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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

August 3, 2025

David L. Yowan
President and Chief Executive Officer
Navient
13865 Sunrise Valley Drive
Herndon, Virginia 20171

Dear Mr. Yowan:

We write to you following the passage of President Trump's reconciliation legislation known as the "Big, Beautiful Bill." This bill, in addition to stripping health insurance from millions of Americans to give billionaires huge tax cuts, also hurts middle-class families by drastically curtailing access to federal student loans. This move will pave the way for private lenders such as Navient to reap massive profits on the backs of borrowers. Given the private student loan industry's track record of shamelessly taking advantage of borrowers, we are seeking answers on how you will serve the students and families who will be forced into the private loan market by this new law and be further harmed by the Trump Administration's moves to decimate protections against exploitative behavior by private lenders.

Over the last several months, President Trump and Secretary of Education Linda McMahon have dismantled the federal workforce responsible for protecting borrowers. In the Department of Education's Office of Federal Student Aid, they gutted the office of the Student Loan Ombudsman, responsible for addressing borrower complaints, and decimated the vendor oversight team, responsible for ensuring that loan servicers abide by consumer protection laws and properly service student loans.¹ At the same time, the Trump Administration has attempted to fire over 1,500 of the 1,700 key employees at the Consumer Financial Protection Bureau (CFPB), charged with protecting consumers in the financial marketplace, including private student loan borrowers.²

¹ PoliticoPro, "Education Department shrinks staff that fields student aid complaints," Rebecca Carballo, March 4, 2025, <https://subscriber.politicopro.com/article/2025/03/education-department-shrinks-staff-that-fields-student-aid-complaints-00210264>; Written testimony of Bonnie Latreille to the U.S. Senate, May 14, 2025, p. 7, <https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf>; State of New York, et al., v. Linda McMahon, et al., No. 25-10601-MJJ (D. Mass. May 22, 2025) (order granting preliminary injunction), pp. 75-76, <https://storage.courtlistener.com/recap/gov.uscourts.mad.282419/gov.uscourts.mad.282419.45.0.pdf>.

² New York Times, "Mass Layoffs Hit Consumer Financial Protection Bureau," Stacy Cowley, April 17, 2025, <https://www.nytimes.com/2025/04/17/us/politics/consumer-financial-protection-bureau-layoffs.html>.

On July 4, 2025, after President Trump's "Big, Beautiful Bill" was forced through Congress despite the opposition of every single Democratic member, President Trump signed the legislation into law, codifying devastating cuts to federal student loan access.³ The law drastically tightens caps on the amounts that can be borrowed by graduate students—including medical students—and by parents of undergraduate students; these new loan caps are set far below the price of attending many academic programs.⁴ Grad PLUS loans, which are uncapped federal loans for students attending graduate or professional programs, will no longer be available.⁵ Due to these ill-conceived policies, millions of students and families will likely turn to private lenders such as Navient to finance their or their child's education.⁶

Furthermore, President Trump's legislation will force new federal student loan borrowers who sign up for income-driven repayment—and eventually some current borrowers as well—to enroll in the new Repayment Assistance Plan (RAP), which will spike monthly payments for many borrowers relative to currently available plans.⁷ In some cases, costs will go up by hundreds of dollars per month.⁸ Because of these higher monthly payments, a greater number of borrowers may refinance their loans with private lenders such as Navient, further padding your profits and putting borrowers at risk of financial exploitation.

This new approach is an explicit goal of the Trump Administration: earlier this year, when asked whether the federal government should get out of the student loan business, Education Secretary Linda McMahon indicated that "we are certainly looking at that."⁹ Private student loan lenders have made no secret of their appetite to cash in on such an agenda, with CEOs saying they would be "very happy to step in for the government"¹⁰ and plan to take their "fair share" of this

³ Newsweek, "These House Republicans Voted Against Trump's 'Big, Beautiful Bill'," Sonam Sheth, July 3, 2025, <https://www.newsweek.com/full-list-republicans-voted-against-trump-big-beautiful-bill-2093981>.

⁴ NBC News, "Medical students fret over the new student loan cap in the 'big, beautiful bill'," Shannon Pettypiece and Rebecca Shabad, July 8, 2025, <https://www.nbcnews.com/politics/congress/medical-students-fret-student-loan-cap-big-beautiful-bill-rcna217228>; The Hill, "GOP's proposed cap on grad student loans sparks fears of pricing out fields of study," Lexi Lonas Cochran and Aris Folley, July 3, 2025, <https://thehill.com/homenews/education/5382407-gops-proposed-cap-on-grad-student-loans-sparks-fears-of-pricing-out-fields-of-study/>; Inside Higher Ed, "Congress Eyes Cap on Parent PLUS Loans," Johanna Alonso, June 25, 2025, <https://www.insidehighered.com/news/students/financial-aid/2025/06/25/advocates-say-parent-plus-caps-will-reduce-college-access>.

⁵ *Id.*

⁶ *Id.*

⁷ Student Borrower Protection Center, "Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families," Jennifer Zhang, May 6, 2025, <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/>; The New York Times, "Student Loan Repayments Are About to Look Very Different," Tara Siegel Bernard, July 15, 2025, <https://www.nytimes.com/2025/07/15/your-money/student-loans/student-loan-repayment-plans.html>.

⁸ *Id.*

⁹ Fox Business, "Education Secretary McMahon says there 'isn't going to be any loan forgiveness program'," April 22, 2025, <https://www.foxbusiness.com/video/6371809133112>.

