

**U.S. Department of Education**

**Office of Federal Student Aid**

**Seventh Quarterly Report under Settlement  
Agreement in *Sweet, et al. v. Cardona, et al.*, Case No.  
3:19-cv-03674-WHA, U.S. District Court for the  
Northern District of California**

**November 25, 2024**

## SEVENTH QUARTERLY REPORT

Pursuant to the Settlement Agreement executed June 22, 2022 (“Agreement”) and granted final approval by the Court on November 16, 2022 (ECF No. 345), the U.S. Department of Education through its Federal Student Aid office submits this Seventh Quarterly Report as required by Paragraph IV.G of the Agreement. As required by Paragraph IV.G.3 and IV.G.4 of the Agreement, this Seventh Quarterly Report covers the progress made by the Department from July 28, 2024 through October 26, 2024<sup>1</sup> and states as follows:<sup>2</sup>

1. The total number of Class Members with pending borrower defense applications (which number shall include members of the § 555(e) Subclass): 39,960<sup>3</sup>
2. (a) The total number of settlement relief decisions that have been issued to Class Members pursuant to Paragraph IV.C.2.i of the Agreement: 30,144<sup>4</sup>  
  
(b) The total number of revise and resubmit notices that have been issued to Class Members pursuant to Paragraph IV.C.2.ii, of the Agreement: 4,836

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<sup>1</sup> As Paragraph IV.G.4 directs, each reporting period “exclude[s] a period not exceeding 30 calendar days immediately preceding the submission of a report, during which Defendants pull, confirm, and validate the data provided in each report.”

<sup>2</sup> As provided in Paragraph IV.G.5 of the Agreement, all data in in this Quarterly Report is subject to privacy restrictions and will be suppressed where the total number of Class Members for any data point is less than 10.

<sup>3</sup> This cumulative number decreased by 9 since the last report while the cumulative number in No.2(a) increased by 38. As in other reporting, one of the reasons that the increase/decrease were not the same is that the number of class members (Item 1) does not equal the number of decisions/cases (Item 2(a)). The number of pending cases will not exactly mirror the number of class members who have gotten relief. Additionally, some new cases may have been marked as being in *Sweet* which were not previously considered *Sweet* cases.

<sup>4</sup> Cohorts of class members are issued required notices via the Adobe Campaign platform, which is managed through Federal Student Aid’s (“FSA”) contractor, Accenture. FSA provides Accenture with a list of class members with various data elements to populate the required notice, and then Accenture sends the notice to the identified class members. FSA recently discovered that some notices may not have been sent due to errors in how Accenture loaded the data onto the Adobe Campaign system. FSA is still researching the full scope of impacted borrowers and will provide updates as available. As such, the numbers provided in Items 2 and 3 of this Report are subject to revision.

- (c) The total number of denial decisions that have been issued to Class Members pursuant to Paragraph IV.C.2.iii: 13
- (d) The total number of revise and resubmit notices issued to Class Members that became final decisions of denial pursuant Paragraph IV.C.2.ii of the Agreement because the Class Member did not revise and resubmit his or her application within 6 months after being sent a deficiency notice: 3,143
3. (a) The number of Class Members who have been issued settlement relief decisions during the reporting period: 25<sup>5</sup>
- (b) The number of Class Members who have been issued revise and resubmit notices during the reporting period: 0<sup>6</sup>
- (c) The number of Class Members who have been issued final denial decisions during the reporting period: Data suppressed
- (d) The number of Class Members whose revise and resubmit notices became final decisions of denial during the reporting period because the Class Member did not revise and resubmit his or her application within 6 months after being sent a deficiency notice: 0
4. The total number of Class Members for whom Defendants have effectuated relief pursuant to Paragraph IV.A:
- (a) Through 10/26/2024: See Addendum to Seventh Quarterly Report
- (b) During the reporting period: See Addendum to Seventh Quarterly Report
5. For any quarterly report covering the time period during which a deadline established in Paragraphs IV.C.3(i) through (v) and Paragraph IV.D falls, the total number of Class Members for whom the Department did not provide a decision: Data suppressed.

