

# United States Senate

WASHINGTON, DC 20510

March 9, 2016

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Mr. President:

Our nation's students are making incredible investments in higher education—and their future—every day with the hope that they might secure their place in the middle class. While many schools are working in good faith to help their students succeed, recent cases have unfortunately highlighted that some schools have subjected students to unlawful, unfair, deceptive, and even abusive practices. These schools have put their pursuit of federal student loan dollars ahead of the best interests of their students, and their abuses undermine the vision you have laid out for higher education in America. When colleges break the rules, student loan borrowers should not be left to dig themselves out from under a mountain of debt they cannot repay. We are writing to urge you to provide fair and equitable debt relief to the victims of these violations.

When a college engages in misconduct or announces it will close, many students drop out or find themselves stuck with a worthless degree and limited job prospects. With students juggling work, school, and family responsibilities, the path to getting back on track with their education can be daunting. We have heard countless stories of students in this terrible situation, especially in the wake of the dramatic collapse of Corinthian Colleges, but there are many more students who attended other colleges that have engaged in similar practices. The U.S. Department of Education (“the Department”) has the opportunity through the current rulemaking to develop a strong and comprehensive regulation that both protects student borrowers and provides them with the debt relief they so urgently deserve. Unfortunately, we are concerned that the Department's current proposal does not seem to ensure the process is fair for students.

The Department should streamline “borrower defense to repayment” by granting automatic relief to groups of students who have been victims of predatory practices. These borrowers should not have to hire attorneys or go through process where they would each have to apply for relief and prove evidence of misconduct and individual harm, particularly in instances where federal or state agencies already have evidence of unlawful activity. Such a process would be incredibly burdensome for the very students who need the most help and would stack the deck in favor of schools that can afford an army of lawyers. Instead, the Department should provide students with an immediate notice that they will receive a discharge of their federal loans when evidence exists that their college has engaged in deceptive or abusive practices. And, the regulation should capture the full range of state evidence of these practices, not just cases where a formal judgment has been entered against the school.

Further, a borrower's debt relief should not be linked to the federal government's ability to recoup funds from the school for any loan discharges. The Administration can address concerns regarding the cost of "borrower defense to repayment" by stepping up enforcement against schools that have been shown to deceive students and by aggressively limiting bad actors' access to federal aid dollars on the front end. The Administration should further strengthen the regulation by cracking down on the use of forced arbitration agreements by schools that receive federal student aid. Forced arbitration not only denies students their day in court to fight deceptive practices and misconduct, but also hampers the ability of agencies to uncover wrongdoing earlier by preventing student complaints from ever becoming public.

We are concerned that the draft rules propose a statute of limitations on a borrowers' ability to receive debt relief. Many students do not know that their school has misled or defrauded them until many years after the federal or state authorities have completed their investigations revealing the misconduct. Furthermore, there is no similar statute of limitations to collect on a student's federal loan debt, and these loans are not currently dischargeable in bankruptcy. It would be unfair to set an arbitrary time limit on a student's ability to get the relief they deserve after being taken advantage of.

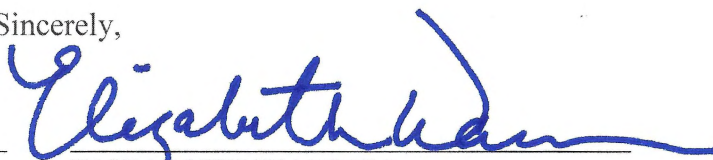
As your Administration works on these proposed regulations, we hope that you will keep in mind students who are struggling every day to keep up with student debt that hasn't given them the promise of a better life. These students were investing in their future, but their schools' deceptive and predatory practices have left them in urgent need of relief. Thank you for your prompt attention to this matter.



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PATTY MURRAY  
United States Senator

Sincerely,



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ELIZABETH WARREN  
United States Senator



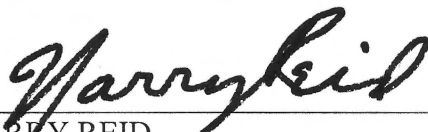
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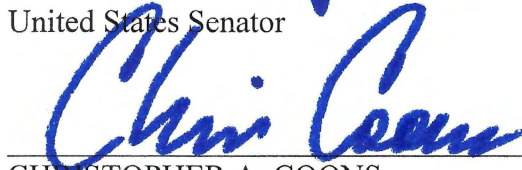
  
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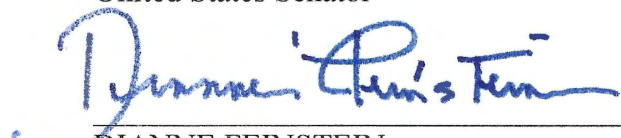
  
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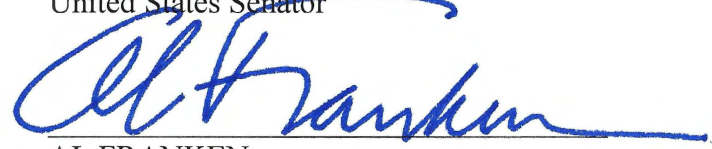
  
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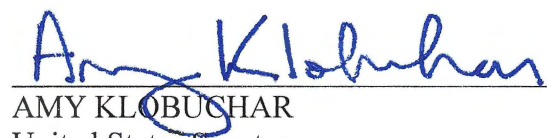
  
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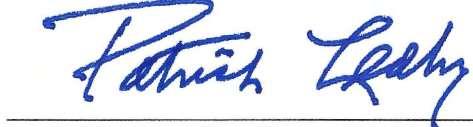
  
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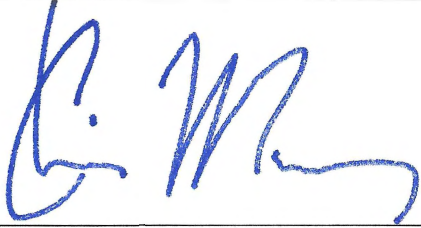
  
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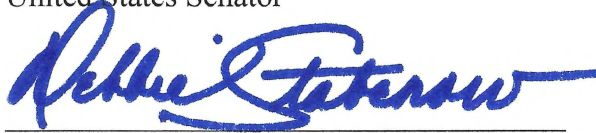
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United States Senator



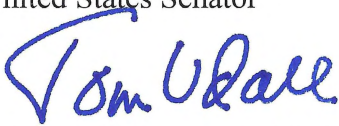
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JEANNE SHAHEEN  
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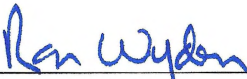
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