¹⁰ SoFi Technologies, "First Quarter 2025 Earnings", April 29, 2025, https://s27.q4cdn.com/749715820/files/doc_financials/2025/q1/SOFI-Q1-2025-Transcript_Edited_4-29-25-docx.pdf.

expanding private market.¹¹ Unfortunately for borrowers, many companies that stand to benefit from these provisions have a history of predatory practices.

Although the private student loan market currently accounts for 8 percent of student loan debt, it represents more than 40 percent of student loan-related complaints submitted to the CFPB.¹² Nearly one-third of these complaints are from borrowers who are struggling to make their monthly payments, largely because private lenders fail to sufficiently protect borrowers facing economic hardship,¹³ and because they subject borrowers to harmful bait and switches, going back on their promises of flexible repayment options and cosigner release.¹⁴

While borrowers with federal student loans are eligible for certain protections—such as income-driven repayment options and debt relief for those defrauded by predatory schools, impacted by school closures, or affected by a permanent disability—such protections are rare in the private student loan market.¹⁵ In addition, private student loans typically have higher interest rates¹⁶ and the companies that service these loans have a track record of abusive practices such as deceptive billing statements,¹⁷ withdrawal of excess funds from borrowers’ accounts,¹⁸ shady marketing around refinancing and federal student loan forgiveness,¹⁹ misleading representations regarding autopay discounts,²⁰ false promises around unemployment protections,²¹ misrepresentation of borrowers’ rights to challenge fraudulent loans,²² and many more egregious practices.

Private lenders also have a track record of discrimination and predatory lending tactics—making high-rate loans with shoddy underwriting,²³ and denying access to credit to borrowers from historically marginalized communities.²⁴ Earlier this month, the Massachusetts Attorney General took an enforcement action against a Navient company, Earnest, for “allegedly [failing] to

¹¹ Seeking Alpha, “Navient Corporation (NAVI) Q1 2025 Earnings Call Transcript,” <https://seekingalpha.com/article/4780084-navient-corporation-navi-q1-2025-earnings-call-transcript>.

¹² The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹³ *Id.*

¹⁴ Student Borrower Protection Center, “Private Student Lending,” April 2020, p. 9, https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report_042020.pdf.

¹⁵ The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹⁶ *Id.*

¹⁷ Consumer Financial Protection Bureau, “Supervisory Highlights: Special Edition Student Lending,” December 2024, p. 17, https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights-special-ed-student-lending-issue-36-winter_2024-12.pdf.

¹⁸ *Id.*, p. 18.

¹⁹ *Id.*, p. 4.

²⁰ *Id.*, p. 8.

²¹ *Id.*

²² *Id.*, p. 10.

²³ Consumer Financial Protection Bureau, “CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market,” July 19, 2012, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-of-boom-and-bust-in-private-student-loan-market/>.

²⁴ Consumer Financial Protection Bureau, “Fair Lending Report of the Consumer Financial Protection Bureau,” December 2012, p. 22, https://files.consumerfinance.gov/f/201212_cfpb_fair-lending-report.pdf.

mitigate risks of disparate harm to non-white and non-citizen consumers from its use of AI underwriting models”—some of the same allegedly discriminatory tactics halted by the FDIC at your predecessor corporate sibling, Sallie Mae Bank, more than a decade ago.²⁵

To make matters worse, in the past decade, private equity firms like Carlyle, Blackstone, KKR, and Apollo began buying up legacy student loan portfolios from banks, which has only heightened concerns about the predatory and abusive collection practices and lack of meaningful avenues of relief for borrowers in the private market.²⁶ Private equity firms have a track record of engaging in aggressive and abusive debt collection practices like attempting to collect debt that has already been paid or targeting the wrong individuals.²⁷ Private equity companies can also offer packaged products like student loan asset-backed securities, which obscure ownership of individual loans, make it more difficult for borrowers to pay back their loans, and introduce instability into financial markets.²⁸

Student debt places a tremendous burden on borrowers, their families, their communities, and the U.S. economy, driving employment, spending, and housing decisions that have long-lasting negative impacts on borrowers’ financial health.²⁹ Placing a greater share of student loans into the hands of private lenders threatens to make these problems much worse. To better understand how borrowers will be affected by the looming expansion of the private student loan market, we ask that you answer the following questions by August 17, 2025:

1. Regarding forthcoming changes to your private student loan portfolio:
 - a. Summarize any changes your company plans to make to its private student loan product offerings in the next two years.
 - b. Provide data quantifying the:
 - i. New student loan borrowers you have lent to, and average amounts lent per new borrower annually since 2020.
 - ii. Projected new student loan borrowers you will lend to, and average projected amounts you will lend per new borrower annually through December 2030.
 - iii. New private student loans your company originated annually since January 2020.

²⁵ Office of the Massachusetts Attorney General, “AG Campbell Announces \$2.5 Million Settlement With Student Loan Lender For Unlawful Practices Through AI Use, Other Consumer Protection Violations,” press release, July 10, 2025, <https://www.mass.gov/news/ag-campbell-announces-25-million-settlement-with-student-loan-lender-for-unlawful-practices-through-ai-use-other-consumer-protection-violations>.

²⁶ Student Borrower Protection Center, “Testimony of Aissa Canchola Bañez,” September 17, 2024, p.3, https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf.

²⁷ Private Equity Stakeholder Project, “How Private Equity Profits from Aggressive Medical Debt Collection,” August 24, 2025, <https://pestakeholder.org/news/how-private-equity-profits-from-aggressive-medical-debt-collection>.


