

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



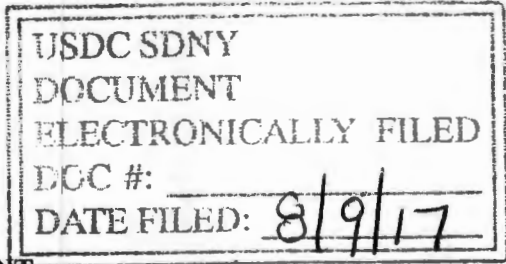
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ANA SALAZAR, MARILYN MERCADO, ANA
BERNARDEZ, JEANNETTE POOLE, EDNA
VILLATORO, LISA BRYANT and CHERRYLINE
STEVENS, on behalf of themselves and all others
similarly situated,

Plaintiffs,

14-cv-1230 (RWS)

-against-

BETSY DEVOS, in her official capacity as Secretary
of the United States Department of Education,



Defendant.
-----X

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Stipulation”) is entered into pursuant to Rule 23(e) of the Federal Rules of Civil Procedure by and between plaintiffs Ana Salazar, Marilyn Mercado, Ana Bernardez, Jeannette Poole, Edna Villatoro, Lisa Bryant, and Cherryline Stevens (together, “Named Plaintiffs”), on behalf of themselves and of a proposed class to be certified for settlement purposes only, and defendant Betsy DeVos, in her official capacity as Secretary of the United States Department of Education (“Defendant” or “Secretary”) (together with Named Plaintiffs and Class Members, the “Parties”).

WHEREAS, Named Plaintiffs Salazar, Mercado, Bernardez, and Poole filed this action on February 25, 2014, and they, along with Named Plaintiffs Villatoro, Bryant, and Stevens, filed an amended class action complaint on May 29, 2014, on behalf of themselves and a putative class of persons who had taken out federal student loans disbursed on or after January 1, 1986 to attend a school owned or operated by the Wilfred American Educational Corporation (“Wilfred”), asserting claims under the Administrative Procedure Act, 5 U.S.C. § 701 *et seq.*, in

connection with, among other things, Defendant's decision not to suspend collection on all Wilfred loans and notify all Wilfred borrowers of their right to seek a discharge of their loans;

WHEREAS, Named Plaintiffs filed a motion for class certification on May 29, 2014;

WHEREAS, Defendant filed a motion to dismiss Named Plaintiffs' amended class action complaint and opposed Named Plaintiffs' motion for class certification;

WHEREAS, on January 16, 2015, the District Court entered an order granting Defendant's motion to dismiss and denying Named Plaintiffs' motion for class certification as moot;

WHEREAS, Named Plaintiffs appealed the District Court's order;

WHEREAS, on May 12, 2016, the Court of the Appeals for the Second Circuit issued an opinion vacating the District Court's order and remanding for further proceedings, including a decision on Named Plaintiffs' motion for class certification;

WHEREAS, the Parties desire to settle this matter without the need for further litigation;
and

WHEREAS, the Parties have agreed to the entry of this Stipulation without any admission of liability and without a trial;

IT IS NOW, HEREBY, STIPULATED AND AGREED, by and among the Parties to this action, and IT IS NOW, HEREBY, ORDERED, AND DECREED, by this Court, as follows:

1. **Definitions.** The following definitions apply for purposes of this Stipulation:

- a. **USED** shall mean the United States Department of Education. Actions taken by Guaranty Agencies, Servicers, and/or Collection Agencies at the direction of USED pursuant to this Stipulation and consistently with that direction shall be deemed performance by USED of its obligations hereunder. References in

individual provisions herein to USED records shall include the records of any Servicer or Collection Agency servicing or collecting on a Wilfred loan held by USED as of the time USED performs under that provision.

- b. **Wilfred School** shall mean the schools owned and operated by Wilfred that are included on the list attached hereto as Exhibit A. A school qualifies as a “Wilfred School” within the meaning of this agreement only with respect to the dates designated for that school on Exhibit A.
- c. **Guaranty Agency** shall mean any State or private nonprofit organization that has an agreement with the Secretary under which it will administer, or has administered, a loan guarantee program pursuant to Part B of Title IV of the Higher Education Act of 1965 as amended (“HEA”). USED warrants that the Federal Family Education Loan (“FFEL”) Program includes legal requirements and practical incentives impelling Guaranty Agencies to do as USED instructs under this Stipulation, including effective oversight with respect to any third parties to which a Guaranty Agency might, pursuant to contract, entrust execution of such instructions by USED; that USED relies on Guaranty Agencies for such matters in the ordinary course of business in administering the FFEL Program; and that in its experience and in the ordinary course of business in administering the FFEL Program, the Guaranty Agencies follow express instructions from USED of the type described in this Agreement, excepting the incidence of ordinary human error reasonably to be expected given the complexity of FFEL Program administration. References in individual provisions herein to Guaranty Agency records shall include the

records of any Servicer or Collection Agency servicing or collecting on a Wilfred Loan held by the Guaranty Agency as of the time the Guaranty Agency implements USED's instructions with respect to that provision, as well as the records of any predecessor Guaranty Agency that held or guaranteed the Wilfred Loan at the time that Wilfred Loan was paid in full or otherwise resolved.

- d. **Collection Agency** shall mean any contractor collecting on defaulted Wilfred Loans pursuant to the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, pursuant to a collection contract with USED or a Guaranty Agency.
- e. **Servicer** shall mean any contractor servicing Wilfred Loans made under the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, pursuant to a servicing contract with USED or a Guaranty Agency.
- f. **Wilfred Loan** shall mean a loan under the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, and disbursed for attendance at a Wilfred School in whole or in part on or after January 1, 1986. **Wilfred Loan** shall also mean that portion of a federal consolidation loan made under Part B or D of Title IV of the HEA and used to repay a loan described in the previous sentence. Provided, however, that **Wilfred Loan**

shall not include a loan made to: any borrower who has died; any borrower who has received a complete discharge of that loan in bankruptcy; any borrower who has received a closed school discharge of that loan; or any borrower who has had that loan otherwise cancelled or discharged at the expense of USED.

