official at the Department of Education who lead the Financial Partners Division and had interests in Student Loan Xpress and Sallie Mae, can shed some light on a nearly 500% increase in joint consolidations through the early 2000s, despite law makers and the industry finding the program to be high risk.

From 2002 through 2007, under Fontana, the Financial Partners Division routinely turned a blind eye to lenders by allowing illegal inducements by servicers to colleges and financial aid administrators in exchange for steering borrowers, allowing **specialized consolidation lenders** to mine the NSLDS for personal information about borrowers and effectively stifling investigations of questionable lenders.

Consolidations by Year

From WWAS responses we detected that solicitation and steering for Joint Consolidations jettisoned towards program end.



87%

of respondents were approached by lenders marketing the joint consolidation or steered into it when inquiring about other payment options.

60%

of spousal consolidations were administered by Sallie Mae

76%

of joint applications were processed from 2002 - June 30, 2006

In April 2005, ED dispatched a Dear Colleague Letter to remind partners of appropriate use of NSLDS, specifically striking it from use for marketing.

How did we get here?

Joint consolidation borrowers are only guilty of not owning a crystal ball. It should be clearly stated that borrowers did not initiate or participate in Congress' actions to eliminate the program. At no point did borrowers receive explanation, information or options shortly before or after the decision was made to eliminate the program. From WWAS respondents we have learned the following regarding borrowers' understanding of joint consolidation loan ...

95% **of WWAS respondents indicate that, while applying for their joint consolidation, they were not aware that Congress would make statutory changes that would abandon joint consolidation loans after June 2006.**

99% **of WWAS respondents indicate that when Congressional legislation was passed in 2006 that statutorily affected joint consolidations, they recall no notification by the federal government, Department of Education and /or their loan servicer about the statutory changes and implications to service of their loan.**

Dear Colleague Letter resources are one of the primary communication types used to convey guidance regarding the Title IV federal student aid programs. In Dear Colleague Letter GEN-06-02 dated March 2005 ED provided guidance in the form of attachment regarding HERA2005.

The changes made to section 428C(a)(3)(C) by the HERA eliminate the ability of a married couple to consolidate their eligible student loans in a joint FFEL or Direct Consolidation Loan. This change is effective for Consolidation Loan applications received on or after July 1, 2006.

Nowhere in this guidance does it indicate that existing loans would be struck from statutory parity provisions or their respective programs. Existing loans, in fact, remained in their respective FFEL or Direct Programs. As such, statutory parity provisions remained en force.

98% **of WWAS respondents indicate that when they consolidated, they were generally not aware of the distinction between Direct and Federal Family Education Loan (FFEL) programs.**

99% **of WWAS respondents indicate that while applying for student loans through Financial Aid with their education institution, borrowers were generally not made aware of the distinction between Direct and Federal Family Education (FFEL) loan programs.**

96% **of WWAS respondents indicate that they were unaware that pending statutory consideration existed for instating PSLF.**

How did we get here?

Our story before signing of PL117-200...

In 2006, Congress abandoned joint consolidation loans to avert default risk due to divorce rates. While Congress, servicers and investors walked away from the risk, borrowers were left strapped to it and with no recourse in a literal policy vacuum.

Research of regulations under HEA1965, USC 1078-3(a)(3)(C), governing joint consolidation loans effectively 1995-2006 indicated that they fell directly under FFEL consolidation loan regulations for borrower eligibility. Throughout the regulation, joint loans were treated as connected and equal loan types so servicers were advised to follow FFEL consolidation regulations. Even today, FFEL joint consolidations are classified as FFEL consolidation loans within FSA's system.

However, once the borrower eligibility clauses allowing new joint consolidation loans were removed from regulations, subsequent regulatory guidance pointed towards programmatic 'elimination' of the products, despite the intent to continue servicing existing joint loans held by both FFEL and Direct loan programs.

ED released the interim final regulations from the HERA2005 on September 9, 2006 and codified the final regulations to the Federal Register Part III on November 1, 2006. To the letter, HERA2005 states that no new joint loans would be allowed or created after 2006. It does not state that the existing loans would be eliminated, that existing loans would be transitioned, that existing loan borrowers would be given notification or the ability to opt out, that existing borrowers would be given a path forward, or that existing loans would be struck from FFEL consolidation loan governance. Therefore, continued servicing of existing joint consolidations under the FFEL program must continue to be regulated under statutory parity provisions and FFEL/Direct Loan policies and statutes as they are updated and amended to be consistent with the ongoing modernization and expansion of federal student loan programs.

In the matter of two paragraphs we see 'mainstream' FFEL borrowers extended freedom that they had never before enjoyed, while systematically striking FFEL joint loans, who would never enjoy these extended freedoms. It is clear marginalization of joint borrowers, while observing no substantial regulation on how to treat existing borrowers with existing legal contracts.

The single holder rule bound FFEL borrowers to a single holder, with no financial freedom to consolidate with other lenders to enjoy benefits or better rates.

> *"The repeal of the single holder rule should give all borrowers access to interest rate discounts and other benefits available through the highly competitive consolidation loan market. The standardization of repayment plan terms will eliminate a possible source of confusion for borrowers and promote equity across the two loan programs." (Direct and FFEL)*

Here FFEL borrowers were extended financial freedom of choice in the spirit of promoting standardization and equity across both programs, on par with statutory parity provisions. However, over the years of continued servicing, FFEL joint loans have not been treated standardly or equitably with their Direct or standard FFEL consolidation counterparts.

> *"These interim final regulations include a number of provisions that will impose increased costs on some borrowers, such as... the elimination of in-school and joint consolidation loans,... Prior to the HERA, these provisions allowed loan providers or guaranty agencies to discriminate among borrowers through the unequal distribution of borrower costs. While some borrowers may lose unearned benefits through these statutory and regulatory changes, market equitability and transparency are improved."*

By design, costs were offset to joint borrowers by striking joint loans, rather than devising greater accountability on lenders' discriminatory practices. Market equitability overrode joint borrower choice, borrower access and borrower equity. This perversion of the statute paralyzed joint borrowers in a systemic vacuum, offering no out option, no regulation, no acknowledgment of borrower rights or protections and no value for borrowers as a reciprocal in the loan contract, thereby breaching the contract. Servicers were given carte blanche to say and do whatever they felt they should do to prolong loan repayment and to increase revenue for investors. ED's deregulation afforded servicers discretion that resulted in failed training systems for customer service agents and advisers about our loans, as evidenced throughout this document, with catastrophic effects on borrowers.

In it's finest stroke of irony, on November 18, 2005 in H.R. 4241, the House struck the making of new joint consolidations, which would leave married and divorced joint borrowers to languish on a desert island for 16 years. Victims of abuse would molder in a vacuum. In the same stroke, fodder would be raised for a freshly bolstered SEC. 7103. Grants for healthy marriage promotion and responsible fatherhood within the Deficit Reduction Act of 2005.