²⁸ CNBC, “Here’s why some economists are concerned student loans may cause the next big bubble,” Juhohn Lee, August 31, 2023, <https://www.cnbc.com/2023/08/31/why-student-loans-may-be-the-next-bubble.html>.

²⁹ Student Borrower Protection Center, “Testimony of Aissa Canchola Bañez,” September 17, 2024, p. 2, https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf.


- iv. Projected number of private student loans your company will originate annually through December 2030.
- 2. Regarding the servicing of loans originated by your company:
 - a. Provide a list of entities currently responsible for servicing private student loans that originate with your company.
 - b. Have any of these entities ever been the subject of a complaint filed by the CFPB or other legal action? If so, please describe them.
 - c. Provide the average call wait time for borrowers seeking assistance with loans originated by your company.
 - d. Provide any plans that you or your servicer has for expanding customer service capacity to account for the upcoming influx of private student loan borrowers.
 - e. Describe the customer service available to borrowers with private student loans who are overcharged or who are otherwise subject to loan servicing errors.
- 3. Regarding the collections of loans owned by your company:
 - a. List any and all entities currently responsible for managing debt collections for private student loans originated by your company.
 - b. Have any of these entities ever been the subject of a complaint filed by the CFPB or other legal action? If so, please describe them.
- 4. For private student loan borrowers in default:
 - a. Provide data indicating the proportion of active private student loans originated by your company that have gone into default since January 2020.
 - b. Provide the median loan balance of private student loan borrowers who are currently in default on at least one loan that you hold.
 - c. Provide the median monthly payment of private student loan borrowers currently in default on at least one loan that you hold.
 - d. Describe all services you provide to help borrowers get out of default.
- 5. Indicate any and all protections your company has in place to protect private student loan borrowers who encounter:
 - a. Predatory schools that defraud students;
 - b. Sudden school closures;
 - c. Temporary financial hardship; and
 - d. Permanent disability that interferes with their ability to work.
- 6. Indicate how each of these protections compares to the protections available for federal student loans.
- 7. Has your company sold any student loans to private equity firms in the past? If so:
 - a. List any and all private equity firms to which your company has sold student loans.
 - b. Provide the total value of student loans sold to each private equity firm and how much money your company received in return.
 - c. Provide the number of loans sold to each private equity firm.

- d. Specify the number of defaulted borrowers whose private student loans were sold to each private equity firm.
8. Does your company have any plans to sell student loans to private equity firms in the future? If so, please describe these plans.


Sincerely,



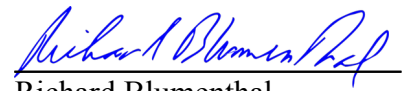
Elizabeth Warren
United States Senator



Charles E. Schumer
United States Senator



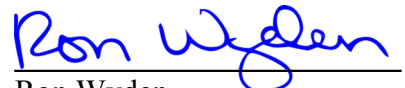
Bernard Sanders
United States Senator




Richard Blumenthal
United States Senator



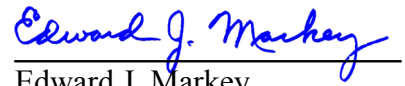
Mazie K. Hirono
United States Senator




Ron Wyden
United States Senator



Chris Van Hollen
United States Senator



Edward J. Markey
United States Senator



Jeffrey A. Merkley
United States Senator

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WASHINGTON, DC 20510-6075

August 3, 2025

Jeffrey Noordhoek
Chief Executive Officer
Nelnet
121 S 13th St, Ste 301
Lincoln, NE 68508

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This new approach is an explicit goal of the Trump Administration: earlier this year, when asked whether the federal government should get out of the student loan business, Education Secretary Linda McMahon indicated that “we are certainly looking at that.”⁹ Private student loan lenders have made no secret of their appetite to cash in on such an agenda, with CEOs saying they would be “very happy to step in for the government”¹⁰ and plan to take their “fair share” of this

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⁴ NBC News, “Medical students fret over the new student loan cap in the ‘big, beautiful bill’,” Shannon Pettypiece and Rebecca Shabad, July 8, 2025, <https://www.nbcnews.com/politics/congress/medical-students-fret-student-loan-cap-big-beautiful-bill-rcna217228>; The Hill, “GOP’s proposed cap on grad student loans sparks fears of pricing out fields of study,” Lexi Lonas Cochran and Aris Folley, July 3, 2025, <https://thehill.com/homenews/education/5382407-gops-proposed-cap-on-grad-student-loans-sparks-fears-of-pricing-out-fields-of-study/>; Inside Higher Ed, “Congress Eyes Cap on Parent PLUS Loans,” Johanna Alonso, June 25, 2025, <https://www.insidehighered.com/news/students/financial-aid/2025/06/25/advocates-say-parent-plus-caps-will-reduce-college-access>.

⁵ *Id.*

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⁸ *Id.*

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expanding private market.¹¹ Unfortunately for borrowers, many companies that stand to benefit from these provisions have a history of predatory practices.

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¹³ *Id.*

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¹⁹ *Id.*, p. 4.

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²² *Id.*, p. 10.

²³ Consumer Financial Protection Bureau, “CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market,” July 19, 2012, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-of-boom-and-bust-in-private-student-loan-market/>.