- g. **ATB Discharge Application** shall mean any application seeking discharge of a loan because the borrower's ability to benefit was falsely certified, pursuant to 20 U.S.C. § 1087(c) and 34 C.F.R. § 682.402(e)(1)(i)(A)(2016) or 34 C.F.R. § 685.215(a)(1)(i)(2016).
- h. **Collection Efforts** shall mean U.S. Treasury or other tax offsets, wage garnishment, collection litigation, billing, and dunning (including phone calls and correspondence).
- i. **Effective Date** means the date of entry of the Final Order Approving Class Action Settlement ("Consent Order").

2. Class Certification and Settlement Approval.

- a. The Parties stipulate, for the purposes of settlement only, to certification of a class, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(2), consisting of all individuals who took out Wilfred Loans ("Class Members").
- b. The Parties stipulate, again for purposes of settlement only, that the case shall be dismissed without prejudice (i) with respect to individuals who attended schools the individuals contend to have been owned or operated by Wilfred but who did not take out Wilfred Loans as defined in this agreement, and (ii) with respect to any individual as to whom, as reflected in the records of USED

or the Guaranty Agency, as applicable, no mailing is attempted under paragraph 3 of this agreement, because the individual is not identified within USED's or the Guaranty Agency's records (whichever is the current or most recent holder) as an individual having taken out a Wilfred Loan, or because those records contain either no address for the individual or an address that has been determined to be invalid.

- c. The Parties agree that the New York Legal Assistance Group and Harvard Legal Services Center ("Plaintiffs' Counsel") shall be appointed class counsel pursuant to Federal Rule of Civil Procedure 23(g).
- d. The Parties agree that the Named Plaintiffs shall be the representatives of the class.
- e. Within seven (7) days of the date this Stipulation is executed, Named Plaintiffs shall submit to the Court a motion for final approval of this class action settlement and certification of the proposed class, and the proposed Consent Order attached as Exhibit B.

3. Discharge Application Notice.

- a. Loans held by USED. Within four (4) months of the Court's entering the Consent Order ("Mailing Deadline"), USED shall send to all Class Members whose Wilfred Loans it then holds, and all Class Members whose Wilfred Loans it held at the time those Loans were repaid in full or otherwise resolved, at their last known address according to the USED's records, unless that address has been determined to be invalid, (1) the letter attached as Exhibit C; (2) an ATB Discharge Application; and (3) the letter attached as Exhibit D in

English and Spanish. If the mailing is returned with a new address, USED shall, within thirty (30) days of receipt, send these materials to the new address.

- b. Loans held by Guaranty Agencies. Within fifteen (15) days of the Court entering the Consent Order, USED shall provide to all Guaranty Agencies (1) the letter attached as Exhibit C; (2) the letter attached as Exhibit D in English and Spanish; (3) the letter attached as Exhibit E directing that each Guaranty Agency, before the Mailing Deadline, mail Exhibits C and D, and an ATB Discharge Application, to all Class Members whose Wilfred Loan it then holds or guarantees, and all Class Members whose Wilfred Loan it or its predecessor Guaranty Agency for that Wilfred Loan held or guaranteed at the time the Wilfred Loan was repaid in full, or otherwise resolved, at their last known address according to each Guaranty Agency's records, unless that address has been determined to be invalid, and (4) the forms attached as Exhibits F, G, and H, which the Guaranty Agency is to be directed to complete and return to USED as set forth in Exhibit E. If the mailing is returned to a Guaranty Agency with a new address, the Guaranty Agency shall, within thirty (30) days of receipt, send the materials to the new address.

4. Suspension of Collection.

a. Loans Held by USED.

- i. Non-Defaulted Loans: As of the date that USED sends Exhibit C and an ATB Discharge Application to a Class Member pursuant to paragraph 3(a), USED shall place into non-capitalized forbearance any

Class Member's non-defaulted Wilfred Loans held by USED. USED shall suspend any and all Collection Efforts from that Class Member on any non-defaulted Wilfred Loans held by USED, and shall take all necessary steps to ensure that every Collection Agency and Servicer suspends all Collection Efforts from that Class Member on any non-defaulted Wilfred Loans held by USED. If a completed discharge application is not received by the sixtieth day after the Mailing Deadline from a Class Member as to whom Collection Efforts are suspended under this paragraph, USED or its agents may stop the period of non-capitalized forbearance and resume Collection Efforts. If a Class Member as to whom Collection Efforts are suspended under this paragraph requests that his or her Wilfred Loan be taken out of forbearance, USED or its agents shall stop the period of non-capitalized forbearance and resume Collection Efforts.

- ii. Defaulted Loans: With the exception of Class Members whose Wilfred Loans are under a rehabilitation agreement or are consolidated with non-Wilfred Loans, USED will suspend any and all Collection Efforts from a Class Member on any defaulted Wilfred Loan held by USED for which a completed discharge application is received from a Class Member by the sixtieth day after the Mailing Deadline. For any such Wilfred Loan, USED shall also immediately take all necessary steps to ensure that every Collection Agency and Servicer suspends all Collection Efforts from that Class Member on any defaulted Wilfred

Loans held by USED. The Parties agree that suspension of tax refund offset and garnishment requires action on the part of the U.S. Treasury and employers, respectively, rather than on the part of USED or any entity over which USED has legal control and that USED's responsibilities hereunder are confined to reasonable efforts, including directing the U.S. Treasury and employers to suspend Collection Efforts.

- iii. The suspensions of collection pursuant to paragraph 4(a)(i) and (ii) shall last until an application is adjudicated, or until the Class Member requests that his or her Wilfred Loan be taken out of non-capitalized forbearance. In the event the application is denied, or the Class Member requests that his or her Wilfred Loan be taken out of non-capitalized forbearance, the loan will be returned to servicing/collection.
- iv. USED, the Guaranty Agencies, the Servicers, and the Collection Agencies, as applicable, shall continue to receive any Class Members' payments voluntarily made during the period in which collection is suspended.
- v. For any Class Member whose ATB Discharge Application on a Wilfred Loan is not received by the sixtieth day after the Mailing Deadline, or whose application is received by the sixtieth day after the Mailing Deadline but is denied, USED, the Guaranty Agency, or the lender, as applicable, shall grant forbearance of principal and interest

on that Wilfred Loan for any period in which collection activity was suspended. USED, the Guaranty Agency, or the lender, as applicable, shall not capitalize interest accrued and not paid on that Wilfred Loan during that period, but the Class Member will be responsible for paying the interest that accrued during the forbearance period as well as for resuming payments of the principal and interest on the outstanding debt as it existed before the forbearance was put into place.

b. Loans Held by Guaranty Agencies. USED will direct each Guaranty Agency, through the letter attached as Exhibit E, to grant suspensions of collection and forbearances under the same terms and for the same times specified in paragraph 4(a), or where applicable to direct appropriate lenders to grant suspensions of collection and forbearances under such terms and for such times, to all Class Members for whom the Guaranty Agency made a mailing under paragraph 3(b).