> In Florida, Ballard, an attorney, is also grappling with his consolidated spousal loans. After both he and his then-spouse graduated from law school in 2005, they both owed $250,000 in private and federal loans. In 2008, he got a call offering to consolidate his loans with his spouse, "pay the lowest interest rate, blah, blah, blah," he recalled being told. "They really sold the goods."

Divorced student debtors detail anguish over 1990s law that's turned into a 'nightmare', Yahoo!Finance

The stream of Federal Register volumes, interim and final regulations, Dear Colleague letters, attachments and servicer analyses for the emplacement of HERA2005 throughout 2006 tangibly evidence no guidance for existing joint loans. The reasons for eliminating 428C(a)(3)(C) with modifications to sections 682.102(d), 682.201(c)(2), 682.201(e), and 685.220(d)(2) were for the purposes of eliminating the possibility of joint consolidation loans beyond July 1, 2006. Again, this did not strike existing loans from their respective programs or governing policies, including but not limited to statutory parity provisions. This is evidenced by the fact that FSA continues to classify and distinguish these bastard loans by their respective program (Direct or FFEL).

Nelnet's 'Analysis of the Higher Education Reconciliation Act of 2005 (S. 1932) (Title VIII of the Deficit Reduction Act of 2005)' document reflects the lack of guidance for the ongoing servicing of existing joint consolidations under the HERA2005 amendment in item 46, where it only vaguely indicates 'elimination' of joint consolidations. Nelnet is a contracted servicer for ED.

"This problem, in particular, is a great metaphor for how broken the student loan system is," Bonnie Latreille, director of research and advocacy at the Student Borrower Protection Center, told Yahoo Finance. "This product was so dangerous that they just stopped making it. It's been 15 years and they haven't found a way to unwind it."

Divorced student debtors detail anguish over 1990s law that's turned into a 'nightmare', Yahoo!Finance

How did we get here?

Master Promissory Note

The Master Promissory Note (MPN) was held in the highest regard for the benefit of ED and especially student loan guarantee agencies but the MPN was broken by Congress, DOE and Guarantee agencies where the broken parts of the MPN were borrower focused.

In effect, as policies and statutes were updated and modernized with the expansion of programs, 'parity provisions' for joint borrowers manifested as the ready imposition of new constraints, particularly for FFEL joint borrowers. Federal benefits and expansions, like PSLF, were only accessible by federally held joint borrowers.

Borrowers signed MPNs with the original terms, with the understanding that they were borrowing Federal Program Loans (FFEL and Direct) and as such went in good faith that their protections and rights would be protected as programs and policies changed. Borrowers did not agree to the new terms of abandonment.

Within the MPN Borrower Certification and Authorization clause, section F(35)(B) discusses discharge terms for joint consolidations.

"... may no longer be eligible for some deferment types..."

"... may no longer be eligible for some loan discharges..."

"... If I am applying jointly with my spouse, I further understand that my federal Consolidation Loan will be fully discharged only if both of us qualify for discharge and may be partially discharged if only one of us qualifies for discharge."

- Under statutory parity provisions, FFEL joint loans should enjoy the benefits of full or partial discharge under PSLF with their Direct Loan counterparts.
- This works contrary to FFEL borrower reports regarding qualifying for discharge under Borrower Defense. In cases of Full Disability and Death of cowriter, a proportion may (or may not) have been forgiven, but the loan remained a joint consolidation. While the loan only represented the remaining cowriter's amount, it could not qualify for modernized or expanded federal benefits, like PSLF.

First Generation College Graduate
Cowriter 1 Signature

PELL Grant Recipient
Cowriter 2 Signature

Some of our members have MPN's dated after June 30. 2006.

Master Promissory Note

How did we get here?

FFELP Instructions for Completing Federal Consolidation Loan Application and Promissory Note, section E gave the following guidance as it relates to Income Sensitive Repayment.

"...Alternatively, if you have an outstanding balance on a FFELP loan and you are unable to obtain a Federal Consolidation Loan or a Federal Consolidation Loan with terms that are acceptable to you, you may apply for a Federal Direct Consolidation Loan from the U.S. Department of Education."

- Beginning July 1, 2006 this provision would not have been applicable to joint consolidation loan borrowers due to program abandonment. Borrowers would not be able to apply or re-consolidate to this plan due to the bar on consolidation of joint loans to Direct. Throughout the servicing of these loans, borrowers experienced difficulties in making payments, especially during the Great Recession, a time particularly when Income Sensitive Repayment would have been beneficial between the years of 2006 and 2010.
- In 2010, Income Sensitive Repayment was discontinued in favor of Income Driven plans.

Unwitting Abused Spouse
Cowriter 1 Signature

Abusive Controlling Spouse
Cowriter 2 Signature

In some cases, former spouses/abusers consolidated without their partner's awareness, using their social security and making their partner the primary cowriter.

17 years of deregulation and injustice following systemic abandonment of joint consolidations...

While the NSLDS was known to be exploited by specialized consolidations lenders leading up to joint consolidation program abandonment beginning July 2006, joint consolidations would not be tracked in ED's NSLDS for years after program end. The level of systemic abandonment, gross deregulation and lack of tracking of joint consolidations in the NSLDS in subsequent years were made clear in the FSA's May 2021 response to a FOIA request by Persis Yu, currently the Deputy Executive Director & Managing Counsel of the Student Borrower Protection Center.

The FOIA request asked for current and past documentation that addressed (3) broad criteria.

- Documentation regarding the use of consolidation loans to repay joint consolidation loans.
- Guidance and/or directives provided by ED to servicers regarding the use of consolidation loans to repay joint consolidation loans.
- Summary, analysis and itemizations of summary data and statistics regarding joint consolidation loans and borrowers.

The insights gathered in the FOIA document, in part, explain the deficit of information regarding spousal consolidations in the NSLDS, leading to the glaring servicing issues and misinformation experienced by joint consolidation borrowers over the years.

- “In practice it is difficult to enforce policy because Joint consolidation loans are not clearly identified as such in the NSLDS”
- Of the 7 statistics requested, FSA could only provide 3 due to poor documentation and tracking.
- Further, a joint consolidation loan in NSLDS is reported under the name of just one of the co-borrowers. This would explain why the cowriter, who is not the primary on the account, cannot access information regarding their loan. It also explains why these same cowriters have $0 balances in the FSA system.

There is no special loan type code or other indicator to distinguish a joint consolidation from other consolidation loans.

- From this, it becomes clear why individuals may receive inconsistent or contrary information from servicers and FSA.
- Even as one reads this, FSA and servicers continue to encourage FFEL borrowers to reconsolidate to Direct loans to get PSLF, despite these borrowers being barred. This is because the account is listed under a single name and as a standard consolidation in the NSLDS.
- In response, borrowers attempt to consolidate to Direct, are placed in interest capitalizing administrative forbearance for 2 months, and then are denied.