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Student debt places a tremendous burden on borrowers, their families, their communities, and the U.S. economy, driving employment, spending, and housing decisions that have long-lasting negative impacts on borrowers’ financial health.²⁹ Placing a greater share of student loans into the hands of private lenders threatens to make these problems much worse. To better understand how borrowers will be affected by the looming expansion of the private student loan market, we ask that you answer the following questions by August 17, 2025:

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 - b. Provide data quantifying the:
 - i. New student loan borrowers you have lent to, and average amounts lent per new borrower annually since 2020.
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²⁵ Office of the Massachusetts Attorney General, “AG Campbell Announces \$2.5 Million Settlement With Student Loan Lender For Unlawful Practices Through AI Use, Other Consumer Protection Violations,” press release, July 10, 2025, <https://www.mass.gov/news/ag-campbell-announces-25-million-settlement-with-student-loan-lender-for-unlawful-practices-through-ai-use-other-consumer-protection-violations>.

²⁶ Student Borrower Protection Center, “Testimony of Aissa Canchola Bañez,” September 17, 2024, p. 3, https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf.

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²⁸ CNBC, “Here’s why some economists are concerned student loans may cause the next big bubble,” Juhohn Lee, August 31, 2023, <https://www.cnbc.com/2023/08/31/why-student-loans-may-be-the-next-bubble.html>.

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 - e. Describe the customer service available to borrowers with private student loans who are overcharged or who are otherwise subject to loan servicing errors.
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 - a. Predatory schools that defraud students;
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- 6. Indicate how each of these protections compares to the protections available for federal student loans.
- 7. Has your company sold any student loans to private equity firms in the past? If so:
 - a. List any and all private equity firms to which your company has sold student loans.
 - b. Provide the total value of student loans sold to each private equity firm and how much money your company received in return.
 - c. Provide the number of loans sold to each private equity firm.

- d. Specify the number of defaulted borrowers whose private student loans were sold to each private equity firm.
8. Does your company have any plans to sell student loans to private equity firms in the future? If so, please describe these plans.

Thank you for your attention to this important matter.

Sincerely,



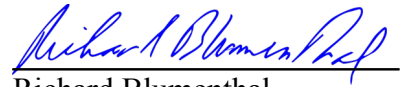
Elizabeth Warren
United States Senator



Charles E. Schumer
United States Senator



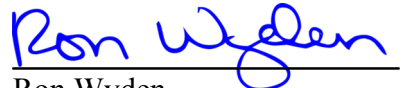
Bernard Sanders
United States Senator



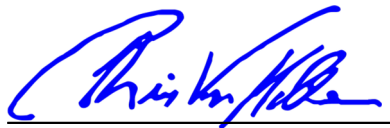
Richard Blumenthal
United States Senator



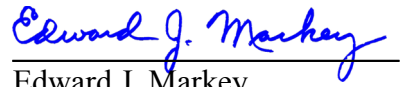
Mazie K. Hirono
United States Senator



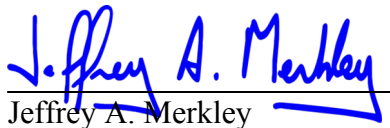
Ron Wyden
United States Senator



Chris Van Hollen
United States Senator



Edward J. Markey
United States Senator



Jeffrey A. Merkley
United States Senator

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KEVIN CRAMER, NORTH DAKOTA
BERNIE MORENO, OHIO
DAVID MCCORMICK, PENNSYLVANIA

JACK REED, RHODE ISLAND
MARK R. WARNER, VIRGINIA
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CATHERINE CORTEZ MASTO, NEVADA
TINA SMITH, MINNESOTA
RAPHAEL G. WARNOCK, GEORGIA
ANDY KIM, NEW JERSEY
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LISA BLUNT ROCHESTER, DELAWARE
ANGELA D. ALSOBROOKS, MARYLAND

CATHERINE FUCHS, STAFF DIRECTOR
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

August 3, 2025

Jonathan Witter
Chief Executive Officer
Sallie Mae
300 Continental Dr.
Newark, DE 19713

Dear Mr. Witter:

We write to you following the passage of President Trump's reconciliation legislation known as the "Big, Beautiful Bill." This bill, in addition to stripping health insurance from millions of Americans to give billionaires huge tax cuts, also hurts middle-class families by drastically curtailing access to federal student loans. This move will pave the way for private lenders such as Sallie Mae to reap massive profits on the backs of borrowers. Given the private student loan industry's track record of shamelessly taking advantage of borrowers, we are seeking answers on how you will serve the students and families who will be forced into the private loan market by this new law and be further harmed by the Trump Administration's moves to decimate protections against exploitative behavior by private lenders.

Over the last several months, President Trump and Secretary of Education Linda McMahon have dismantled the federal workforce responsible for protecting borrowers. In the Department of Education's Office of Federal Student Aid, they gutted the office of the Student Loan Ombudsman, responsible for addressing borrower complaints, and decimated the vendor oversight team, responsible for ensuring that loan servicers abide by consumer protection laws and properly service student loans.¹ At the same time, the Trump Administration has attempted to fire over 1,500 of the 1,700 key employees at the Consumer Financial Protection Bureau (CFPB), charged with protecting consumers in the financial marketplace, including private student loan borrowers.²

¹ PoliticoPro, "Education Department shrinks staff that fields student aid complaints," Rebecca Carballo, March 4, 2025, <https://subscriber.politicopro.com/article/2025/03/education-department-shrinks-staff-that-fields-student-aid-complaints-00210264>; Written testimony of Bonnie Latreille to the U.S. Senate, May 14, 2025, p. 7, <https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf>; 6 State of New York, et al., v. Linda McMahon, et al., No. 25-10601-MJJ (D. Mass. May 22, 2025) (order granting preliminary injunction), pp. 75-76, <https://storage.courtlistener.com/recap/gov.uscourts.mad.282419/gov.uscourts.mad.282419.45.0.pdf>.