5. **Efforts to Ensure Notice and Suspension.** Within three (3) months after the Mailing Deadline, USED will certify to Plaintiffs' Counsel that the mailings required by paragraph 3 have been completed and that the suspensions of collection required by paragraph 4 were put in place with respect to loans currently or last held by Guaranty Agencies based on receipt of executed copies of Exhibits F and G from Guaranty Agencies, and will report (i) the total number of Class Members, (ii) the total number of Class Members to whom initial mailings were sent by USED, and

(iii) the total number of Class Members to whom initial mailings were sent by the Guaranty Agencies.

6. Adjudication.

- a. Guidance Regarding Adjudication: As part of Exhibit E, USED shall direct each Guaranty Agency to: (i) accept as true an unrebutted but otherwise unsupported sworn statement by any Class Member that constitutes a facially valid claim for a false certification discharge; and (ii) direct each Servicer adjudicating Class Members' applications held by that Guaranty Agency to accept as true an unrebutted but otherwise unsupported sworn statement by any Class Member that constitutes a facially valid claim for a false certification discharge. USED shall abide by this direction in its own adjudication of Class Members' discharge applications.
- b. Timing of Adjudication: With respect to all applications mailed under paragraph 3 and received by USED or the Guaranty Agency by the sixtieth day after the Mailing Deadline ("Applications for Adjudication under the Settlement"), USED or the Guaranty Agency will complete adjudication within no more than one year from the Mailing Deadline ("Adjudication Deadline").
- c. Notifications to Class Members with respect to the adjudication of their discharge applications shall comply with the requirements of 34 C.F.R. §§ 682.402 and 685.215.

7. Discharge Relief. No later than six months after the Adjudication Deadline, USED and the Guaranty Agencies, as applicable, will complete providing all relief

warranted by the adjudication decisions on the Applications for Adjudication under the Settlement (“Relief Deadline”). USED will adhere to its published policy providing that if payment records do not exist as to an otherwise dischargeable loan, the amount of the refund, if any, payable to the borrower as part of a discharge will be limited to the amount that can be substantiated to USED’s satisfaction through payment information provided by the borrower. The Parties agree that that policy is not at issue in this litigation or governed by this Stipulation.

8. **Certification of Completion of Settlement Obligations.** Within ninety (90) days of the Relief Deadline, USED will report to Plaintiffs’ Counsel, based on its own records and, with respect to loans currently or last held by Guaranty Agencies or lenders, based on receipt of executed copies of Exhibit H, that all Applications for Adjudication under the Settlement have been adjudicated and that all relief required by those adjudications under 34 C.F.R. §§ 682.402(e)(2) and 685.215(b) has been provided. USED will also report the total number of Applications for Adjudication under the Settlement and, of that total, the number of discharges granted in part or in full.
9. **No Time Limit to Submit ATB Discharge Applications.** Nothing in this Stipulation shall be construed to impose any time limit by which a Class Member must submit an ATB Discharge Application, but ATB Discharge Applications received more than sixty (60) days after the Mailing Deadline shall be not subject to the terms of this Stipulation.
10. **Discharge Decisions Not Controlled by this Agreement.** USED will be in breach of this Stipulation solely in the event of its failure to take the actions committed to

herein within the timeframes committed to herein. Plaintiffs' Counsel may not seek to enforce this Stipulation, or find USED in contempt of this Stipulation, in relation to the substance of the adjudication of any Class Member's application. Plaintiffs' Counsel may, however, contact USED on behalf of individuals who are Class Members with reference to those or other matters. In the event of an apparent breach by USED of the terms of this Stipulation, Plaintiffs' Counsel shall provide notice and a reasonable opportunity to cure.

11. **Attorneys' Fees.** Plaintiffs' Counsel are entitled to seek reasonable attorneys' fees and costs pursuant to the Equal Access to Justice Act, 28 U.S.C. § 2412, and Fed. R. Civ. P 23(h). Plaintiffs' Counsel shall make any such request for fees within ninety (90) days of the Effective Date. Defendant does not concede Plaintiffs are entitled to recover attorneys' fees or costs pursuant to the Equal Access to Justice Act, 28 U.S.C. § 2412, and Fed. R. Civ. P 23(h) and reserves the right to oppose any such request.
12. **Continuing Jurisdiction.** As of the Effective Date, the jurisdiction of this Court shall terminate for all purposes except that the Court shall maintain continuing jurisdiction for the purpose of enforcing the terms of this Stipulation and for adjudicating any fee request. The jurisdiction of the Court shall terminate at the conclusion of two (2) years and one (1) month following the Effective Date, unless the term of the Stipulation has been modified by agreement of the Parties or motion to the Court.
13. **Dismissal with Prejudice and Release of Claims.** As of the Effective Date, and in consideration for the covenants and undertakings of Defendant and USED set forth in this Stipulation, Plaintiffs, collectively and individually:

- a. withdraw and voluntarily dismiss the amended class action complaint in this action with prejudice pursuant to Fed. R. Civ. P. 41(a)(1)(ii); and
- b. forever waive, and release Defendant and USED from, and hold them harmless from, any claim arising out of or relating to the claims or allegations set forth in the amended class action complaint in this action.

14. **Reserved Claims.** For the avoidance of doubt, nothing in this Stipulation shall waive or release the claims of any Class Member related to the adjudication of that Class Member's discharge application or the discharge relief warranted by such adjudication, except with respect to the timing of adjudication and discharge as provided for in this Stipulation.