FSA's longstanding policy is that one co-borrower of a joint consolidation loan may not individually reconsolidate the joint consolidation loan into a new consolidation loan for which only that individual is liable. Despite this, borrowers have slipped through the cracks and successfully consolidated to Direct as a single borrower due to the issues described prior.

ED's consolidation servicers have no way of knowing that the loan is a joint consolidation unless it is a loan that ED holds, or unless the holder of the loan identifies it as a joint consolidation on the Loan Verification Certification (LVC).

Holders of joint consolidation loans have not consistently identified joint consolidation loans on LVCs.

"The LVC is used to confirm that a borrower's loans are eligible for consolidation, and to verify the current payoff amount of each loan. Once a borrower's application and promissory note has been processed, ED sends a LVC to the loan holder or loan servicer of each loan that the borrower wants to consolidate. After completing the LVC, the loan holder/servicer returns the form to ED. Most loan holders/servicers provide the LVC information to ED electronically."

!!! "Until the most recent LVC in 2019, there was no formal data capture for spousal consolidation on the form. Historically, If the holder of the loan did not report the loan as a spousal consolidation, FSA did not know."

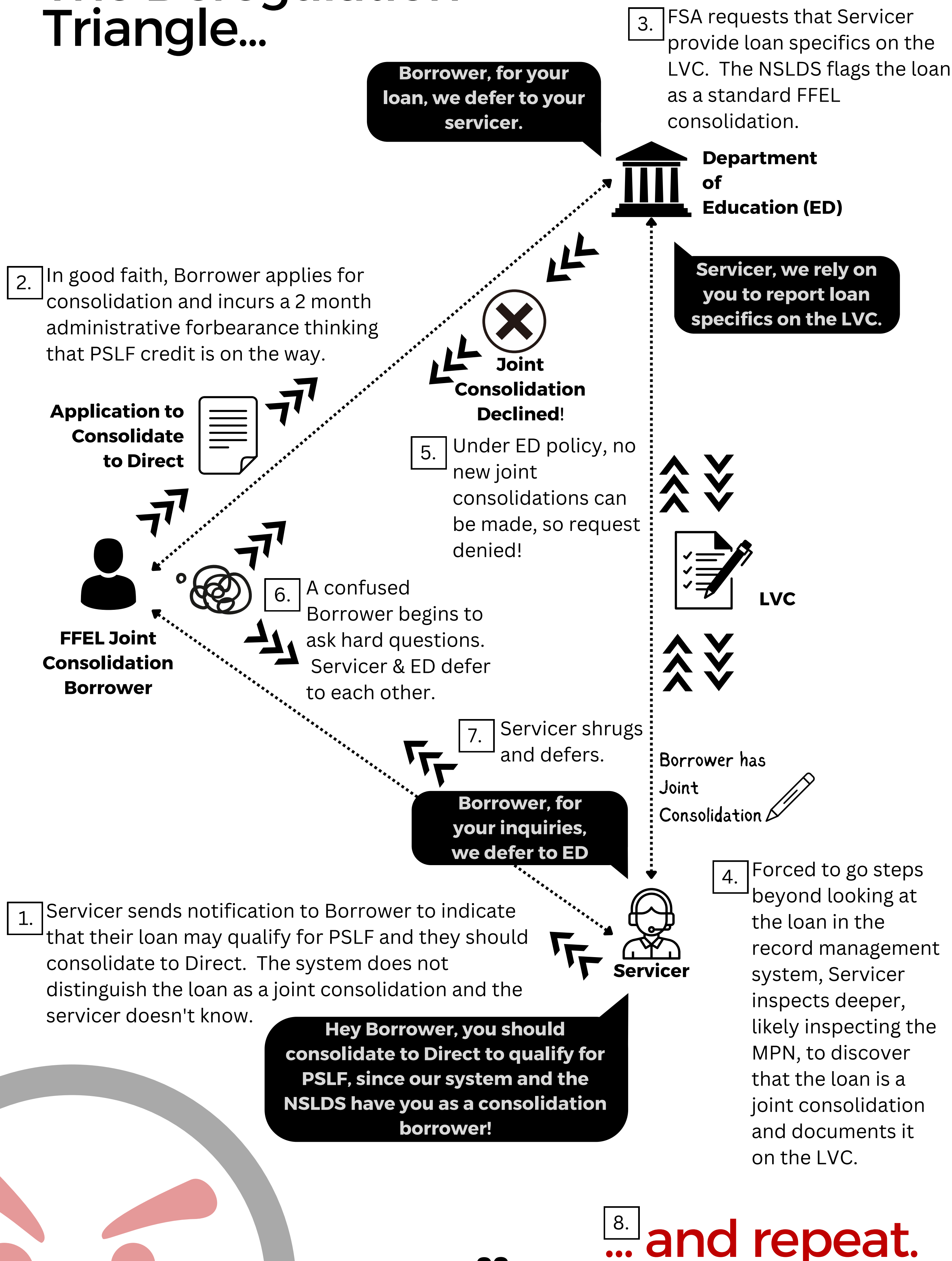
Given the prior point, individual co-borrowers have sometimes reconsolidated joint consolidation loans into new "individual" Direct consolidation loans without the knowledge of the consolidation servicer. In such cases, the co-borrower who reconsolidated becomes solely liable for what was previously a joint debt.

"I spoke to Navient AGAIN about PSLF and they didn't even know that I had a spousal consolidation.. A joke..."

"While my loan has been serviced, I have regularly spoken with advisers about PSLF and program qualifications. My servicer still does not recognize that I have spousal loan"

"They asked me why I haven't applied for PSLF. I had to inform the adviser that my loan is not eligible because it is a joint consolidation loan that can't be put into a direct loan!!!"

The Deregulation Triangle...



89% of WWAS respondents report inconsistent guidance from their servicers regarding PSLF qualifications. When evaluating the types of guidance given regarding joint consolidations over the last 16 years, we see that the high, and sometimes catastrophic, cost to borrowers is a consequence of the egregious lack of systemic regulation that has been previously discussed. Summarily, it points to the following conditions.

- Systemic abandonment of the program and ineffective tracking in the NSLDS.
- Lack of clear tagging of joint consolidations within servicer management systems.
- Poor training and policy communication between ED and servicers.
- Poor training of servicer 'advisers'.
- Increasing numbers of joint borrower inquiries over the years.

Some joint borrowers have been told that their joint loan would qualify for PSLF. Others have been told the opposite. Yet, others have been told both. While these inconsistencies have existed throughout the last decade and a half, we see through temporal analysis of these responses on the following page that borrowers were more likely to be told that they would qualify in the 10 years following program abandonment and emplacement of PSLF. From responses we know these inconsistencies existed across the years, across servicers' walls and even within servicers' walls, with variance from one adviser to another.