² New York Times, "Mass Layoffs Hit Consumer Financial Protection Bureau," Stacy Cowley, April 17, 2025, <https://www.nytimes.com/2025/04/17/us/politics/consumer-financial-protection-bureau-layoffs.html>.

On July 4, 2025, after President Trump's "Big, Beautiful Bill" was forced through Congress despite the opposition of every single Democratic member, President Trump signed the legislation into law, codifying devastating cuts to federal student loan access.³ The law drastically tightens caps on the amounts that can be borrowed by graduate students—including medical students—and by parents of undergraduate students; these new loan caps are set far below the price of attending many academic programs.⁴ Grad PLUS loans, which are uncapped federal loans for students attending graduate or professional programs, will no longer be available.⁵ Due to these ill-conceived policies, millions of students and families will likely turn to private lenders such as Sallie Mae to finance their or their child's education.⁶

Furthermore, President Trump's legislation will force new federal student loan borrowers who sign up for income-driven repayment—and eventually some current borrowers as well—to enroll in the new Repayment Assistance Plan (RAP), which will spike monthly payments for many borrowers relative to currently available plans.⁷ In some cases, costs will go up by hundreds of dollars per month.⁸ Because of these higher monthly payments, a greater number of borrowers may refinance their loans with private lenders such as Sallie Mae, further padding your profits and putting borrowers at risk of financial exploitation.

This new approach is an explicit goal of the Trump Administration: earlier this year, when asked whether the federal government should get out of the student loan business, Education Secretary Linda McMahon indicated that "we are certainly looking at that."⁹ Private student loan lenders have made no secret of their appetite to cash in on such an agenda, with CEOs saying they would be "very happy to step in for the government"¹⁰ and plan to take their "fair share" of this

³ Newsweek, "These House Republicans Voted Against Trump's 'Big, Beautiful Bill'," Sonam Sheth, July 3, 2025, <https://www.newsweek.com/full-list-republicans-voted-against-trump-big-beautiful-bill-2093981>.

⁴ NBC News, "Medical students fret over the new student loan cap in the 'big, beautiful bill'," Shannon Pettypiece and Rebecca Shabad, July 8, 2025, <https://www.nbcnews.com/politics/congress/medical-students-fret-student-loan-cap-big-beautiful-bill-rcna217228>; The Hill, "GOP's proposed cap on grad student loans sparks fears of pricing out fields of study," Lexi Lonas Cochran and Aris Folley, July 3, 2025, <https://thehill.com/homenews/education/5382407-gops-proposed-cap-on-grad-student-loans-sparks-fears-of-pricing-out-fields-of-study/>; Inside Higher Ed, "Congress Eyes Cap on Parent PLUS Loans," Johanna Alonso, June 25, 2025, <https://www.insidehighered.com/news/students/financial-aid/2025/06/25/advocates-say-parent-plus-caps-will-reduce-college-access>.

⁵ *Id.*

⁶ *Id.*

⁷ Student Borrower Protection Center, "Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families," Jennifer Zhang, May 6, 2025, <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/>; The New York Times, "Student Loan Repayments Are About to Look Very Different," Tara Siegel Bernard, July 15, 2025, <https://www.nytimes.com/2025/07/15/your-money/student-loans/student-loan-repayment-plans.html>.

⁸ *Id.*

⁹ Fox Business, "Education Secretary McMahon says there 'isn't going to be any loan forgiveness program'," April 22, 2025, <https://www.foxbusiness.com/video/6371809133112>.

¹⁰ SoFi Technologies, "First Quarter 2025 Earnings", April 29, 2025, https://s27.q4cdn.com/749715820/files/doc_financials/2025/q1/SOFI-Q1-2025-Transcript_Edited_4-29-25-docx.pdf.

expanding private market.¹¹ Unfortunately for borrowers, many companies that stand to benefit from these provisions have a history of predatory practices.

Although the private student loan market currently accounts for 8 percent of student loan debt, it represents more than 40 percent of student loan-related complaints submitted to the CFPB.¹² Nearly one-third of these complaints are from borrowers who are struggling to make their monthly payments, largely because private lenders fail to sufficiently protect borrowers facing economic hardship,¹³ and because they subject borrowers to harmful bait and switches, going back on their promises of flexible repayment options and cosigner release.¹⁴

While borrowers with federal student loans are eligible for certain protections—such as income-driven repayment options and debt relief for those defrauded by predatory schools, impacted by school closures, or affected by a permanent disability—such protections are rare in the private student loan market.¹⁵ In addition, private student loans typically have higher interest rates¹⁶ and the companies that service these loans have a track record of abusive practices such as deceptive billing statements,¹⁷ withdrawal of excess funds from borrowers’ accounts,¹⁸ shady marketing around refinancing and federal student loan forgiveness,¹⁹ misleading representations regarding autopay discounts,²⁰ false promises around unemployment protections,²¹ misrepresentation of borrowers’ rights to challenge fraudulent loans,²² and many more egregious practices.