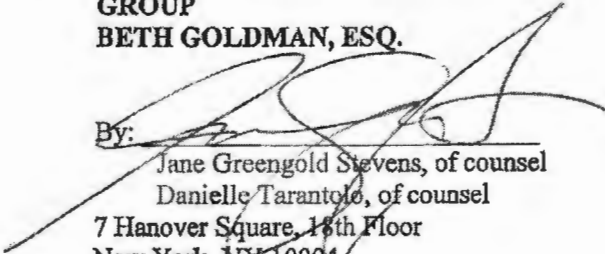
15. **Non-Admission.** By entering into this Stipulation, neither Defendant nor USED in any way confesses liability or concedes that Plaintiffs can prove any set of facts that would provide a lawful basis for the declaratory and injunctive relief Plaintiffs seek by their complaint.

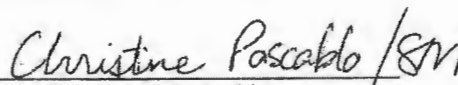
16. **Binding Agreement.** This Stipulation shall be of no force and effect unless and until it is granted final approval by the Court. The Parties aver that the counsel signing this Stipulation on their behalf have the full authority to enter into this Stipulation and to sign it on their behalf. Upon entry by the Court, this Stipulation is final and binding upon the Parties, their successors, and their assigns.

Agreed to as of this 7 day of August, 2017

**NEW YORK LEGAL ASSISTANCE
GROUP
BETH GOLDMAN, ESQ.**

JOON H. KIM
Acting United States Attorney for the
Southern District of New York

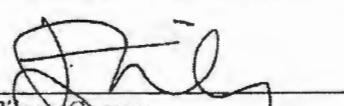
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Attorneys for Plaintiffs

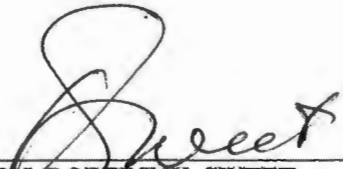
Attorney for Defendant

**PROJECT ON PREDATORY STUDENT
LENDING, LEGAL SERVICES CENTER
OF HARVARD LAW SCHOOL**

By: 
Eileen Connor
122 Boylston Street
Jamaica Plain, MA 02130
Telephone: (617) 390-2528

Attorney for Plaintiffs

SO ORDERED.


HON. ROBERT W. SWEET
United States District Judge

Dated: 8/8, 2017
New York, New York

Exhibit A

EXHIBIT A

OPEID	SCHNAME	LOCNAME	END	START
02097706	American Business Institute	American Business Institute	19910412	19860101
01087703	American Business Institute	Branch Campus	19900901	19860101
01087704	American Business Institute	Branch Campus	19900130	19860101
01087705	American Business Institute	Classroom Facility	19901201	19860101
01087701	American Business Institute	Branch Campus	19891104	19860101
01087700	American Business Institute	American Business Institute	19900504	19860101
02097700	American Business Institute	American Business Institute	19940624	19860101
02097701	American Business Institute	American Business Institute	19890926	19860101
02097702	American Business Institute	American Business Institute	19901201	19860101
02097703	American Business Institute	American Bususiness Institute	19900901	19860101
02097704	American Business Institute	American Business Institute	19900626	19860101
01087702	American Business Institute	Branch Campus	19890221	19860101
02097705	American Business Institute	American Business Institute	19890630	19860101
02353400	American Business Institute	American Business Institute	19901009	19860101
02353300	American Business Institute	American Business Institute	19909012	19861202
00452701	Washington School of Secretaries	Branch Campus	19910214	19880915
00452700	Washington School of Secretaries	Washington School of Secretaries	19910214	19860101
00959901	Wilfred Academy	Wilfred Academy - Malden	19890624	19860101
00912500	Wilfred Academy	Wilfred Academy	19890124	19860101
00912700	Wilfred Academy	Wilfred Academy	19930630	19890706
00865100	Wilfred Academy	Wilfred Academy	19870630	19860101
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00827100	Wilfred Academy	Wilfred Academy	19900427	19860101
00827000	Wilfred Academy	Wilfred Academy	19930227	19860101
01258200	Wilfred Academy	Wilfred Academy	19880222	19860101
01045200	Wilfred Academy	Wilfred Academy	19901005	19860101
00959902	Wilfred Academy	Wilfred Beauty Academy	19890624	19860101
00959900	Wilfred Academy	Wilfred Academy	19890831	19860101

02081500	Wilfred Academy of Beauty Culture	Wilfred Academy of Beauty Culture	19880222	19860101
00779800	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19940423	19860101
00894900	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19940627	19881020
00780900	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19940624	19860101
00779100	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19940624	19881020
00781000	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19930430	19860101
00781300	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19930430	19860101
01195600	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19870701	19860101
00945300	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19890630	19860101
02115000	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19900727	19860101
02165600	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19921231	19910101
02144300	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19890331	19860101
02144200	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19890915	19860101
02118400	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19890630	19860101
01190100	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19901030	19860101
02112400	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19901001	19860101
02112100	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19900120	19860101
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02105000	Wilfred Academy Of Hair & Beauty Culture	Wilfred Academy Of Hair & Beauty Culture	19930430	19860101
02067500	Wilfred Academy of Hair & Beauty Culture	Wilfred Academy of Hair & Beauty Culture	19890801	19860101
00937900	Wilfred Academy of Hair And Beauty Culture	Wilfred Academy of Hair And Beauty Culture	19890630	19860101
01244000	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19921030	19900101
01309100	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19920921	19860101
00912800	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19891017	19860101
03014300	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19910406	19900710
00863800	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19900106	19860101
00759500	Wilfred Academy of Hair and Beauty Culture	Wilfred Academy of Hair and Beauty Culture	19890315	19860101
01258300	Wilfred Academy of Hair Beauty Culture	Wilfred Academy of Hair Beauty Culture	19890630	19860101
02160700	Wilfred Academy of Hair Design & Beauty Culture	Wilfred Academy of Hair Design & Beauty Culture	19900106	19860101
02160404	Wilfred Academy of Hair Design & Beauty Culture	Wilfred Academy of Hair Design & Beauty Culture	19910731	19860101
02160403	Wilfred Academy of Hair Design & Beauty Culture	Branch Campus	19910504	19890815

