

U.S. Department of Education

Office of Federal Student Aid

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

February 24, 2025

EIGHTH 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 Eighth 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 Eighth Quarterly Report covers the progress made by the Department from October 27, 2024 through January 25, 2025¹ and states as follows:²

1. The total number of Class Members with pending borrower defense applications (which number shall include members of the § 555(e) Subclass): 39,969³
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: 30,183⁴

(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: 4,840

¹ 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.”

² 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.

³ This data point typically decreases from report-to-report as cases are adjudicated. The reason for the increase during this reporting period is likely due to the Ombudsman’s office adding borrowers to the class as a result of resolving their complaints about class membership.

⁴ 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 discovered during the prior reporting period, and disclosed in the Seventh Quarterly Report, that some notices may not have been sent due to errors in how Accenture loaded the data onto the Adobe Campaign system. FSA has conducted research and determined the scope of the issue and is working to resolve by sending approval notices and forwarding discharges to servicers for completion. 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: 16
- (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: 43
- (b) The number of Class Members who have been issued revise and resubmit notices during the reporting period: Data suppressed
- (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) Cumulative through 1/25/2025: See Addendum to Eighth Quarterly Report
- (b) During the reporting period: See Addendum to Eighth 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: N/A this reporting period because no such deadlines passed during the period covered by this Report.

ADDENDUM TO EIGHTH QUARTERLY REPORT⁵

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

⁵ The narrative in this Addendum is unchanged from the Addendum to the Seventh Quarterly Report. The information in the Addendum explains the data reported for Item No. 4.

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. Cumulative through January 30, 2025:⁶ NSLDS records indicate that discharges have been fully processed for at least 195,604⁷ Class Members eligible for relief under Paragraph

⁶ 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 January 30, 2025, although the reporting period ended on January 25, 2025.

⁷ 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

IV.A. Additionally, refunds have been fully processed for at least 195,366 Class Members eligible for relief under Paragraph IV.A.

b. October 27, 2024 through January 30, 2025:⁸ NSLDS records indicate that discharges have been fully processed for approximately 14 Class Members eligible for relief under Paragraph IV.A. Additionally, refunds have been fully processed for approximately 584 Class Members eligible for relief under Paragraph IV.A.

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 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.

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."

⁸ See fn. 6.