Private lenders also have a track record of discrimination and predatory lending tactics—making high-rate loans with shoddy underwriting,²³ and denying access to credit to borrowers from historically marginalized communities.²⁴ Earlier this month, the Massachusetts Attorney General

¹¹ Seeking Alpha, “Navient Corporation (NAVI) Q1 2025 Earnings Call Transcript,” <https://seekingalpha.com/article/4780084-navient-corporation-navi-q1-2025-earnings-call-transcript>.

¹² The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹³ *Id.*

¹⁴ Student Borrower Protection Center, “Private Student Lending,” April 2020, p. 9, https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report_042020.pdf.

¹⁵ The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹⁶ *Id.*

¹⁷ Consumer Financial Protection Bureau, “Supervisory Highlights: Special Edition Student Lending,” December 2024, p. 17, https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights-special-ed-student-lending-issue-36-winter_2024-12.pdf.

¹⁸ *Id.*, p. 18.

¹⁹ *Id.*, p. 4.

²⁰ *Id.*, p. 8.

²¹ *Id.*

²² *Id.*, p. 10.

²³ Consumer Financial Protection Bureau, “CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market,” July 19, 2012, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-of-boom-and-bust-in-private-student-loan-market/>.

²⁴ Consumer Financial Protection Bureau, “Fair Lending Report of the Consumer Financial Protection Bureau,” December 2012, p. 22, https://files.consumerfinance.gov/f/201212_cfpb_fair-lending-report.pdf.

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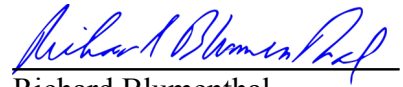
Elizabeth Warren
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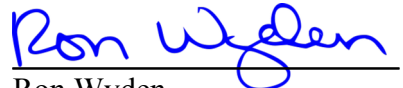
Bernard Sanders
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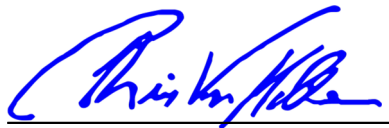
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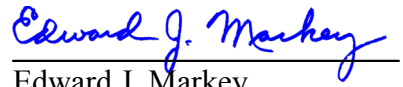
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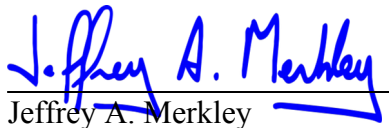
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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

August 3, 2025

Anthony Noto
Chief Executive Officer
SoFi
234 1st St
San Francisco, CA 94105

Dear Mr. Noto:

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Over the last several months, President Trump and Secretary of Education Linda McMahon have dismantled the federal workforce responsible for protecting borrowers. In the Department of Education's Office of Federal Student Aid, they gutted the office of the Student Loan Ombudsman, responsible for addressing borrower complaints, and decimated the vendor oversight team, responsible for ensuring that loan servicers abide by consumer protection laws and properly service student loans.¹ At the same time, the Trump Administration has attempted to fire over 1,500 of the 1,700 key employees at the Consumer Financial Protection Bureau (CFPB), charged with protecting consumers in the financial marketplace, including private student loan borrowers.²

¹ PoliticoPro, "Education Department shrinks staff that fields student aid complaints," Rebecca Carballo, March 4, 2025, <https://subscriber.politicopro.com/article/2025/03/education-department-shrinks-staff-that-fields-student-aid-complaints-00210264>; Written testimony of Bonnie Latreille to the U.S. Senate, May 14, 2025, p. 7, <https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf>; 6 State of New York, et al., v. Linda McMahon, et al., No. 25-10601-MJJ (D. Mass. May 22, 2025) (order granting preliminary injunction), pp. 75-76, <https://storage.courtlistener.com/recap/gov.uscourts.mad.282419/gov.uscourts.mad.282419.45.0.pdf>.

² New York Times, "Mass Layoffs Hit Consumer Financial Protection Bureau," Stacy Cowley, April 17, 2025, <https://www.nytimes.com/2025/04/17/us/politics/consumer-financial-protection-bureau-layoffs.html>.

On July 4, 2025, after President Trump’s “Big, Beautiful Bill” was forced through Congress despite the opposition of every single Democratic member, President Trump signed the legislation into law, codifying devastating cuts to federal student loan access.³ The law drastically tightens caps on the amounts that can be borrowed by graduate students—including medical students—and by parents of undergraduate students; these new loan caps are set far below the price of attending many academic programs.⁴ Grad PLUS loans, which are uncapped federal loans for students attending graduate or professional programs, will no longer be available.⁵ Due to these ill-conceived policies, millions of students and families will likely turn to private lenders such as SoFi to finance their or their child’s education.⁶

Furthermore, President Trump’s legislation will force new federal student loan borrowers who sign up for income-driven repayment—and eventually some current borrowers as well—to enroll in the new Repayment Assistance Plan (RAP), which will spike monthly payments for many borrowers relative to currently available plans.⁷ In some cases, costs will go up by hundreds of dollars per month.⁸ Because of these higher monthly payments, a greater number of borrowers may refinance their loans with private lenders such as SoFi, further padding your profits and putting borrowers at risk of financial exploitation.

This new approach is an explicit goal of the Trump Administration: earlier this year, when asked whether the federal government should get out of the student loan business, Education Secretary Linda McMahon indicated that “we are certainly looking at that.”⁹ Private student loan lenders have made no secret of their appetite to cash in on such an agenda, with CEOs saying they would be “very happy to step in for the government”¹⁰ and plan to take their “fair share” of this

³ Newsweek, “These House Republicans Voted Against Trump’s ‘Big, Beautiful Bill,’” Sonam Sheth, July 3, 2025, <https://www.newsweek.com/full-list-republicans-voted-against-trump-big-beautiful-bill-2093981>.

