

Letter From Lawyers For Plaintiffs In Salazar v. DeVos

Dear Wilfred Student Loan Borrower,

Do not worry! This is not a demand for money. You are not being sued.

You are receiving this letter because of a Class Action Settlement.

You may be able to get your student loan canceled, and your payments returned, if you send the enclosed Application.

Records show that you took out a federally guaranteed student loan after January 1, 1986, so that you could attend a school owned or run by Wilfred American Educational Corporation (“A **Wilfred School**”). This school might have been called Wilfred Beauty School, Wilfred Academy, American Business Institute, or Washington School of Secretaries. **You may be able to get this loan discharged, or forgiven.**

You can probably get this loan forgiven if you:

1. did not have a high school diploma or a G.E.D. at the time you enrolled at a Wilfred School;
2. the school did not give you a test of your “ability to benefit” from the school’s program, or gave a test that was not approved by the U.S. Department of Education (“USED”), or did not properly administer or grade the test;
3. all or part of the loan was disbursed (paid out) after January 1, 1986; and
4. you haven’t already gotten a discharge or refund of your loan from the school, USED, or another source.

If this describes you, you should immediately fill out the Discharge Application included with this letter! In order to get all of the benefits of the Settlement, you must send it so it is received by February 7, 2018 to the address given in the middle of the enclosed Letter from USED.

While your Application is being decided, collection on your loan may stop.

- *If your loan is not in default*, USED and companies that administer the federal student loan program have stopped (or will soon stop) collecting on your loan until **February 7, 2018**, to give you a chance to mail in the Discharge Application. If you do mail it promptly and it is received by that date, they will not collect on your loan while your Application is being decided.
- *If your loan is in default*, **and** you send in Discharge Application that is received by **February 7, 2018**, USED and the companies that administer the federal student loan program will stop collecting on your loan while your Application is being decided.

If you send the Discharge Application in time to be received by **February 7, 2018**, USED or a Guaranty Agency must decide by **December 9, 2018** whether to forgive your loan. Because of Wilfred’s practices, many borrowers’ discharge applications have been granted. **If your Discharge Application is granted, your Wilfred loan will be totally forgiven. You will not have to make any more payments, and all the money you have paid on the loan, voluntarily or involuntarily (for example, through income tax refund offsets) will be returned to you.**

If you have any questions about this Letter or the Discharge Application, please contact:

New York Legal Assistance Group Salazar Class Action Hotline: (212) 659-6162 salazarclassaction@nylag.org www.nylag.org/salazar-class-action

1. Why am I getting this letter?

You are getting this letter as part of a Class Action Settlement in a case called *Salazar v. DeVos*, No. 14 Civ. 1230 (S.D.N.Y.). Seven Wilfred School students sued USED on behalf of themselves and all other Wilfred student loan borrowers. The purpose of the case was to have USED notify all Wilfred borrowers that they may be eligible to have their loans discharged. As part of a settlement of the case, USED agreed to send you this letter, and the Discharge Application and letter from USED included in this mailing. The settlement was approved by the Court on August 9, 2017.

The New York Legal Assistance Group and Harvard Legal Services Center are the lawyers for you and the other Wilfred borrowers in the Class Action. You do not have to pay anything for those lawyers. The lawyers and the Court believed that this settlement was a good one, because it is important that you be told that you might be able to get your loan discharged.

2. How do I know if I should send in an Application?

You are getting this letter because USED's records show that you *did* receive federally guaranteed student loan money in 1986 or later to attend a Wilfred School. The school might have been called "Wilfred," or something else, like Wilfred Beauty School, Wilfred Academy, American Business Institute, or Washington School of Secretaries—they were all run by Wilfred.

If you did not have a high school diploma or G.E.D. at the time you enrolled in a Wilfred School, you should submit an application. You should say truthfully whether you were given a test when you enrolled, and anything you remember about the test and the way it was given or graded. USED will decide if your loan should be discharged. *Many borrowers' applications have already been granted.*

3. Do I need to send anything along with my Application?

No! You don't need to send anything except the Application. If more information is needed, you will receive a letter or phone call to ask for it.