Years of MIXED PSLF GUIDANCE

30% of respondents report that they regularly spoke with advisers about PSLF program qualifications. On average, these specific borrowers talked with their lender regularly for about 9.02 years. 55% of these specific borrowers were advised that they would qualify for PSLF.

46% of respondents claim that over the years, advisers said that they WOULD NOT qualify for PSLF with their existing FFELP joint consolidation loans.

- **32%** of respondents say that while their loans were serviced, advisers clarified that the bar from PSLF was due to the inability to reconsolidate their FFELP Joint/Spousal Consolidation into the Direct Loan Program, beginning with their first inquiry.

- **22%** of respondents report that while their loans were serviced, advisers clearly distinguished that their joint consolidation loan held distinct characteristics that differentiated it from other loans and consolidations.

41% **of respondents said that over the years, servicers had indicated that they WOULD qualify for PSLF with their existing FFELP joint consolidation loan.**

- 40% of these specific borrowers remained in regular communication with their servicers regarding PSLF qualification.

- Consequently, 34% of these specific borrowers remained in Income Driven Repayment (IDR) to qualify specifically for PSLF, based on this advice.

- These specific borrowers made career decisions to seek out or remain in lower paying government jobs, sacrificing higher paying jobs and overall higher lifetime income on the misinformation that they would qualify for PSLF.

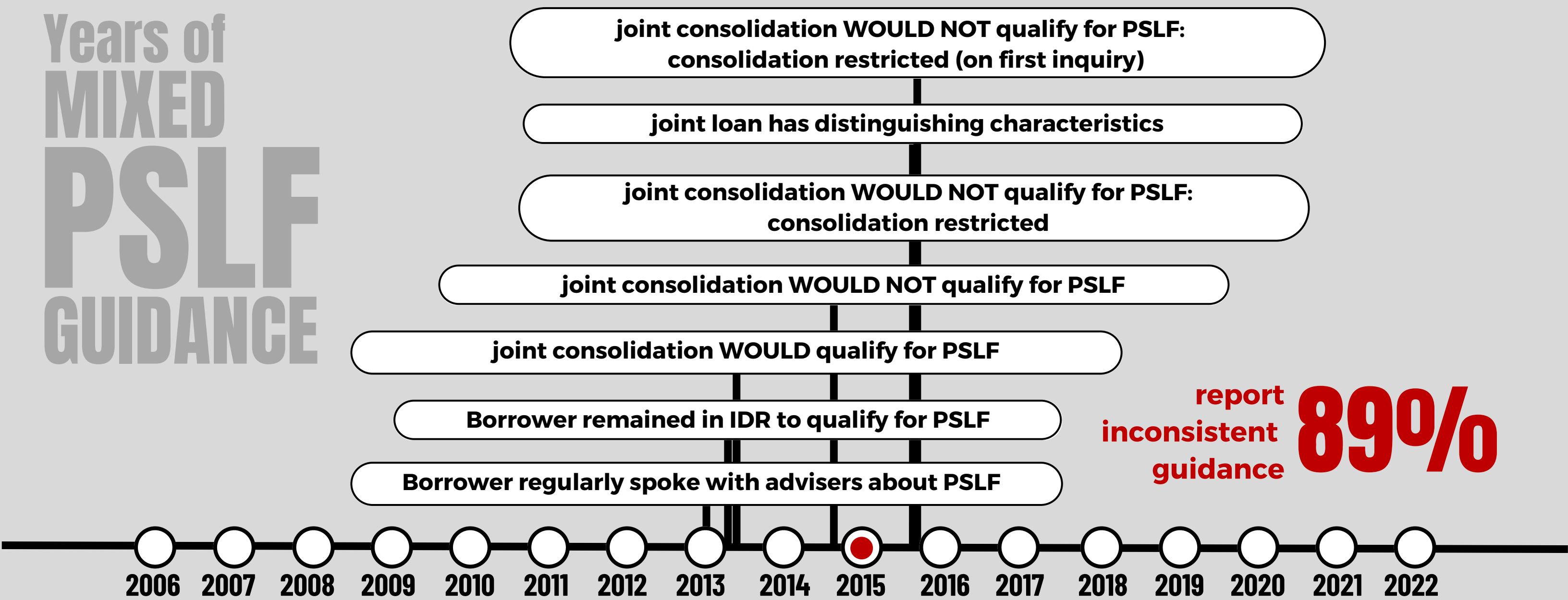
When temporally evaluating guidance WWAS respondents received, we see that the trend for PSLF qualification guidance was mixed over the years, with a greater propensity towards guidance stating joint consolidations borrowers would qualify. It was not until years later that clarifications about joint consolidations' characteristics barring them from PSLF started trending. So, a subset that had inquired in early years and committed to the path for PSLF in good faith and under advisement were only informed years later that their loan would not qualify. This correction by servicers and ED was too little, too late.

Consequently, those who inquired in the first 10 years of PSLF and who were wrongly informed made ill advised career and payment decisions. For years, they remained in public service and in payments plans, like IDR, resulting in unnecessary capitalized interest and increased balances, slowed progress on loan repayment, staggered potential income over the lifetime of their career and jeopardized retirement.

Generally, respondents sought PSLF qualification advice from their servicer between the years 2010 - 2020 (68% or one standard deviation), with the mean year being 2015, which also represented a turning point in guidance. In years leading up to 2015, servicers were more likely to ill advise joint borrowers that they would qualify for PSLF. While the trend after 2015 shifted towards the opposite, it does not mean that incorrect guidance ceased.

Through testimonies we know borrowers began to give up communication over time. Hopelessness stemmed from years of inconsistent advice or from being told otherwise after years of understanding that they would qualify.

Years of MIXED PSLF GUIDANCE



report inconsistent guidance **89%**

This chart plots the type of guidance WWAS respondents received from servicers in year ranges based on the first year they began inquiring servicers about PSLF qualification. Guidance is charted by year range representing one standard deviation (68% of cases) where vertical lines connect the mean year for the given guidance to the timeline. From this, we can see the aforementioned trend in the guidance. This was particularly problematic for FFEL joint borrowers who made costly decisions on career and payment plan based on the guidance.

The cost of good faith...

The term 'adviser' has value to borrowers. leading them to place trust in the guidance provided.

Individuals who fell into the 41% that allegedly would qualify for PSLF and who remained in IDR repayment to qualify for PSLF paid a heavy penalty for their good faith as the average borrower may have paid $3568.08 a year for every year they stayed true to the advised path. We know that a subset of borrowers continued to discuss PSLF qualification regularly with their servicer. The average number of years spent in regular communication with servicers for these borrowers was about 9 years. WWAS results show that some borrowers fit all of these criteria. Using the averages to the right, this would equate to a cost of $32,433.89 paid over 9 years that ultimately would yield no PSLF credit.