⁴ NBC News, “Medical students fret over the new student loan cap in the ‘big, beautiful bill,’” Shannon Pettypiece and Rebecca Shabad, July 8, 2025, <https://www.nbcnews.com/politics/congress/medical-students-fret-student-loan-cap-big-beautiful-bill-rcna217228>; The Hill, “GOP’s proposed cap on grad student loans sparks fears of pricing out fields of study,” Lexi Lonas Cochran and Aris Folley, July 3, 2025, <https://thehill.com/homenews/education/5382407-gops-proposed-cap-on-grad-student-loans-sparks-fears-of-pricing-out-fields-of-study/>; Inside Higher Ed, “Congress Eyes Cap on Parent PLUS Loans,” Johanna Alonso, June 25, 2025, <https://www.insidehighered.com/news/students/financial-aid/2025/06/25/advocates-say-parent-plus-caps-will-reduce-college-access>.

⁵ *Id.*

⁶ *Id.*

⁷ Student Borrower Protection Center, “Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families,” Jennifer Zhang, May 6, 2025, <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/>; The New York Times, “Student Loan Repayments Are About to Look Very Different,” Tara Siegel Bernard, July 15, 2025, <https://www.nytimes.com/2025/07/15/your-money/student-loans/student-loan-repayment-plans.html>.

⁸ *Id.*

⁹ Fox Business, “Education Secretary McMahon says there ‘isn’t going to be any loan forgiveness program,’” April 22, 2025, <https://www.foxbusiness.com/video/6371809133112>.

¹⁰ SoFi Technologies, “First Quarter 2025 Earnings,” April 29, 2025, https://s27.q4cdn.com/749715820/files/doc_financials/2025/q1/SOFI-Q1-2025-Transcript_Edited_4-29-25-docx.pdf.

expanding private market.¹¹ Unfortunately for borrowers, many companies that stand to benefit from these provisions have a history of predatory practices.

Although the private student loan market currently accounts for 8 percent of student loan debt, it represents more than 40 percent of student loan-related complaints submitted to the CFPB.¹² Nearly one-third of these complaints are from borrowers who are struggling to make their monthly payments, largely because private lenders fail to sufficiently protect borrowers facing economic hardship,¹³ and because they subject borrowers to harmful bait and switches, going back on their promises of flexible repayment options and cosigner release.¹⁴

While borrowers with federal student loans are eligible for certain protections—such as income-driven repayment options and debt relief for those defrauded by predatory schools, impacted by school closures, or affected by a permanent disability—such protections are rare in the private student loan market.¹⁵ In addition, private student loans typically have higher interest rates¹⁶ and the companies that service these loans have a track record of abusive practices such as deceptive billing statements,¹⁷ withdrawal of excess funds from borrowers’ accounts,¹⁸ shady marketing around refinancing and federal student loan forgiveness,¹⁹ misleading representations regarding autopay discounts,²⁰ false promises around unemployment protections,²¹ misrepresentation of borrowers’ rights to challenge fraudulent loans,²² and many more egregious practices.

Private lenders also have a track record of discrimination and predatory lending tactics—making high-rate loans with shoddy underwriting,²³ and denying access to credit to borrowers from historically marginalized communities.²⁴ Earlier this month, the Massachusetts Attorney General

¹¹ Seeking Alpha, “Navient Corporation (NAVI) Q1 2025 Earnings Call Transcript,” <https://seekingalpha.com/article/4780084-navient-corporation-navi-q1-2025-earnings-call-transcript>.

¹² The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹³ *Id.*

¹⁴ Student Borrower Protection Center, “Private Student Lending,” April 2020, p. 9, https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report_042020.pdf.

¹⁵ The Century Foundation, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.

¹⁶ *Id.*

¹⁷ Consumer Financial Protection Bureau, “Supervisory Highlights: Special Edition Student Lending,” December 2024, p. 17, https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights-special-ed-student-lending-issue-36-winter_2024-12.pdf.

¹⁸ *Id.*, p. 18.

¹⁹ *Id.*, p. 4.

²⁰ *Id.*, p. 8.

²¹ *Id.*

²² *Id.*, p. 10.

²³ Consumer Financial Protection Bureau, “CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market,” July 19, 2012, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-of-boom-and-bust-in-private-student-loan-market/>.

²⁴ Consumer Financial Protection Bureau, “Fair Lending Report of the Consumer Financial Protection Bureau,” December 2012, p. 22, https://files.consumerfinance.gov/f/201212_cfpb_fair-lending-report.pdf.

took an enforcement action against a Navient company, Earnest, for “allegedly [failing] to mitigate risks of disparate harm to non-white and non-citizen consumers from its use of AI underwriting models”—some of the same allegedly discriminatory tactics halted by the FDIC at Sallie Mae Bank more than a decade ago.²⁵

To make matters worse, in the past decade, private equity firms like Carlyle, Blackstone, KKR, and Apollo began buying up legacy student loan portfolios from banks, which has only heightened concerns about the predatory and abusive collection practices, and lack of meaningful avenues of relief for borrowers in the private market.²⁶ Private equity firms have a track record of engaging in aggressive and abusive debt collection practices like attempting to collect debt that has already been paid or targeting the wrong individuals.²⁷ Private equity companies can also offer packaged products like student loan asset-backed securities which obscure ownership of individual loans, make it more difficult for borrowers to pay back their loans, and introduce instability into financial markets.²⁸