02160402	Wilfred Academy of Hair Design & Beauty Culture	Branch Campus	19901231	19890815
02160400	Wilfred Academy of Hair Design & Beauty Culture	Wilfred Academy of Hair Design & Beauty Culture	19910504	19890815
02160401	Wilfred Academy of Hair Design & Beauty Culture	Branch Campus	19910504	19890815
2352900	American Business Institute (Closed)	American Business Institute (Closed)	19940624	19860101
2353000	American Business Institute (Closed)	American Business Institute (Closed)	19940624	19860101
2353200	American Business Institute (Closed)	American Business Institute (Closed)	19900531	19860101
2353201	American Business Institute (Closed)	American Business Institute	19940624	19860101
01190100	Wilfred Academy of Hair Design & Beauty Culture		19890215	19860101
03014303	Wilfred Academy of Hair and Beauty Culture		19910406	19860101

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
ANA SALAZAR, MARILYN MERCADO, ANA
BERNARDEZ, JEANNETTE POOLE, EDNA
VILLATORO, LISA BRYANT and CHERRYLINE
STEVENS, on behalf of themselves and all others
similarly situated,

Plaintiffs,

14-cv-1230 (RWS)

-against-

BETSY DEVOS, in her official capacity as Secretary
of the United States Department of Education,

Defendant.

-----X

**[PROPOSED] FINAL ORDER APPROVING CLASS ACTION
SETTLEMENT PURSUANT TO FED. R. CIV. P. 23**

WHEREAS the Amended Complaint in this action seeks certification of a class pursuant to Federal Rule of Civil Procedure 23(a) and (b)(2), declaratory and injunctive relief, and attorneys' fees;

WHEREAS the Plaintiffs have submitted to the Court a motion for final approval of a proposed Settlement, and Defendant has consented to the motion;

WHEREAS, pursuant to Fed. R. Civ. P. 23(e), the Court may approve a settlement on finding that the proposal is fair, reasonable, and adequate;

THE COURT HEREBY FINDS THAT:

For the purposes of this settlement only, the parties have stipulated to the certification of a class, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(2), consisting of all individuals who took out Wilfred Loans—that is, federally guaranteed student loans disbursed on or after January 1, 1986 for attendance at a school owned or operated by the Wilfred American

Educational Corporation (“Wilfred”) (the “Class”). I have determined that the Class meets all the requirements of Fed. R. Civ. P. Rule 23(a) and (b)(2). With over 60,000 potential members it is more than sufficiently numerous; there are questions of law common to the class; the claims of the Named Plaintiffs are typical of the claims of the members of the Class; and the Named Plaintiffs will fairly and adequately protect the interests of the Class with respect to the claims alleged on behalf of the Class pending before the Court. The Class also meets the requirements of Rule 23(b)(2): the defendant initially refused to act on grounds that apply to all members of the Class, and the injunctive relief being provided by the Settlement provides relief to all members of the Class.

The Settlement is fair, reasonable, and adequate. It is procedurally fair in that it was the product of arms’ length negotiations over the course of many months. The Settlement is substantively fair in that it provides the Class virtually all of the relief presently sought in the case, by obligating the United States Department of Education (“USED”) to promptly notify all Class members of their entitlement to submit applications seeking false certification discharges of their Wilfred Loans (“ATB Discharge Applications”),¹ and further provides that USED will suspend collection on certain loans pending an adjudication of the ATB Discharge Applications. The Settlement does not impair the rights of, or the remedies available to, the Class with respect to seeking student loan discharges. Class members remain free to submit an ATB Discharge Application at any time, and the Settlement does not foreclose any Class member’s right to challenge an individual denial of an application for discharge or to seek complete return of payments previously made on their loans. The Settlement thus provides that Class members will receive all relief to which they would be entitled by litigating this case to judgment in their favor.

¹ See 20 U.S.C. § 1087(c); 34 C.F.R. §§ 682.402(e)(1)(i)(A), 685.215(a)(1)(i)(2016).

The Court is approving this Settlement without prior class notice pursuant to Fed. R. Civ. P. 23(e)(1) because the Settlement provides near-complete relief to the Class; Plaintiffs sought only injunctive and declaratory relief on behalf of Class members; there is no evidence of collusion between the parties; sending classwide notice and postponing relief until after a comment period would prejudice the Class by delaying critical relief, while also imposing substantial and unnecessary expense; and the rights of the Class to seek discharges and be accorded all appropriate relief are not impaired by the Settlement. *See Green v. American Exp. Co.*, 200 F.R.D. 211 (S.D.N.Y. 2001); *J.S. v. Attica Cent. Schools*, 2012 WL 3062804 (W.D.N.Y. 2012).

For the reasons set forth above, IT IS NOW HEREBY ORDERED THAT:

1. A class is certified, for the purposes of settlement only, consisting of all individuals who took out Wilfred Loans as defined in the parties' Stipulation of Settlement.
2. The Named Plaintiffs—Ana Salazar, Marilyn Mercado, Ana Bernardez, Jeannette Poole, Edna Villatoro, Lisa Bryant and Cherryline Stevens—are appointed Class Representatives.
3. The New York Legal Assistance Group and the Harvard Legal Services Center are appointed class counsel for the purposes of this Settlement.
4. The Settlement is approved as fair, reasonable, and adequate.
5. The Settlement resolves all claims and issues in the case and the case is dismissed with prejudice, except for the purpose of enforcing the terms of the parties' Stipulation of Settlement and adjudicating Plaintiffs' claim for reasonable attorneys' fees pursuant to the Equal Access to Justice Act, 28 U.S.C. § 2412, and Fed. R. Civ. P 23(h). Plaintiffs may submit any such claim for fees within 90 days of this Order, and Defendant may oppose any such claim.

6. All terms of the parties' Stipulation of Settlement are incorporated herein.

SO ORDERED.

