NATIONAL STUDENT
LEGAL DEFENSE NETWORK

1015 15th St. NW, Suite 600
Washington, DC 20005
www.nsldn.org

July 9, 2018

Davida Farrar and Katherine Gillespie
Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

Re: Consumer Financial Education
Docket ID No. CFPB-2018-0015

Dear Ms. Farrar and Ms. Gillespie,

We are writing on behalf of the National Student Legal Defense Network ("NSLDN") in response to the recent Request for Information on Consumer Financial Education. 83 FR 15131 (Apr. 9, 2018) ("Request"). NSLDN is a non-partisan, non-profit organization that works, through litigation and advocacy, to advance students' rights to educational opportunity and to ensure that higher education provides a launching point for economic mobility. NSLDN appreciates the opportunity to comment on this Request.

In enacting the Dodd-Frank Wall Street Reform and Consumer Protection Act, Congress established the Consumer Financial Protection Bureau ("Bureau"), a "primary function[]" of which is to "conduct[] financial education programs."[1] In the Request, the Bureau is seeking comment on "all aspects of its consumer financial education programs." Although the Bureau has a wide range of financial education resources, in an effort to be as practical as possible, NSLDN has narrowly focused this comment on a few discrete suggestions regarding tools and resources for prospective and actual student loan borrowers, including those borrowers who may be in a repayment status with respect to student loans.

The "Compare Schools" tool is effective and good for students.

The Bureau's "Compare Schools" tool is a web-based platform that allows students and prospective students to compare the costs of college and financial aid offers from different institutions of higher education. It allows students to input costs of attendance and financial aid packages (including federal student aid, private funding sources, and scholarships) for up to three schools and allows students to compare the costs of each program. This helps a prospective student make an informed decision regarding the best program, on a highly individualized level. This tool is important, beneficial, and should remain in place and accessible.

NSLDN appreciates that the "Compare Schools" tool auto-populates information, including tuition information, from "College Navigator," a consumer education tool run by the National Center for

1 12 U.S.C. § 5511(c)(1)

Education Statistics. Even before students apply, they can use this tool to help them decide which schools will be the best fit for them financially. Students can adjust how much financial aid they expect to get from a school or compare how much their dream schools would cost if they got no financial aid at all.

By providing a function that makes the process of understanding how much each school could cost to attend, the Bureau is helping prospective students become more informed consumers. These prospective students, armed with a more complete understanding of their future financial burden, are better able to ask targeted questions while deciding which schools to actually apply to, when visiting colleges (if applicable), and while speaking to representatives of the institutions. This helps prospective students save money and make informed decisions throughout the application process. This is important for students as simply applying to schools can be extremely cost prohibitive to students, with many colleges costing as much as $80 to apply[2].

The Bureau could improve the "Compare Schools" tool by increasing functionality across web-browsers. As discussed above the auto-populate feature is effective and beneficial to students. However, this feature does not work on the internet browser Safari, which is the standard browser on all Apple brand computers. The Bureau should fix this issue with the tool so that all students and prospective students can benefit from the functionality of the tool.

Making students aware of the drawbacks related to forbearance should be a priority of the Bureau.

The "Repaying Student Debt – Know Your Options" section of the CFPB website is essential to students. It is important for student borrowers to know and understand what they can and cannot do while they are repaying their loans, especially if they are struggling. This feature allows student borrowers to consider their options by selecting the repayment scenarios that match their situation. This is beneficial to student borrowers, by providing targeted advice relating to their specific loans (private or federal) and their situation.