On average, WWAS respondents have been in repayment for

19.9 years

On average, WWAS respondents have paid...

$71,004.89

... over the life of their loan.

(divided by 19.9 years).

$ 3,568.08

... per year.

Years of MIXED PSLF GUIDANCE

Joint borrowers report a common trait of their IDR payments. Often the amount applied to principle is tantamount. and in some cases it does not cover all the interest. Now our borrower has paid thousands, if not tens of thousands, of dollars on the false promise of PSLF and with **no** progress towards the principle of their loan.

Even in recent years, servicers' advisers have remained inconsistent within their own walls. A respondent who first started discussing PSLF with their servicer in 2018 stated "Some Nelnet folks told me it would qualify [for PSLF], and others claimed the opposite." Likewise, while other Nelnet borrowers have indicated that Nelnet advised that their loan would qualify for PSLF, others have stated that Nelnet advised that their loans would not qualify. After 12 years since program abandonment and 11 years since PSLF's emplacement, guidance remains inconsistent.

This is an issues reported by joint borrowers with various servicers across the industry. It is not vendor specific. Systemic.

51%

of respondents were guided to do forbearance or deferment in their course of repayment by their servicer

Our story before signing of PL117-200...

2006 2007 2008 2009 **2010** 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

50% of inquiries/applications before 2010

One standard deviation (68%) of IDR inquiries/applications 2004 - 2016, where 2010 is the mean year.

THE IDR EXPERIENCE

Joint borrowers' issues with IDR are similar to other student borrowers; however, there are additional layers of complexity as IDR payments are factored on the combined income and household factors of both cowriters. This is particularly problematic for divorced and abuse victims. 27% of survey respondents were advised to enter IDR to qualify for PSLF. 19% of respondents were told to do so in their first conversation with servicers regarding PSLF.

53%

of respondents said that monthly payments are consistently too high. 46% of these specific borrowers are divorced and include victims of abuse.

17%

of respondents' income dropped below 150% of the poverty line (IBR, PAYE and REPAYE) or 100% of the poverty line (ICR). They were placed in deferment or forbearance rather than given a $0 payment. **66%** of these specific borrowers are divorced and include victims of abuse.

49%

of respondents indicate that their income and consequent IDR payments are calculated on joint income between them and their former spouse due to their joint consolidation loan.

22%

of respondents' ex-spouses are unavailable or uncooperative when it is time to recertify for IDR. Over a quarter of these specific borrowers have been regularly or occasionally late on annual income recertification. Nearly half of these borrowers have missed the deadline for IDR recertification, placing them in administrative forbearance.

31%

of respondents have been late on annual income certification regularly or occasionally.

25%

of respondents have missed the deadline for recertification and been placed in administrative forbearance, thereby negating credit towards forgiveness.

53%

of respondents have incurred interest capitalization through issues with annual recertification and associated administrative forbearances or economic hardship deferments.

35%

of respondents have had their payments raised or have been placed on administrative forbearance or economic hardship deferment as a result of excuses, delays and lack of processing attention by their servicers, despite submitting required documents prior to the recertification date. **46%** of these specific borrowers are divorced, including victims of abuse.

Who are we?

We are a group of borrowers distinguished by our age and marital status due to our loans. Prior to June 30, 2006 borrowers were allowed to joint consolidate with their spouse.

We are dedicated American tax payers, spanning 47 states, who rank among the longest-paying student borrowers in our country.

We are a small borrower group. Until 2022, no joint borrower knew of another joint borrower.

The cumulative consequences of statutory removal have been catastrophic to individual borrowers that make up the joint consolidation loan experience.

A generation of borrowers... 40+

(Ages 35 - 70)

... who are raising children, sending children to college, caring for aging parents & entering or setting sights on retirement.

While 2/3 of WWAS respondents are between the ages of 45 - 55, a little less than half of borrowers entered the age range associated with higher health risks (50 - 70) and at **higher risk for COVID**, despite having no access to the Payment Pause

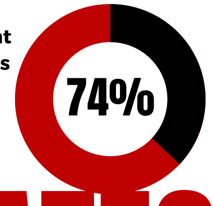
99%
Ages 40+

67%
Ages 45 - 55

42%
Ages 50 - 70

From testimonies, it is salient that joint consolidation borrowers are generally first generation college graduates, from diverse racial and ethnic backgrounds who have been working and paying on these loans for 15-20+ years, with no end in sight. On a recent survey related to PELL grants, 74% of respondents indicated that one or both joint consolidation cowriters qualified for PELL grants when attending college.

First Generation GRADUATES



Who are we?

Responsible borrowers...

On average, joint consolidation borrowers have been in repayment on their joint loan for 19.9 years. In many ways this experience has defined who they are and their life path.

On average, WWAS respondents have been in repayment for

19.9 years

When calculating the cumulative total borrowed by WWAS respondents and the average of individual amounts paid by respondents, 101% of the original balance has been paid both cumulatively and on average.

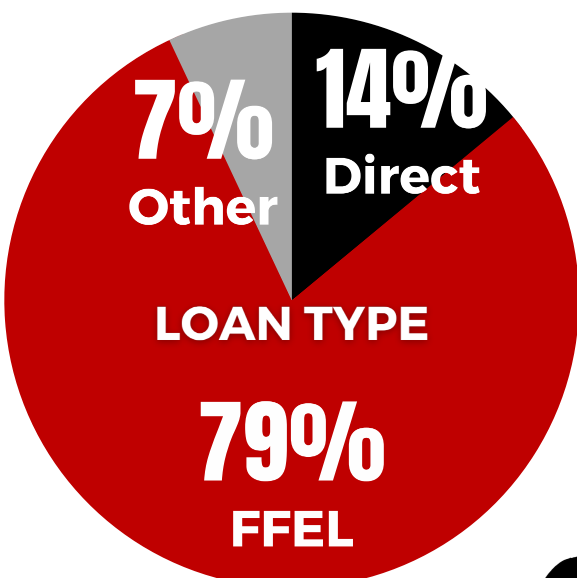
Respondents have paid...

101% ...of their original loan balance.

When calculating the cumulative total owed by all respondents and the average balance of each joint loan, borrowers still owe 125% of the original balance. This can be attributed to years of IDR repayment and interest capitalizing events like forbearance, deferment or late payments.

Respondents currently owe...

125% ...of their original loan balance.



Recently, we have learned that the estimated 14,000 borrowers identified by FSA as unique borrowers remaining in repayment, belong to Direct. From our WWAS responses, we can project out the number of potential FFEL borrowers from our proportion of Direct to FFEL borrowers, yielding potentially 83,452 FFEL borrowers. The sum of these groups would constitute ~0.6% of those already approved for Broad Cancellation.

Scan here to learn about Jennifer and her husband's experience as first generation Latino graduates with a joint consolidation.

Jennifer's Story

Who are we?

Borrowers who are not wealthy!

