

U.S. Department of Education

Office of Federal Student Aid

**Ninth 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**

May 23, 2025

NINTH 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 Ninth 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 January 26, 2025 through April 27, 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): 31,712
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: 37,841³

(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: 5,738

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 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. As disclosed in the Seventh Quarterly Report, FSA discovered that some notices reported to FSA by Accenture as having been sent may not have been sent due to errors in how Accenture loaded the data onto the Adobe Campaign system. After researching this issue to assess its scope, FSA has now determined that 41 of the revise and resubmit cases reported in the Seventh Quarterly Report as having been sent (based on reporting from Accenture) were not actually sent. Because those notices were not actually sent by the deadline, those impacted borrowers are entitled to full settlement relief and they have been notified. At this time, FSA is working to identify the loans eligible for discharge and once it has done so will instruct the servicers to discharge the eligible loans.

- (c) The total number of denial decisions that have been issued to Class Members pursuant to Paragraph IV.C.2.iii: 20
- (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: 4,546
3. (a) The number of Class Members who have been issued settlement relief decisions during the reporting period: 7,414
- (b) The number of Class Members who have been issued revise and resubmit notices during the reporting period: 927
- (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 4/27/2025: See Addendum to Ninth Quarterly Report
- (b) During the reporting period: See Addendum to Ninth 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 suppressed⁴

⁴ Borrowers who did not receive a decision by the deadline have been approved for Full Settlement Relief.

ADDENDUM TO NINTH 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 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.

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

a. Cumulative through May 7, 2025:⁶ NSLDS records indicate that discharges have been fully processed for at least 195,731⁷ Class Members eligible for relief under Paragraph IV.A. Additionally, refunds have been fully processed for at least 195,326⁸ Class Members eligible for relief under Paragraph IV.A.

b. January 31, 2025⁹ through May 7, 2025: NSLDS records indicate that discharges have been fully processed for approximately 127 Class Members eligible for relief under

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 May 7, 2025, although the reporting period ended on April 27, 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 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 The cumulative number of borrowers with “refunds complete” decreased by 40 borrowers compared to what was reported in the 8th Quarterly Report. This decrease does not mean that any borrowers lost refunds. FSA has identified two reasons that could cause a borrower’s refund completion status to change from “complete” to “not complete.” First, from time-to-time, a payment by a borrower is received after a refund is issued, causing the refund status to become incomplete. Second, FSA discovered an error with the formulas on the end of one of the compilation spreadsheets for Exhibit C class members. That file was split into three tabs with approximately 600K rows of loan data on each tab. On two of the tabs, there was a formula error for the final few thousand rows of data. By updating the formula to properly calculate those rows, several hundred borrowers who had already received refunds and had been marked as “refund complete,” were determined to be due additional refunds so their status was changed to “refund not complete.”

⁹ NSLDS analysis of *Sweet* settlement relief is updated once per week. Additionally, servicers report updates to NSLDS once per week. Therefore, the cumulative period in Addendum ¶b in the Eighth Quarterly Report ended January 30, 2025 (instead of January 25, 2025 – the end of the reporting period for the Eighth Quarterly Report) because data reflected the analysis of NSLDS data that was done on January 30, 2025. See fns. 6 & 8 to the Eighth Quarterly Report. Therefore, the beginning of the cumulative period in ¶b in this Ninth Quarterly Report Addendum is January 31, 2025 instead of January 26, 2025.

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.