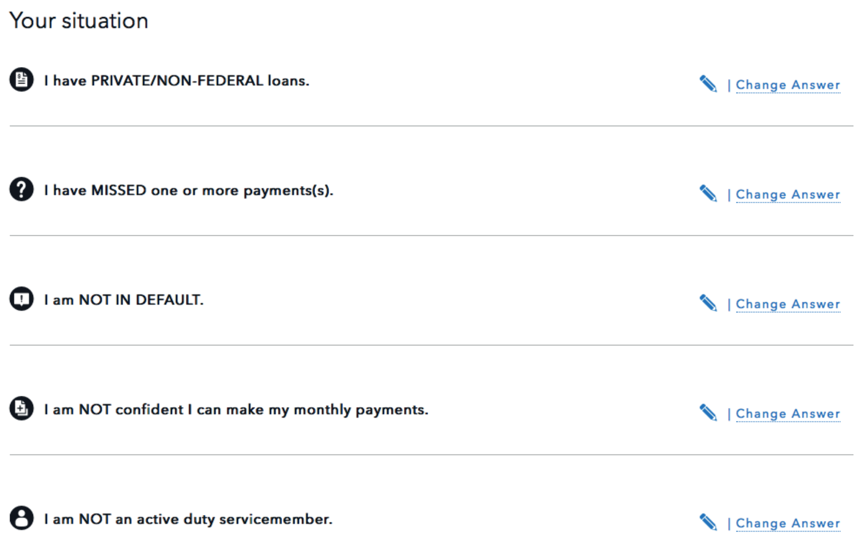
We suggest that the Bureau add warnings about deferment and forbearance at the top of the "Know Your Options" page. Deferment and forbearance can seem like appealing options to struggling borrowers. As the Bureau currently notes deep within its website, these options will cause the borrowers' debt to increase and become more costly. As the website currently shows[3]:

- **Be wary of options that postpone your monthly payment.** When you put off making payments by signing up for forbearance or deferment, interest will still continue to accrue. This means that once you begin to pay back your loan again, you'll discover that your student loan balance has grown (you will owe more money than before). You should also watch out for fees when enrolling in forbearance programs.

2 The Common Application, *2017-18 College Deadlines, Fees and Requirements*, (last visited June 13, 2018), https://apply.commonapp.org/ApplicationRequirements/PublicFile?fn=ReqGrid.pdf.

3 https://www.consumerfinance.gov/paying-for-college/repay-student-debt/#non-federal:yes:no:no:no

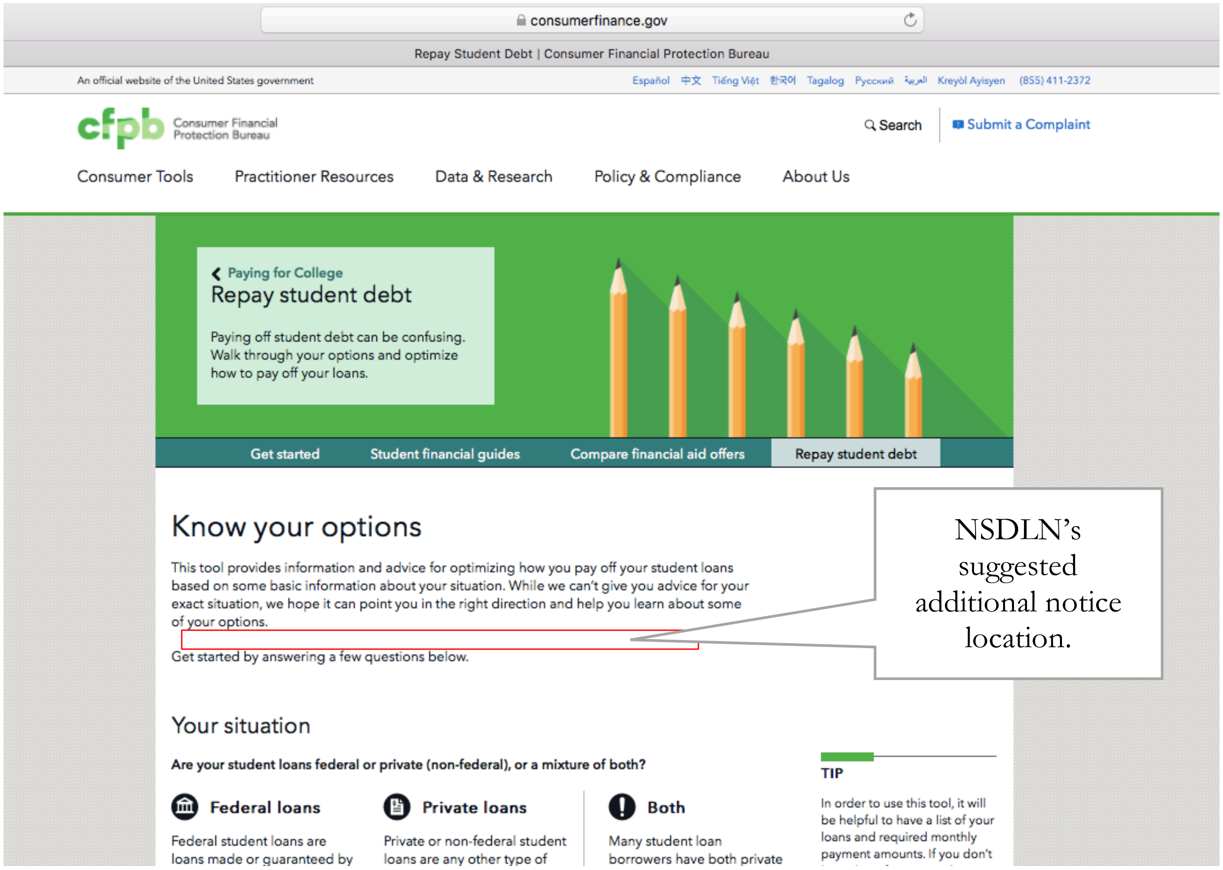
Unfortunately, this warning is only viewed by a narrow segment of borrowers who may be having difficulty making repayment. Indeed, the only[4] way to receive this warning is for a student loan borrower to visit the "Know Your Options" page, and then to select the following options:



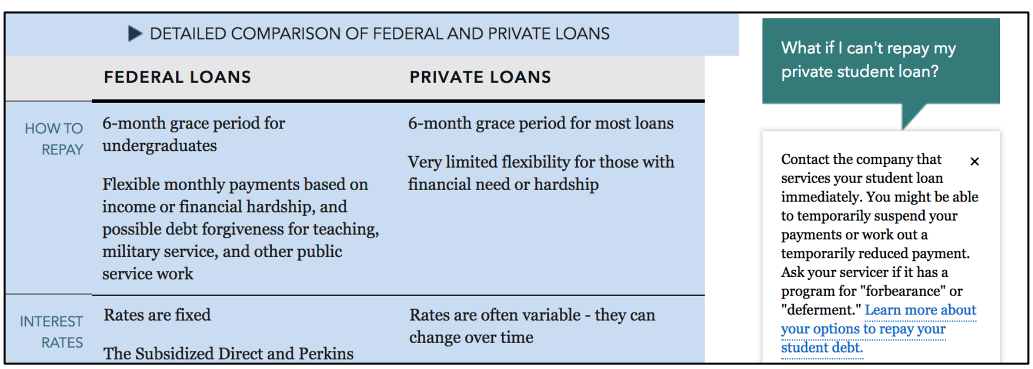
Repeating the "be wary of options that postpone your monthly payment" warning, or a similar warning, at the top of the "Know Your Options" page will make this warning immediately viewable to *all* borrowers who visit this important website and borrowers will be less likely to miss this information. Although the current placement of the warning is logical, and the warning should remain in that place, the Bureau should provide a warning regarding forbearance and deferment to *all* borrowers. Making this addition might help protect student borrowers from loan servicers of federal loans who recommend forbearance when it is not the student borrowers best option, a problem that has highlighted by the Bureau and numerous state attorneys general.

A screenshot highlighting our recommended approach appears on the next page.

4 A slightly different warning appears if a borrower selects that he or she is an active duty servicemember. That warning provides that: "Unlike some federal student loans, for most private student loans, interest will still accrue during periods of deferment and forbearance. If you do work with your servicer to temporarily suspend your monthly payments, your total debt will continue to grow and your monthly payments may be much higher when you begin to repay."



In addition, the Bureau can also improve the "What if I can't repay my loan" tab on the "[Student Loans: Choosing a loan that's right for you]" page. The tab is located under the private loans section and suggests that borrowers ask their provider about deferment or forbearance.



See https://www.consumerfinance.gov/paying-for-college/choose-a-student-loan/#o1

The tab provides little additional information – and is also only targeted at private loans. Although forbearance can be an effective tool for borrowers when used sparingly, borrowers must fully understand both the benefits and drawbacks of this option. Therefore, we suggest linking to the forbearance advice provided on the "Know Your Options" page (discussed above), rather than providing only brief advice on a complicated topic.

Student borrowers could benefit from the Bureau adding "College Scorecard" information to the CFPB website.

The information currently provided by the Bureau represents one, albeit important, piece of information that should be considered by prospective students. For this reason, we urge the Bureau to consider how best to use other government data (*e.g.*, the U.S. Department of Education's "College Scorecard") to improve the utility of the "Compare Schools" tools.[5]

For example, the College Scorecard allows students to view graduation rates and retention rates as well as average income of graduates of a particular school. This information is not presently available through the Compare Schools tool – but could be imported so that students can have a "one stop shopping" approach to understanding an enrollment/borrowing decision. By making potential students aware of a school's employment statistics in the same space as they are looking at the financial debt which they are considering taking on might allow students to make a more informed choice.