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<sup>5</sup> Although this reporting period extends to July 28, 2024 (the deadline for Decision Group 3), the reason this number is relatively small is that most of the decisions for Decision Group 3 were before the July 28, 2024 deadline and were reflected in the Sixth Quarterly Report showing that 9,912 Class Members had been issued relief decisions during the reporting period covered by that Report.

<sup>6</sup> See fn. 5. The revise and resubmit notices that were due by July 28, 2024 were sent out prior to July 28, 2024 and were captured in the Sixth Quarterly Report.

## ADDENDUM TO SEVENTH QUARTERLY REPORT

Item No. 4 covers Class Members eligible for relief pursuant to Paragraph IV.A. As explained in the Addenda beginning with the Fourth Quarterly Report and in the Department's written response to the Plaintiffs' Motion to Enforce and at the April 24, 2024 hearing, the discharge data reported to the Department by servicers (and, in turn, included in the first three quarterly reports) had not accounted for a series of adjustments that have to be made when a borrower has consolidated underlying loans. Those adjustments should have been made before the discharge relief was considered complete. Data reported in the Fourth, Fifth and Sixth Quarterly Reports regarding relief pursuant to Paragraph IV.A. took those adjustments into account. Subsequently, the parties agreed, and the Court directed, that a different methodology be applied to this group of class members. As a result, for borrowers in this automatic relief group who have mixed consolidated loans, servicers have been instructed to discharge the terminal consolidated loan in full (rather than apply the series of adjustments as had been done previously). As the Department has also previously explained, data in Item 4 in the first three quarterly reports did not include data for how many borrowers (cumulatively and during each reporting period) had received refunds and had their credit trade lines deleted. For all these reasons, this Addendum includes discharge data reflected in records in the National Student Loan Data System ("NSLDS") for *Sweet*-eligible debt and for terminal consolidation loans, and accounts for refunds to be issued to borrowers who have made payments on *Sweet*-eligible debt or on terminal consolidation loans, consistent with the Court's orders in this case.

a. Through October 29, 2024<sup>7</sup>: NSLDS records indicate that discharges have been fully processed for at least 195,590<sup>8</sup> Class Members eligible for relief under Paragraph IV.A.

Additionally, refunds have been fully processed for at least 194,782 Class Members eligible for relief under Paragraph IV.A.

b. During the reporting period<sup>9</sup>: NSLDS records indicate that discharges have been fully processed for approximately 11,994 Class Members eligible for relief under Paragraph IV.A.

Additionally, refunds have been fully processed for approximately 50,069 Class Members eligible for relief under Paragraph IV.A.<sup>10</sup>

The Department appreciates the importance of providing full settlement relief to borrowers as promptly as possible. The Department will continue to work on improving that process and on verifying the status of Class Members' relief, including refunds and the deletion of credit tradelines. The Department is also committed to working with the servicers, the

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<sup>7</sup> NSLDS analysis of Sweet settlement relief is updated once per week. Additionally, servicers report updates to NSLDS once per week. Therefore, this data reflects the analysis of NSLDS data that was done on October 29, 2024, although the reporting period ended on October 26, 2024.

<sup>8</sup> This number includes commercial FFEL loans and federally held loans, and reflects borrowers whose relevant loan debt has a \$0 balance reported in NSLDS, or whose relevant loan debt is a commercially held FFEL mixed consolidation loan which has been sent to the appropriate Guaranty Agency to ensure Sweet relief is effectuated. As noted in the Addendum to the Fourth Quarterly Report, "[f]or commercial Federal Family Education Loans ('FFEL loans'), the Guaranty Agencies ('GA') also regularly update the Department on the progress of fulfilled discharge requests, but BD discharges for FFEL loans are manually recorded in NSLDS, which requires additional time."

<sup>9</sup> Although this reporting period runs from July 28 to October 26, 2024, this data element compares NSLDS analysis from July 26, 2024, and October 29, 2024. See n. 7.

<sup>10</sup> See n. 7, n. 8, and n. 9.

guaranty agencies, and plaintiffs' counsel so that reports to Class Members provide the data figures necessary to most accurately reflect the status of Class Members' relief.