HON. ROBERT W. SWEET
United States District Judge

Dated: _____, 2017
New York, New York

Exhibit C

Exhibit C

Dear Borrower:

Our records show that you received a student loan, or part of a student loan, on or after January 1, 1986 under the Federal Family Education Loan Program to attend an institution owned or operated by Wilfred American Educational Corporation (a "Wilfred School"). The institution you attended closed during or before 1994.

Enclosed with this letter is a "Letter from the Lawyers for the Plaintiffs in *Salazar v. DeVos*." This letter includes information in Spanish. "***La carta de parte de los abogados para los demandantes en Salazar v. DeVos junta incluye información en español.*** If you have any questions about our letter or any of the enclosures, or about how to apply for a discharge, you may call the lawyers listed on that enclosure.

Some borrowers who received loans like yours are qualified to have their loans discharged (forgiven). We are enclosing a discharge application which we invite you to complete and return to see if you qualify for a discharge. If you apply for this discharge and *if you are then found to qualify for the discharge*, the loan will be discharged (forgiven) and any amount you have paid on the loan will be returned to you. If you qualify, the discharge is available regardless of whether you paid off the loan in full in the past, defaulted on the loan, or are still in repayment. If you qualify but have consolidated your Wilfred loan with one or more other federal student loans taken out for attendance at another institution, the discharge is available only with respect to the portion of the consolidation loan corresponding to the loan taken out for attendance at a Wilfred School.

If you want to apply to have your Wilfred School federal student loan discharged, you should complete the enclosed application and return it to the following address:

[insert ED address or Guaranty Agency address, as applicable].

You do not need to submit additional information with the application; we will contact you if more is needed. The additional information some borrowers will need to provide on our request could include information as to the payments, if any, made by the borrower on the loan. If we receive from you a completed application by [insert date 60 days from Mailing Deadline], we will notify you of our decision on your application by [insert date one year and four months after consent order]. If we determine that you qualify for a discharge for all or part of your Wilfred loan, we will discharge any outstanding balance on that loan; refund payments, if any, that we determine you made on the loan; reinstate your eligibility for federal student aid if it has been interrupted as a result of the loan; and report the discharge to all credit reporting agencies to which we previously reported the status of the loan, so as to delete all adverse or inaccurate credit history assigned to the loan. We will do all of these things on or before [insert date one year and four months after consent order]. As mentioned above, if you consolidated your loan

for attendance at a Wilfred School with a loan for attendance at another school, the benefits of the discharge will apply only to the portion of the consolidation loan used to finance your Wilfred enrollment. Any outstanding, non-Wilfred portion of your consolidation loan will remain outstanding; payments made on that portion will not be refunded; and any adverse credit history and loss of federal student aid eligibility will remain in place. [For guaranty agency notice: If we deny your application for discharge of your Wilfred loan, we will describe in the denial letter how you can appeal the denial to the United States Department of Education].

If your loan for attendance at a Wilfred School *is not defaulted but is still in repayment*, that loan was placed in forbearance at the same time we mailed you this letter. Forbearance means that no payments on the loan would be expected from you while we wait to see if you return a completed discharge application to us by the deadline stated above. If you do return the completed application during that time frame, the forbearance will remain in place while we review and make a decision on your discharge application. If you do not return the application in that period of time, or if you do return a completed application but we determine that you do not qualify for discharge, we will resume billing and collection, and you will be responsible for repaying the interest that accrued during the forbearance as well as for resuming payments of principal and interest on the outstanding debt as it existed before the forbearance was put in place. **If you would prefer that we take your loan for attendance at a Wilfred School out of forbearance at this time, please notify us immediately at [insert contact number or web address]:**

If your loan for attendance at a Wilfred School *is in default*, and if we receive from you a completed application by [insert date 60 days from the Mailing Deadline], you may be eligible for a forbearance while we decide whether you qualify for a discharge. If granted, a forbearance means that no payments on the loan would be expected from you during our decision making process. **If you want to learn whether your loan qualifies for forbearance, or if you intend to return a completed application but do not want the forbearance put in place, please notify us immediately at [insert contact number or web address]:** Please note that if you do return a completed application but we determine that you do not qualify for discharge, we will resume billing and collection, and you will be responsible for paying the interest that accrued during the forbearance as well as for resuming payments of principal and interest on the outstanding debt as it existed before the forbearance was put in place.

Please note that your Wilfred loan(s) have not been discharged at this time, and that your sending in an application does not guarantee that a discharge will be granted. Please also note that this letter does not reduce or affect any balance that is past due or that you currently owe, and that any forbearance on the loan(s) occurs only in the circumstances described above.

[Signature Lines]

Exhibit D

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 [insert date 60 days from the Mailing Deadline] 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 [insert date 60 days from the Mailing Deadline], 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 [insert date 60 days from the Mailing Deadline]*, 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 [insert date 60 days from the Mailing Deadline], USED or a Guaranty Agency must decide by [insert date one year from Mailing Deadline] 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**

QUESTIONS? CALL (212) 613-xxxx

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
[NUMBER]

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 [DATE].

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 [insert date 60 days after Mailing deadline]*, 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

QUESTIONS? CALL (212) 613-xxxx

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 [insert date 60 days after the Mailing Deadline], *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 [insert date 60 days after the Mailing Deadline]. 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 [insert date 60 days from the Mailing Deadline], your Application will be decided *by [insert date that is one year from Mailing Deadline]*. You will receive a letter telling you if it was granted or denied. You can always submit your Application after [insert date 60 days from the Mailing Deadline]—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*

QUESTIONS? CALL (212) 613-xxxx

Wilfred loan up until now will be refunded—that is, returned to you by [insert date one year and 6 months after Mailing Deadline]. 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 [insert date one year and 6 months after Mailing Deadline]. 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 [insert date 60 days after the Mailing Deadline], 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.

