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August 21, 2025

The Honorable Elizabeth Warren
The Honorable Bernard Sanders
The Honorable Mazie K. Hirono
The Honorable Chris Van Hollen
The Honorable Jeffrey A. Merkley
The Honorable Charles E. Schumer
The Honorable Richard Blumenthal
The Honorable Ron Wyden
The Honorable Edward J. Markey
United States Senate
Washington, D.C. 20510

Dear Senators:

Navient appreciates the opportunity to address your questions contained in your August 3, 2025 letter, including with respect to the activities of Earnest, a wholly-owned subsidiary of Navient that facilitates the origination of private student and refinanced loans. Private lending plays a critical role in helping students and their families meet their educational and financial goals.

Your letter raises several questions regarding the student loan provisions of H.R.1, the One Big Beautiful Bill Act. While Navient is unable to address the aspects of your letter that relate to the policy choices of Congress and the Trump administration, we remain committed to assisting students under the landscape that is expected to develop following the Act. Most analysts anticipate that demand for private loans will increase as a result of certain provisions of the law, and Navient will work diligently and responsibly to respond to that additional demand.

The private student loan market serves an important purpose by offering certain benefits that federal loans alone cannot provide. For example, private student loans can fill the gap between available federal assistance and the total cost of pursuing an education. Without private loans, many students would be unable to access these educational opportunities. Additionally, private loans can provide more flexible loan terms and more competitive interest rates that are customized for each borrower's situation. Billions of dollars of student loans are refinanced each year, reflecting borrowers' decisions to move to financial products that better suit their needs.

As further detailed below, Navient's underwriting standards are designed to provide borrowers with terms that work best for their specific financial circumstances for both new and refinanced loans.

First, underwriting for our in-school products requires certification with the higher education institution regarding the amount of the loan. Navient coordinates with each borrower's school to ensure the loan covers the student's necessary education-related expenses and is not more than the student needs.

Second, Navient seeks to enable cost savings for borrowers. For many borrowers, particularly those who refinance their student loan debt, the interest rates offered by Navient are lower than the interest rates offered by the federal government's student loan products. Our underwriting process evaluates each borrower on an individual basis, resulting in loan terms specific to the borrower's circumstances and ability to repay the loan. Consequently, we can often offer lower rates that can result in substantial cost savings over the life of the loan. In addition, we typically provide shorter loan terms that allow many private borrowers to quickly repay their loans through tailored payments and avoid continually growing interest obligations. Our private loan repayment plans also offer relief for borrowers facing temporary hardship, allowing many borrowers to continue to pay and avoid default.

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Regarding your request (1.a) for the company's plans for its private student loan product offerings in the next two years, Navient is committed to continually developing and delivering solutions that help its borrowers repay their loans while saving on the total cost of borrowing.

In response to your requests (1.b.i and iii), Navient has generated in-school loan volumes as follows: 2,710 borrowers and 2,820 loans with an average amount[1] of $30,258 in 2020; 7,653 borrowers and 8,316 loans with an average amount of $27,702 in 2021; 12,024 borrowers and 13,366 loans with an average amount of $26,780 in 2022; 12,971 borrowers and 14,740 loans with an average amount of $24,979 in 2023; 13,242 borrowers and 15,193 loans with an average amount of $27,639 in 2024; and 4,246 borrowers and 4,572 loans with an average amount of $22,374 in 2025 through June. The refinanced loan volumes were as follows: 60,443 borrowers and 62,392 loans with an average amount of $75,327 in 2020; 82,488 borrowers and 84,115 loans with an average amount of $70,447 in 2021; 26,404 borrowers and 26,550 loans with an average amount of $63,627 in 2022; 10,453 borrowers and 10,526 loans with an average amount of $61,896 in 2023; 15,283 borrowers and 15,475 loans with an average amount of $67,657 in 2024; and 10,928 borrowers and 11,067 loans with an average amount of $83,547 in 2025 through June.

Regarding your requests for projections through 2030 (1.b.ii and iv), Navient continually monitors for trends and developments in the industry to ensure it is ready to support borrowers' needs and demands. As such, its new student loan borrower activity will vary accordingly with those changing needs and demands.

Responding to your questions concerning servicing (2), loans originated by the company are currently serviced by Earnest Operations, LLC with support from MOHELA. We are constantly adjusting our own servicing capacities and evaluating those of MOHELA to ensure our borrowers have the support they need, and we will continue to do so for the future.