Student debt places a tremendous burden on borrowers, their families, their communities, and the U.S. economy, driving employment, spending, and housing decisions that have long-lasting negative impacts on borrowers’ financial health.²⁹ Placing a greater share of student loans into the hands of private lenders threatens to make these problems much worse. To better understand how borrowers will be affected by the looming expansion of the private student loan market, we ask that you answer the following questions by August 17, 2025:

1. Regarding forthcoming changes to your private student loan portfolio:
 - a. Summarize any changes your company plans to make to its private student loan product offerings in the next two years.
 - b. Provide data quantifying the:
 - i. New student loan borrowers you have lent to, and average amounts lent per new borrower annually since 2020.
 - ii. Projected new student loan borrowers you will lend to, and average projected amounts you will lend per new borrower annually through December 2030.
 - iii. New private student loans your company originated annually since January 2020.

²⁵ Office of the Massachusetts Attorney General, “AG Campbell Announces \$2.5 Million Settlement With Student Loan Lender For Unlawful Practices Through AI Use, Other Consumer Protection Violations,” press release, July 10, 2025, <https://www.mass.gov/news/ag-campbell-announces-25-million-settlement-with-student-loan-lender-for-unlawful-practices-through-ai-use-other-consumer-protection-violations>.

²⁶ Student Borrower Protection Center, “Testimony of Aissa Canchola Bañez,” September 17, 2024, p. 3, https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf.

²⁷ Private Equity Stakeholder Project, “How Private Equity Profits from Aggressive Medical Debt Collection,” August 24, 2025, <https://pestakeholder.org/news/how-private-equity-profits-from-aggressive-medical-debt-collection>.

²⁸ CNBC, “Here’s why some economists are concerned student loans may cause the next big bubble,” Juhohn Lee, August 31, 2023, <https://www.cnbc.com/2023/08/31/why-student-loans-may-be-the-next-bubble.html>.

²⁹ Student Borrower Protection Center, “Testimony of Aissa Canchola Bañez,” September 17, 2024, p. 2, https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf.

- iv. Projected number of private student loans your company will originate annually through December 2030.
- 2. Regarding the servicing of loans originated by your company:
 - a. Provide a list of entities currently responsible for servicing private student loans that originate with your company.
 - b. Have any of these entities ever been the subject of a complaint filed by the CFPB or other legal action? If so, please describe them.
 - c. Provide the average call wait time for borrowers seeking assistance with loans originated by your company.
 - d. Provide any plans that you or your servicer has for expanding customer service capacity to account for the upcoming influx of private student loan borrowers.
 - e. Describe the customer service available to borrowers with private student loans who are overcharged or who are otherwise subject to loan servicing errors.
- 3. Regarding the collections of loans owned by your company:
 - a. List any and all entities currently responsible for managing debt collections for private student loans originated by your company.
 - b. Have any of these entities ever been the subject of a complaint filed by the CFPB or other legal action? If so, please describe them.
- 4. For private student loan borrowers in default:
 - a. Provide data indicating the proportion of active private student loans originated by your company that have gone into default since January 2020.
 - b. Provide the median loan balance of private student loan borrowers who are currently in default on at least one loan that you hold.
 - c. Provide the median monthly payment of private student loan borrowers currently in default on at least one loan that you hold.
 - d. Describe all services you provide to help borrowers get out of default.
- 5. Indicate any and all protections your company has in place to protect private student loan borrowers who encounter:
 - a. Predatory schools that defraud students;
 - b. Sudden school closures;
 - c. Temporary financial hardship; and
 - d. Permanent disability that interferes with their ability to work.
- 6. Indicate how each of these protections compares to the protections available for federal student loans.
- 7. Has your company sold any student loans to private equity firms in the past? If so:
 - a. List any and all private equity firms to which your company has sold student loans.
 - b. Provide the total value of student loans sold to each private equity firm and how much money your company received in return.
 - c. Provide the number of loans sold to each private equity firm.

- d. Specify the number of defaulted borrowers whose private student loans were sold to each private equity firm.
8. Does your company have any plans to sell student loans to private equity firms in the future? If so, please describe these plans.

Thank you for your attention to this important matter.

Sincerely,



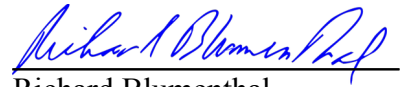
Elizabeth Warren
United States Senator



Charles E. Schumer
United States Senator



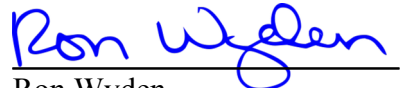
Bernard Sanders
United States Senator



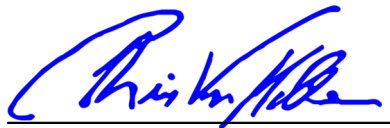
Richard Blumenthal
United States Senator



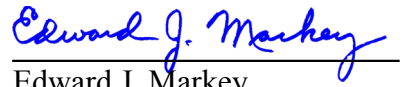
Mazie K. Hirono
United States Senator



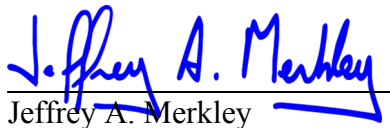
Ron Wyden
United States Senator



Chris Van Hollen
United States Senator



Edward J. Markey
United States Senator



Jeffrey A. Merkley
United States Senator