From WWAS responses we know that joint consolidation borrowers are generally not wealthy. Life and financial planning revolves around the ballooning joint loan principal and subsequent monthly payments. While the rule of thumb is that people ages 40+ are in the most financially stable and secure period of their life, joint consolidation borrowers make just enough money to attain the items necessary to ensure that they can continue the cycle of loan repayment. They do not enjoy the luxuries or securities that come with wealth, where assets are greater than liabilities.

83% have a mortgage

49% commute to work in a car <5 years old.

Many are public service workers, dedicating their lives to improving the lives of others. Teachers. Firefighters. Social Workers. Police. Military. Government Service workers. The list is long.

62% have retirement funds

While most joint borrowers live in a house and about half drive a newer car to work, they still owe the bank for the house and very likely maintain monthly car payments. Roughly two thirds of joint borrowers report having retirement funds, but we do not know how much goes towards those funds, whether they are matched or when those funds were started. We do have a sense that while borrowers have some sort of retirement, a majority cannot grow or diversify their retirement stream as we would expect for wealthy people. Likely they must continue to work into retirement ages to pad their retirement plan. If they cannot save for an emergency fund (77%), they likely cannot invest into retirement growth.

Only 10% of respondents indicate their ASSETS > LIABILITIES

With less than 10% capable of helping their children with higher education costs, their children will likely be subject to a similar student loan cycle.

Borrowers likely have little confidence in changing jobs because they are locked into their existing job while being vested in the sole retirement plan they have through their employer. Further, we know that people who have remained in or moved to an area with lower cost of living would likely not change locations for a new job in higher cost areas.

5%	23%	9%	6%	24%	23%	4%
Have multiple properties	Have an emergency fund	can help pay for children's higher ed	ability to augment retirement	Have stocks, bonds, investments	remained in/ relocated to low cost area	confidence in changing job or career

7% of respondents have a combination of more than 5 of the 10 wealth factors discussed above. It is clear that most borrowers have had to prioritize and trade-off various assets and factors. 5% had none of these items, even though they have remained or relocated to a lower cost of living area to work and live.

Borrowers who are not wealthy!

Many joint borrowers were already ravaged by the subprime mortgage crises with the Great Recession in 2008.

THE GREAT RECESSION

For example, one couple consisting of two public servants only made enough each month to pay their monthly student loan payments, childcare and used the remainder just to survive several years during the Great Recession that began in 2008. The wife was a Master's level Social Worker working for a non-profit organization and had her first child the month that the financial bubble burst in 2008. She lost her job because her nonprofit lost all of their state contracts. As a result of these difficult economic situations, she stepped away from the workforce because it didn't make sense to make very little money in public service and pay 15% of her income to student loans with the burden of additional childcare costs. To maintain affordable housing, the couple lived a 45 minute commute from their work locations at a time when gas prices were at a historical high.

Today, he qualifies for PSLF credit/forgiveness, but her sacrifice of covering the typical woman's role for family stability cost her forgiveness. These decisions were made due to having an impenetrable joint consolidation loan and receiving no guidance from the Department of Education or servicers on how to navigate an unregulated loan program. IDR was not advised until 2012. This is one example of the ways joint consolidation loans have compromised borrowers' finances, careers and relationships.

To survive the 2008 economic crisis and remain financially afloat, another married couple sold their house and moved in with relatives. When the bubble burst, they contacted their servicer, Nelnet, to discuss payment options because their Master Promissory Note (MPN) stated that they could request a Direct Loan if they did not agree with their servicer's income sensitive repayment plan. However, the service never offered income sensitive repayment plans or an option to consolidate to Direct. The servicer only offered them the option of general discretionary forbearance with capitalizing interest when they could have been offered a very low income based repayment option or access to alternative benefits.

Who are we?

Borrowers at continued risk...

DEBT STRESS

57% of respondents feel stress at least weekly or at least once per day.

84% of respondents feel stress at least monthly.

72% of WWAS respondents report that they cannot save in preparation of the taxes that will be assessed after IDR forgiveness. This is particularly problematic for those who are more than two years away from IDR forgiveness. The waived taxes for IDR will expire in 2025.

23% of respondents report that that they have been in default previously and rehabilitated, are currently in default or expect to default in the near future.

- Currently 4.5% of respondents are in default with an additional 7.4% anticipating default due to continued payment throughout the Payment Pause.

26% of respondents report that that they have been in bankruptcy previously and rehabilitated, are currently in bankruptcy or expect to bankrupt in the near future.

- Currently 1% of respondents are in bankruptcy with an additional 2.8% anticipating bankruptcy due to continued payment throughout the Payment Pause.

49% of those who report default also report going through bankruptcy. 38% of those who report bankruptcy also report going through default.

Lori's Story

"...I've filed bankruptcy. My ex-husband is unresponsive and I must forge his name to recertify for IDR... As is, I am in a hopeless situation that I cannot get out of. My health is impacted, my anxiety and blood pressure require medication, and I am hoping for a miracle that will bring relief. I am 57."
~Lori, SpousalConsolidation.DoUsPart! member

Who are we?

Public servants...

87% of WWAS respondents are public servants. They seek PSLF and other forms of reprieve based on their specific conditions.

65%

Public Education
Early childhood education
Other school-based services
School library services

28%

Government services
Public interest legal services

19%

Public health
Public service for individuals with disabilities and the elderly

8%

Emergency management
Law enforcement
Military service
Public safety

OTHER

10%

Higher Education
Private Education
Religious
NGO, etc.

For WWAS respondents who fall into "Cannot consolidate to direct" and who have tabulated their PSLF qualifying payments, 87% of primary cowriters expect PSLF credit for their payments, with 87%of this group receiving forgiveness. Responses indicate that 63% of cowriters would get PSLF credit for their payments. 85% of respondents report having greater than 10 years of qualifying repayment for PSLF.

Scan here to learn about a married couple's experience as joint loan borrowers and public servants.

Brigid's Story

Awaiting separation for multiple reasons...

The balance of respondents indicated that they need separation for more reasons than just PSLF. Some seek separation to qualify for other benefits or finally be free from the restraint of the loan. Particularly the constraints of FFEL joint loans are preventing access to federal benefits like the Payment Pause, Teacher Loan Forgiveness and the IDR one-time adjustment. Some seek separation in order to salvage credit scores tanked by sharing the loan with a reckless former spouse.

BORROWER DEFENSE

FFEL joint borrowers cannot consolidate to Direct to claim their rightful Borrower Defense. Multiple respondents indicated that they have been waiting years for Borrower Defense.