4. If I send an Application, do I need to keep making payments?

Whether you need to keep making payments depends on the status of your loan.

Not In Default: If your loan is *not* in default, *you may stop receiving bills until February 7, 2018*, whether you send an Application or not. If you send an Application, *you should not get any bills until your Application is decided*. This period when collection stops is called "forbearance." During this period, you do *not* need to make any payments, and you won't be penalized or harmed for not making them. If you do make payments, they will be applied to your loan, and refunded to you later if your Application is granted.

Rehabilitation: If your loan is currently in rehabilitation, you should *keep making payments*. If your Application is granted, the money you have paid toward your Wilfred loan will be refunded to you.

In Default: If your loan is currently *in default*, collection on your loan will *only* stop if you timely send in a Discharge Application. If you do send an Application that is received by **February 7, 2018**, *collection will stop until your Application has been decided*. During that period (and depending on when your Application is received), you may stop having your wages garnished, or stop having your tax refunds offset. No Collection Agencies should contact you about your Wilfred loan during that period.

5. What if I have consolidated my Wilfred loan with a non-Wilfred loan?

If you consolidated your Wilfred loan with other loans, and you are *not* in default on the consolidated loan, you should not get any bills until **February 7, 2018**. If you do submit an Application, you should not get any bills until your Application is decided. During that period you do not have to make any payments.

If your consolidated loan is in default, *you must keep making payments, even if you submit an Application*.

If you submit an Application and it is granted, the part of your consolidated loan that covers your Wilfred loan will be discharged (forgiven), and your payments on the Wilfred part of the loan will be returned to you.

6. Do I get charged interest during the time I don't have to make payments?

If collection stops on your Wilfred loan for some amount of time—called “forbearance”— interest amounts *will* be added to your loan for that period. You don't have to make payments during this forbearance period, but if you don't send an Application, or your Application is denied, the interest amounts will be added to your total balance when collection starts again.

If you do *not* want to have your loan put in forbearance, and instead want to keep making payments during this period, **contact USED or the Guaranty Agency right away. The contact information is on the other letter to you in this mailing.**

7. Who will decide my Application? When will it be decided?

Some Wilfred loans are held by USED, and some by companies called Guaranty Agencies. Whichever one holds your loan will decide whether to grant your Application.

If you send your Application so that it is received by **February 7, 2018**, your Application will be decided *by December 9, 2018*. You will receive a letter telling you if it was granted or denied. You can always submit your Application after February 7, 2018—but in that case, it may take longer for it to be decided.

8. What happens if my Application is granted?

If your Application is granted, several things will happen. First, you will *not have to make any more payments on your loan in the future*. Second, *all of the payments you have made on your Wilfred loan up until now will be refunded—that is, returned to you by June 9, 2019*. This includes payments you made voluntarily, and also money that was collected from you involuntarily, like by garnishing your wages or taking your tax refunds.

For some people, there are not complete records of all the payments they have made on their loan. It is important to find and keep safe any records you yourself might have of money you have paid, voluntarily or involuntarily, in the past.

Also, everything related to the loan should also be taken off your credit report by **June 9, 2019**. And, if you could not get a federal student loan because your Wilfred loan was in default, you should become fully eligible for federal student loans.

9. What happens if my Application is denied?

If you think your Application has been wrongly denied, because your loan should have been discharged, you can challenge the decision. When you get the letter saying your Application has been denied, the letter will tell you how to challenge the decision.

10. What if I miss the deadline for the Application?

Do not worry! You can send in the Application at any time at all! If you do not send the Application in time to be received by **February 7, 2018**, though, you will still have to make payments on your loan while your Application is being decided, and it may take longer to get your Application decided, and to receive any refunded payments if your Application is granted.

11. Where can I get more information, or help?

If you don't understand this letter, need help with your Application, or want to learn more about the settlement, you can contact the lawyers who represented you and the other Wilfred students. They will also be able to give you help in Spanish if you need it.

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