New York Legal Assistance Group
Salazar Class Action Hotline
[NUMBER]

Exhibit E

Exhibit E

[date]

Dear Guaranty Agency Director:

We write you with the following directives which the Department has agreed to issue to participating Guaranty Agencies as part of settlement of litigation against the Department in Salazar, et al. v. DeVos, No. 14-cv-1230 (S.D.N.Y). The settlement provides for a mailing of false certification discharge applications to borrowers (“Wilfred Borrowers”) the Department has identified as having loans under the Guaranteed Student Loan Program or Federal Family Education Loan Program (collectively, the “FFEL Program”) (“Wilfred Loans”) to attend an institution owned or operated by Wilfred American Educational Corporation, including American Business Institute, Washington School of Secretaries, and Wilfred Academy (“Wilfred Schools”), and for adjudication of the discharge applications returned in response to the mailing. **Pursuant to the settlement, the Department is requiring Guaranty Agencies to implement the settlement terms with respect to those Wilfred Loans for which they are responsible under the FFEL Program, as described below.**

Attached is a list of Wilfred Borrowers (“Borrower List”) for whom the Department’s National Student Loan Data System indicates your Agency is responsible.¹ As you are aware, the Borrower List contains personally-identifiable information and your Agency must handle it in accordance with all privacy laws and directives. We also attach as Exhibit A a list of institutions the Department has determined to be Wilfred Schools, between the dates listed for each institution on Exhibit A, for purposes of these instructions and the Salazar litigation. Your Agency should view all of the institutions with the OPE Identification Numbers listed on Exhibit A as Wilfred Schools for the dates given, regardless of the name or address of the individual institution because some Wilfred Schools changed names and addresses during the relevant period.

Your Agency must take the following actions with respect to the Wilfred Borrowers/ Wilfred Loans listed on the Borrower List. These actions must be taken regardless of the defaulted or non-defaulted status of the Wilfred Loan and must include not only

¹ These include Wilfred Borrowers for whom your Agency either (i) holds, guarantees, or guaranteed at the time of payment in full or other resolution a Wilfred Loan that has never been consolidated; (ii) serves as the successor to a guarantor that either held or guaranteed a Wilfred Loan that had never been consolidated at the time it was paid in full or otherwise resolved; (iii) holds, guarantees, or guaranteed at the time of payment in full or other resolution a consolidation loan that either resolved or included a resolved Wilfred Loan; or (iv) serves as the successor to a guarantor that either held or guaranteed at the time of payment in full or other resolution a consolidation loan that either resolved or included a resolved a Wilfred loan.

outstanding Wilfred Loans but Wilfred Loans that have been paid in full or otherwise resolved.

I. Mailings to Wilfred Borrowers. By [insert date four months from the date of entry of the Consent Order], mail to the Wilfred Borrowers listed on the Borrower List the following items: (i) notices of discharge rights (Exhibits C and D), and (ii) a FFEL false certification discharge application that includes the appropriate address (your Agency's address, or the lender's, as applicable) to which completed applications should be returned. The mailing shall be addressed to the Wilfred Borrower at his or her last known address according to your Agency's records, which shall include, for purposes of loans still held by a lender, that lender's records, and for purposes of a loan paid in full or otherwise resolved while held or guaranteed by a Guaranty Agency for which your Agency serves as successor, the records of that predecessor. If the records contain no address for a Wilfred Borrower, no mailing is to be made to that individual. If the last known address has been determined by your Agency (or by the lender currently holding the loan, or by a predecessor to your Guaranty Agency) to be invalid, or if the records of your Agency or the predecessor Agency show the Wilfred Borrower to have died or had his or her loan discharged or cancelled in litigation, bankruptcy or otherwise at the expense of the Department, no mailing to that Wilfred Borrower is required. If the mailing is made but returned with a new address, your Agency must, within thirty days of receipt, send the mailing to the new address.

II. Certification mailing has been completed: By [insert date four months and ten days after entry of the Consent Order] your Agency must return to the Department an executed copy of *Exhibit F*, certifying that the required mailings have been made, and providing the total number of initial mailings made.

III. Forbearances and suspensions of collection on outstanding Borrower List Wilfred Loans (including FFEL Program consolidation loans that incorporate resolved Wilfred Loans):

A. Non-defaulted loans: As of the date of the mailing described above, your Agency shall place its outstanding non-defaulted Wilfred Loans (including non-defaulted FFEL Program consolidation loans that incorporate resolved Wilfred Loans, whether or not the resolved Wilfred Loan had been in default prior to resolution through consolidation), or direct them to be placed, as applicable, into non-capitalized forbearance. Simultaneously with granting the forbearance, your Agency shall suspend, or as applicable direct to be suspended, any and all collection efforts on these loans. Collection efforts that must be suspended include, but are not limited to, billing and dunning, including by phone and by mail. If you do not receive a completed discharge application from the Wilfred Borrower by [insert date 4 months and 60 days after the entry of the Consent Order], your Agency or its agents may stop the period of non-capitalized forbearance and resume collection. If you do receive a completed application from the Wilfred Borrower by that date, the forbearances and suspensions of collection shall last until the Wilfred Borrower's

discharge application is adjudicated. In the event the application is denied, the loan(s) may be returned to servicing/collection.

Your Agency shall end any forbearance and suspension of collection earlier than described in this Section III.A. if the borrower so requests.

Your Agency shall instruct all of its lenders, servicers and collection agencies as needed to ensure that the requirements of Section III.A. are met and that the forbearances and suspensions of collection required are timely put in place and maintained for the time periods described above unless shortened on request of the borrower.

B. Defaulted loans: If a completed discharge application is received by [insert date that is 4 months plus 60 days from Consent Order]e from a Wilfred Borrower whose outstanding Wilfred Loan(s) (including a defaulted FFEL consolidation loan that incorporates a resolved Wilfred Loan) is in default, but is neither in rehabilitation nor consolidated with one or more non-Wilfred Loan(s), your Agency shall place the Wilfred Loan in non-capitalized forbearance, and suspend, or as applicable direct to be suspended, any and all collection efforts on these loans. If a loan subject to this paragraph has been referred to the U.S. Treasury for tax refund offset, your Agency must deactivate tax refund offset. If a loan subject to this paragraph has been referred to a state tax authority for tax refund offset, has been referred to an employer for garnishment, is in litigation, or is being collected by a Collection Agency, your Agency must make reasonable efforts to suspend those actions. The forbearances and suspensions of collection shall last until the Wilfred Borrower's application is adjudicated. In the event the application is denied, the loan(s) will be returned to servicing/collection.