DECEASED COWRITER

Generally, the portion associated with a deceased cowriter is discharged. Death does not change loan terms. Surviving FFEL & Direct joint borrowers are held severally liable under loan terms, despite owing only their balance. FFEL borrowers are negatively impacted because they cannot consolidate their FFEL loan to Direct in order to enjoy federal benefits. **100% of these borrowers qualify for PSLF.**

DISABLED COWRITER

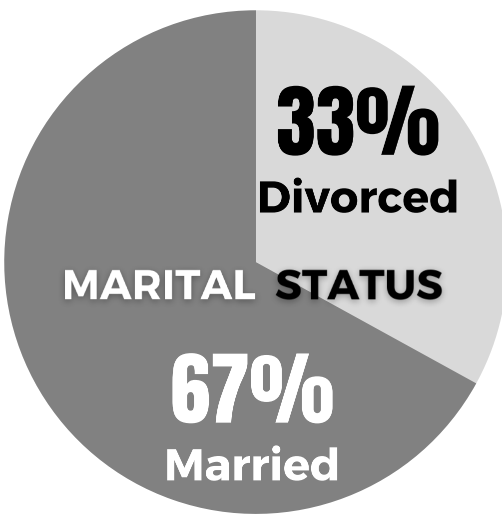
Similarly, the portion associated with a cowriter with total disability can be discharged. Disability does not change loan terms. FFEL & Direct joint borrowers are held severally liable under loan terms, despite owing only their balance. FFEL borrowers are negatively impacted because they cannot consolidate their FFEL loan to Direct in order to enjoy federal benefits. **100% of these borrowers qualify for PSLF.**

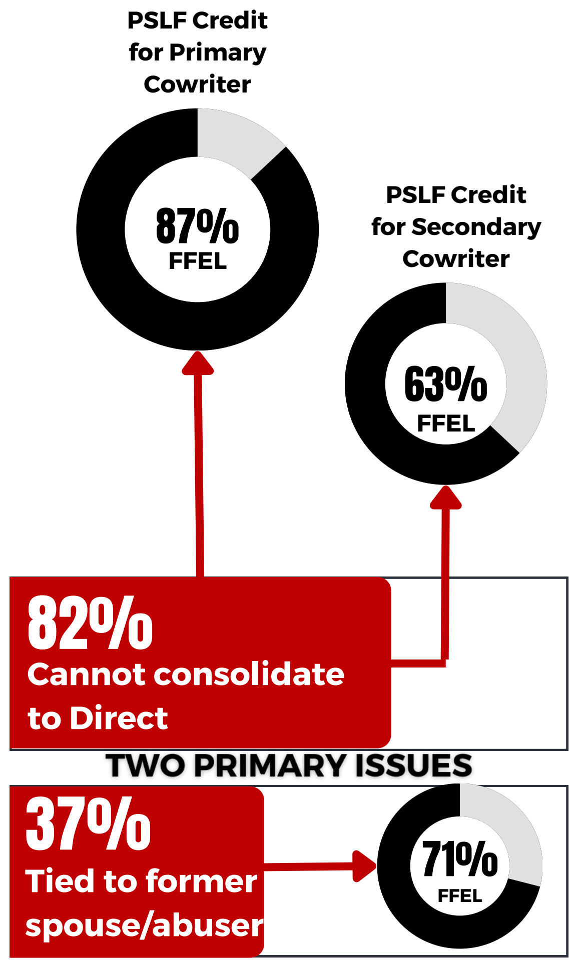
Who are we?

Facing two primary issues...

- At the heart of a spectrum of nuances ranging married and divorced cowriters is one atomic problem. 82% of WWAS respondents cannot consolidate to Direct Loans, barring them from all federal benefits.

- The loan holds cowriters severally liable to repayment no matter if they are married or divorced.





37% of respondents are former spouses and abuse victims simply seeking separation so that they can detangle their income and household status from their former spouses to realize payments based on one relevant household. Some want to be freed of the only tie they have with their abuser and freely manage their loans and credit scores without repercussions of an uncooperative former spouse or abuser. 71% of divorced and abused joint borrowers fall under FFEL and therefore suffer from the inability to consolidate to Direct.

"Since 2017 I have been making automatic payments of $350 monthly, but still in dealing because it's not under an actual repayment plan. I can't rehabilitate my account because my ex-husband is not responsive. This affects my security clearance and I have had to explain to my employers why I'm in default."
~ Nickie, SpousalConsolidation.DoUsPart member

Divorced with complex situations...

As a result of the deregulation of joint consolidations, judges and attorneys did not have regulations or guidance when creating divorce decrees. Every divorce decree is different and highly nuanced. Each divorce decree has serious problems as a result of systemic abandonment. Not all divorce decrees reflect original loan proportions brought into the spousal consolidation loan.

- Divorce decrees often included child support and other assets when determining what each divorced spouse should pay on the spousal loan. Some divorcees agreed to cover 100% of child support payments in lieu of making student loan payments.

- Dividing loans proportionate to the original loans brought into joint consolidation will not take into account the various agreements on child support payments, asset divisions.

- Divorcees will have to go back to court to untangle the student loan which will be a huge financial burden in addition to making their monthly student loan payments. These loans are old therefore the loans have ballooned. The monthly payments are very high at the 15th-20th year. Again, many borrowers have been paying since the 90's.

- Victims of Economic Abuse fear the unknown consequences of loan separation. While their current spousal loan situation is egregious, it is known to them. Many abuse victims fear separating the loans will cause a new form of inescapable abuse.

- Borrowers could put the loan into forbearance without the comaker's agreeing to the terms.

- Multiple servicers passed loan info without payment history.

- Borrowers report breaks in loan payment history and are unsure how to gather accurate data from unhelpful spouses.

- Servicers applied payments based upon the original loan type, some borrowers fear their ex will receive payment credit for all of their payments made on the loans because they had no say on how the servicer applied the payments.

- Servicers applied payments based upon the original loan type, some borrowers fear their comakers were dependent upon the co-borrower's kindness to have access to their loan information with the servicer. Servicer policies created a natural form of economic abuse against comakers. Comakers are the second signer of the Joint Consolidation Master Promissory Note. They do not have the same rights or responsibilities as the person who signed the Master Promissory Note first. In many cases, the woman signed secondly following traditional marital roles. However, this is not always the case. Some comaker's with lower credit scores were asked to sign secondly. In a few cases, it has been reported that Co-maker's signatures were forged by the person who signed first and they were not aware that their spouse had consolidated their loan until divorce/separation.

Divorced with complex situations...

“I was married in 1998 and divorced in 2004. I have four judgments stating that he is to pay 75% but he doesn’t pay anything. My Ex-husband left the state of NY and judgments couldn't be enforced. My credit is destroyed and my wages garnished. The loan is in his name and I have been a teacher for 30 years. The Spousal loan shows on my credit as an individual loan. I have offered to pay off my portion but they won’t take the money because they want my ex husband's money too. If I were to make a lump payment, I am unable to be assured that it will be to my loan. Exhusband’s wages have never been garnished.”