Other information can be considered. For example, schools subject to the U.S. Department of Education's "Gainful Employment" rule must disclose additional information regarding the extent to which certain programs prepare students for gainful employment in a recognized occupation. This information could be layered on top of the additional Compare Schools tool to provide even more data regarding an institution.

If it is not possible for the Bureau to layer information onto the "Compare Schools" tool, it could still provide direct links to other websites. The Bureau could add a tab in the section "Student Loans: Choosing a loan that is right for you" under "Key Questions." This section currently provides students with information about types of loans such as public versus private, and how to borrow money for college. This would be a perfect place to add "what to consider choosing my school" which could mention things a student borrower should consider such as the cost of living where a school is located and employment statistics. By adding this tab, the Bureau would only have to make minimally changes to their website, but the benefit to students could be significant.

CFPB Student Loan Ombudsman

In addition to the Paying for College tool, the Bureau's Student Loan Ombudsman is required by statute to provide annual reports to Congress, the CFPB Director, the Treasury Secretary, and the Education Secretary.[6] These reports provide vital information about the status of the student loan finance market. The Bureau must not ignore its statutory obligation to continue to provide these reports. It should also continue to provide them on a semi-annual basis, to avoid allowing problems seen in complaints to fester for months before they are highlighted to policymakers and industry. These reports have included robust Ombudsman's Discussions that have made important

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5 https://collegescorecard.ed.gov/

6 12 U.S.C. § 5535(d).

recommendations. The Bureau should maintain its current practice of providing these reports with these discussions and recommendations.

Student borrowers benefit from the Bureau providing plain language Consumer Advisory blog posts and askCFPB.

The Bureau should resume the practice of providing regular consumer advisory blog posts. These are important because they notify consumers of practices that the Bureau is aware that some consumers fall victim to. By providing these advisories, the Bureau provides vital information in a readily accessible format thereby, empowering student borrowers to know what to expect and to be aware of ways in which they could be taken advantage of. Additionally, these blog posts provide form letters for borrowers to send to their servicers regarding their topic of the blog. Effectively communicating with servicers can be extremely challenging for some borrowers, thus these letters can save significant amounts of time and frustration for borrowers. Yet the last Consumer Advisory blog post was in February of 2017, leaving consumers without this resource for far too long. Going forward, the Bureau should prioritize the Consumer Advisory blog posts.

The April 22, 2014 post, *Consumer advisory: Co-signers can cause surprise defaults on your private student loans*[7] serves as an excellent example of the way that these posts can help inform consumers. This post walked consumers though the potential benefits of having a cosigner and why this option might be the right choice for some people. It then made consumers aware of the things that they should consider or be on the lookout for such as surprise defaults. The blog also helped borrowers contact their servicers with form language to effectively ask their loan servicer to remove their cosigner.

The Bureau also provides vital information to students in an easy to find format through frequently asked questions on the askCFPB page. Student borrowers can look through this page to review questions that they might have about their loans, getting succinct and clear answers. Additionally, this page is beneficial because it allows student borrowers to review questions asked by others. These borrowers might not know that they have a misunderstanding about loans or what questions they need to ask, however, by reviewing the askCFPB page they are provided with this information. The information available on the askCFPB is sufficiently broad to cover most questions that a student borrower might have. By breaking the questions into categories student borrowers are provided copious amounts of information in an accessible manor. Based on the amount of information available to student borrowers it would be easy for this page to become overwhelming. However, by breaking the information into subcategories the Bureau has created a nonthreatening environment for students to get what they need. The Bureau should make a priority of maintaining this feature and making sure that it remains up-to-date with current information for borrowers.

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[7] Rohit Chopra, *Consumer Protection: Co-signers can cause surprise defaults on your priv. student loans*, CFPB: Blog, (Apr. 22, 2014), https://www.consumerfinance.gov/about-us/blog/consumer-advisory-co-signers-can-cause-surprise-defaults-on-your-private-student-loans/.

Sincerely,

Daniel A. Zibel
Vice President & Chief Counsel

Margaret Vogel
Law Clerk (Not admitted to practice law)

National Student Legal Defense Network
1015 15th Street NW, Suite 600
Washington, D.C. 20005

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