Your Agency shall end any forbearance and suspension of collection earlier than described in this Section III.B. if the borrower so requests, or if the Department instructs you to do so because it has received such a request from the borrower.

Your Agency shall instruct all of its lenders, servicers and collection agencies as needed to ensure that the requirements of this Section III.B. are met and that the forbearances and suspensions of collection required are timely put in place and maintained for the time periods described above unless shortened on the borrower's request.

IV. Certification forbearances and suspensions have been put in place. Within 10 days of complying with its responsibilities for putting forbearances and suspensions of collection in place, your Agency must complete and return to the Department an executed copy of *Exhibit G*, certifying that these responsibilities have been fulfilled.

V. Adjudication of discharge applications; implementation of discharges your Agency approves. Your Agency is responsible for adjudicating all completed discharge applications returned by your Wilfred Borrowers. You must adjudicate all applications that are returned to your Agency by [insert date 4 months plus sixty days after entry of consent order] on or before

[insert date 1 year and four months after entry of consent order]. You also have an ongoing obligation to timely adjudicate any additional applications returned after that date, although the deadline does not apply to such applications.

If the Wilfred Borrower certifies on his or her discharge application that a Wilfred School falsely certified his or her eligibility as described in 34 C.F.R. §§ 682.402(e)(3)(ii) and 682.402(e)(13), including that he or she did not have a high school diploma or its equivalent at the time the Wilfred Loan was received, and that he or she has not received payment from any third party with respect to his or her claim of false certification, your Agency shall grant the discharge. Based upon the Secretary's determination to settle the Salazar litigation, a Wilfred Borrower whose completed and signed discharge application asserts un rebutted facts that demonstrate that he or she facially meets the requirements of 34 C.F.R. §§ 682.402(e)(3)(ii) and 682.402(e)(13) shall be granted a discharge without being required to produce additional documentation of improper ATB determination (as non-Wilfred ATB applicants would be required to do).²

If your Agency has no record of payments the Borrower claims to have made on the Wilfred Loan, or if the Wilfred Borrower states that he or she received third party payments with respect to his or her claim of false certification, your Agency should request pertinent documentation on those issues. For consolidation loans, your Agency should discharge and provide refunds of any payments made and other relief available on false certification discharge only with respect to the portion of the consolidation loan attributable to the Wilfred Loan.

By [insert date 1 year and 10 months after entry of consent order], your Agency must provide those of your Wilfred Borrowers who returned completed discharge applications on or before [insert date four months plus sixty days after entry of consent order] with (1) notice of your Agency's decision on his or her discharge application and the other information required by 34 C.F.R. § 682.402(e), including, for denials, the requirements applicable if the borrower seeks review by the Secretary of the denial; and (2) for applications that are approved in whole or in part, all relief warranted by the decision and those regulations.

VI. Certifications regarding processing of applications and granting of discharges. On or before [insert date 2 years after entry of consent order], your Agency must return to the Department an executed copy of *Exhibit H*, certifying that your Agency completed the tasks described in section V above, and disclose the number of applications timely received as well as the number of timely received applications your Agency granted.

² Your Agency must continue to follow the guidance in this paragraph in adjudicating false certification discharge applications received by your Agency from Wilfred Borrowers after [insert date 4 months plus sixty days after entry of consent order].

Your Agency should return executed copies of Exhibits F, G and H to the Department as described above and addressed as follows: [insert].

You may direct any questions regarding your Agency's responsibilities as described above to: [insert]. Thank you for your assistance.

[Signature Lines]

Exhibit F

Exhibit F [on Agency letterhead]

To: The U.S. Department of Education

From: [insert name of your Agency]

Date: [insert date]

Re: Certification of completion of mailing required by settlement of Salazar v. DeVos
(SDNY)

As directed in the Department's letter of [insert date] I certify that:

A. [insert name of your Agency] has within the last ten days completed mailing of notices of discharge rights (Exhibits C and D), and a false certification discharge application to each of the individuals listed on the attached Borrower List, except (i) individuals for whom we have determined the last known address as reflected in our Agency's records (including, for loans still held by a lender, the records of the lender) to be invalid, and (ii) individuals whom our Agency's records show to have died or had their loan(s) for attendance at an institution owned or operated by Wilfred American Educational Corporation to have been discharged or cancelled in litigation, bankruptcy or otherwise at the expense of the United States Department of Education. Our Agency completed these mailings on or before [insert date four months after entry of consent order].

B. Any of the mailings described in paragraph A that have been returned to our Agency with a new address have been or will be re-mailed to the new address within 30 days of our receipt of the returned mail.

C. Our Agency made [insert number] initial mailings in accomplishing the tasks described in paragraph A.

Name
Director, [insert name of Guaranty Agency]
Address
Telephone Number

Exhibit G

Exhibit G (on Agency letterhead)

To: The U.S. Department of Education

From: [insert name of your Agency]

Date: [insert date, no later than four months plus 70 days from [date of consent order]]

Re: Certification of completion of responsibilities for forbearances and suspensions of collection required by settlement of Salazar v. DeVos (SDNY)

With regard to the above-referenced settlement, and with respect to the loans for which my Agency is responsible as reflected in the attached Borrower List, I certify that my Agency has within the last 10 days completed timely putting in place the forbearances and suspensions of collection required by Section III of the United States Department of Education's letter of [insert date].

Name

Director, [insert name of Guaranty Agency]

Address

Telephone Number

Exhibit H

Exhibit H (on Agency letterhead)

To: United States Department of Education

From: [insert name of your Agency]

Date: [insert date within 2 years of entry of consent order]

Re: Certification of completion of responsibilities required by settlement of Salazar v. DeVos (SDNY)

With regard to the above-referenced settlement, and with respect to the loans for which my Agency is responsible as reflected in the attached Borrower List, I certify that my Agency has timely completed its responsibilities as set forth in paragraph V of the U.S. Department of Education's letter of [insert date] in the manner required by that paragraph.

I further certify that my Agency received [insert number] discharge applications from Wilfred Borrowers on or before [insert date four months plus sixty days after entry of consent order] and that my Agency granted [insert number] of those applications.

Name
Director, [insert name of Guaranty Agency]
Address
Telephone Number