“Payment history is a problem. There was a large period of time my ex was not making payments. He finally did start making payments but it didn't cover the entire payment and I would have to cover his missing payments. I have ⅓ and he has ⅔. I am worried about proportions. I would like to receive credit for all of the overages. In our case, I was the co-maker and Nelnet would not talk to the co-maker without the “borrower’s” permission. They had to have ex-husband's permission. He used this as a means to abuse as well as making smaller payments that did not cover the full payment.”

“My ex-husband was working on his Ph.d and bought a computer using my name. My ex-husband consolidated his entire school loan into my name and defaulted. The entirety of the spousal consolidation loan is my ex-husband’s education loan and the $2000 computer he bought using my information. My credit is hurt. I live in fear of retaliation once the loan is separated.”

“My original loan was 8k and my ex-wife's loan was 50k. We made a verbal agreement that my ex-wife would pay the loan and I would pay her my portion. I paid off my portion to her but she did not forward this to Nelnet. The loan has ballooned to 180k because of IDR. This is a second job for us dealing with the servicers. They make mistakes all of the time and when they make mistakes, they put our loans in forbearance. When you get divorced you don’t want to have to do anything with them and this loan keeps me tied to this ghost. I have been a teacher for 28 years. I need this to be over.”

““My Ex is a gambling addict and consolidated our student loans making me the borrower. I did not sign and found out after the fact that he had forged my signature and there wasn’t anything I could do. The servicers have all the power.”

“My ex is a financial aid adviser. My ex-husband asked me to sign for him because he was out of town. He has mentioned fraud to me through the years to fill me with fear. It is in the divorce decree that ex is 39%, child support and student loan were used in the divorce decree. Custody has been contentious and I havent taken him back to court because of the loans. The spousal loan has gone into default twice because he would not pay. I am a victim of abuse. I am unable to buy a house but my ex has been able to buy a house. I don’t know how we aren’t both affected by these loans. I am worried about how to prove economic abuse, I am worried about how to prove payment history and I am afraid that this will open another can of worms and the abuse continues.”

“We were both in grad school and we used student loans for living expenses. I was working 3 jobs, but my ex did not work at all. I had 40k and he had 28K. It is now over 220k. When we were married, my ex-husband controlled the money and only gave me $300 a month as an allowance. I forbeared our student loans because I couldn’t make the payment. Eventually, he left the country and has not returned to the US. When he left he said that he doesn’t believe in alimony. I had to file Chap 13 bankruptcy. AES is one of my old servicers and there is no payment history prior to the consolidated loan. I don’t know how much I have paid prior to spousal consolidation.”

Who are we?

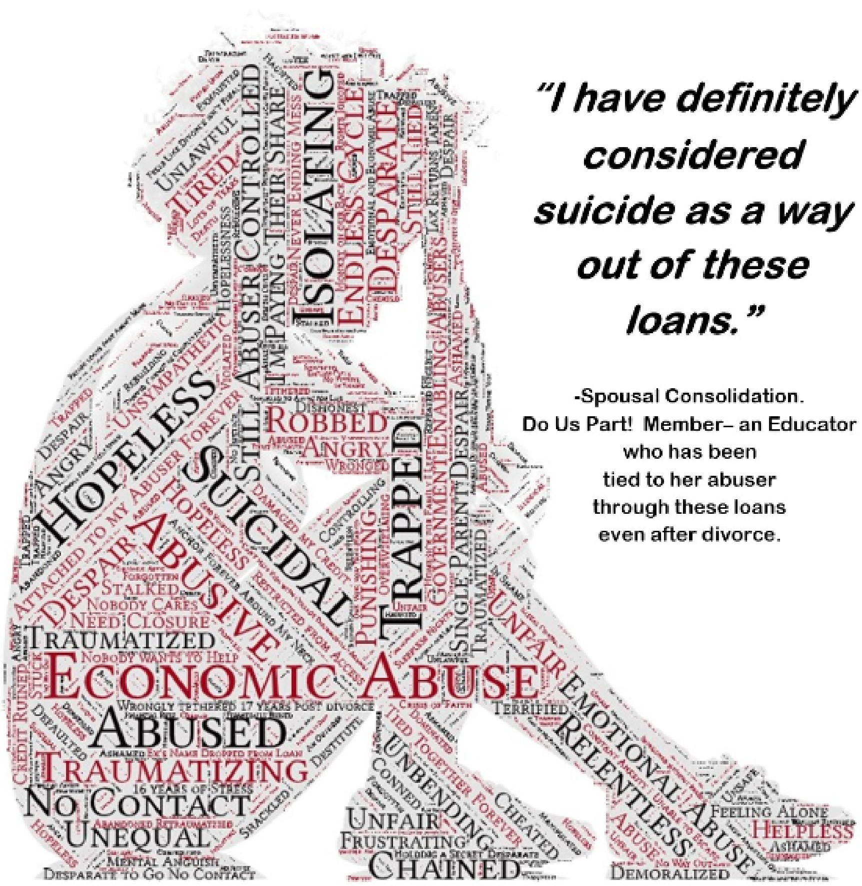
Abused with complex situations...

The reason for loan default rate increases is due to one comaker taking responsibility for the entire joint consolidation loan.

In cases of abuse, comakers began to realize that there was a loophole they could exploit to get out of their student loan repayment responsibility. Sadly, eliminating joint consolidations was not due to the prevention of domestic violence and economic abuse as it should have been. After the elimination of the program, the repayment of these loans took priority over all matters.

Abuse victims paid the majority of their loans for the past 16 years. This was the way the abuser maintained control and power. When the power/control dynamic changes in abusive relationships, the risk of harm to victims greatly increases. How is the administration going to prioritize victims? How will ED's regulations prioritize the victims over bureaucracy where it is easier to simply divide the loans based upon original proportions?

These are the words and themes of divorced and abused members' testimonies.



"I have definitely considered suicide as a way out of these loans."

-Spousal Consolidation. Do Us Part! Member– an Educator who has been tied to her abuser through these loans even after divorce.

Many of our victim members have been the sole co-maker making payments on these defunct loans for 16+ years. How is proportionately dividing the remaining loan balance an assistance to abuse victims? How does forwarding overages to the abuser bring justice? Does this not reward the abuser by giving them credit for the payments the victim comaker made?

The only way to remove the power/control dynamic is to eliminate the trigger or triggering event. The triggering event could be the division of loans and handing the loan back to the abusive comaker who has denied legitimacy to their responsibility or used the loan as a controlling mechanism. While canceling the loans for both comakers may be seen as rewarding bad behavior, it also creates a terminating event allowing the victim to no longer have any ties to their abuser.

We thank you for your ongoing support of our mission.

Acknowledgements

The information in this report is derived from the cumulative contributions of the people who worked on the various projects, contributions or events below.

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Katie Grace Kraft

All contributors to our library of **joint consolidation personal testimonies**.

Student Borrower Protection Agency for sharing **FSA's Freedom of Information Act (FOIA) responses**.

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