Navient invests deeply in training and a robust vendor oversight program to provide consistent, high-quality customer support across a variety of platforms, including telephone, e-mail, and chat. Earnest, through its Client Happiness team, manages approximately 150,000 customer interactions annually and regularly reviews its performance in an effort to ensure borrowers receive accurate, timely, and respectful support. We assess success through a variety of measurements, but perhaps most significantly through the feedback of our own customers, which is reflected through a Trustpilot score of 4.6 (excellent); a Customer Satisfaction (CSAT) score that is consistently above 93%; and a Net Promoter Score that ranges from "good" to "excellent." For Earnest loans originated by the company, the average call wait time is approximately 80 seconds based on the latest quarterly data.

Regarding your specific question (2.e) about services available to a borrower subject to a servicing error, a customer may raise such issues with our customer support teams, and the customer may also upload documents to their online account. Our teams research the matter, and if needed, provide a refund. Customers may also request reimbursement for fees that may have been incurred and charged by third parties, such as from insufficient funds or an overdraft.

[1] Average amounts listed here are per borrower.

Your letter inquired about the collections of loans owned by the company (3). In addition to pre-default servicing provided by Earnest and MOHELA, Navient engages with several companies for services related to collection. Third-party entities engaged by the company are subject to vendor management due diligence prior to onboarding, and once engaged, vendors are subject to ongoing vendor monitoring and are required to notify Navient of complaints received in connection with our private student loans, including CFPB complaints and other legal actions.

Answering your question about private student loan borrowers in default (4.d), Navient takes many efforts and offers numerous programs to help borrowers avoid default. Unfortunately, default cannot always be avoided, and once a private student loan enters default, we take additional efforts to help the borrower resolve the account. Private student loan borrowers in default may be offered options such as repayment plans, cosigner waivers, or settlements. Interest and fees are also not charged following default, preventing the balance from increasing.

Regarding your request for data related to defaults (4.a, b, c), since 2020, Navient has originated $1.401 billion in private student loans with approximately $6,133,386 (0.44%) of that amount entering default through June 2025. For refinanced loans, Navient has originated $14.638 billion of student loan refinance loans since 2020 with approximately $85,834,467 (0.59%) of that amount entering default through June 2025. The median loan balance of private student loans originated since 2020 that are currently in default is $9,392. The median loan balance of refinance loans originated since 2020 that are currently in default is $46,557. The median monthly payment of private student loans originated since 2020 that are currently in default is $110. The median monthly payment of refinance loans originated since 2020 that are currently in default is $476.

Your letter inquired about protections that Navient provides to private student loan borrowers who encounter various challenges, such as financial hardship, school closures, or disability (5). Navient offers a variety of options to help private student loan borrowers who encounter temporary financial hardship including temporary lower payments, deferments, and forbearances. The availability of each option may vary based on factors such as the borrower's loan type, the terms and conditions of the loan agreement, the financial circumstances of the borrower and cosigner, and in some instances, the current policies and procedures of the loan's owner. For borrowers affected by a disability, Navient offers *Total and Permanent Disability* relief upon confirmation of the disability. Relief options, including possible discharge, may vary based on applicable law, borrower's loan type, and cosigner status.

To assist borrowers who may have a legal claim against a school based on alleged misconduct, Navient developed and offers a streamlined process to evaluate such claims under the Holder Rule, providing an avenue for relief outside of asserting a legal claim in court or arbitration. Borrowers (or cosigners) may be eligible to receive a discharge of applicable private student loans if the school they attended committed certain misconduct and the borrower experiences harm as a direct result.

Given the various factors that go into determining the availability of federal student loan protections, the continually changing landscape of federal student loan programs, and the variations in the private loan market, it is not possible for Navient to conduct a comprehensive comparison of the protections between its loans and federal student loans. To assist borrowers in assessing the protections offered through various loan products, Navient ensures clear and transparent disclosures regarding federal benefits are provided to loan applicants throughout the application process.

Regarding your questions concerning the sale of student loans to private equity firms (7), Navient, like most financial services firms, relies on a variety of ways to finance its balance sheet. This has included numerous asset backed securities and unsecured debt issuances and, on three occasions in the last ten years, loan sales to asset management firms. Those sales included a collective total of 75,029 loans with an asset balance of $1.157 billion, resulting in gross sale proceeds of $1.172 billion. These transactions did not include loans in default at the time of sale.

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In the private marketplace for student loans, companies like Navient and Earnest must continually develop and improve their products and services to meet the evolving needs of today's student borrowers. With innovative loan products, streamlined application processes, and effective underwriting, private lenders can – and do – deliver positive outcomes for borrowers, helping them to achieve their academic and professional goals on sound financial footing.

Thank you for your time and consideration.

Sincerely,

Matt Sheldon

Matthew R. Sheldon
Senior Vice President & General Counsel