

THE COMMONWEALTH OF MASSACHUSETTS  
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January 3, 2018

Natasha Varnovitsky  
Office of the General Counsel  
U.S. Department of Education  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202-2110

Re: Deletion of Credit Report Trade Lines For Discharged Borrowers

Dear Ms. Varnovitsky:

We are writing to thank you and the Department of Education (“Department”) for your prompt attention to the credit reporting issue we raised with you in November of 2017. We had determined, based on complaints to our Student Loan Assistance Unit, that the Department was mishandling its credit reporting responsibilities for students who have received certain student loan discharges, including closed-school discharges. Specifically, although the Department promises student loan borrowers that their credit reports will be fixed after their loans are discharged, this routinely does not occur for defaulted borrowers. These borrowers remain burdened with negative credit report entries long after the Department discharges their loans. The Department’s failure to correct this adverse credit history is damaging to borrowers and contrary to the Department’s responsibilities and the governing statute and regulation.

After we brought the issue to your attention, the Department promptly reviewed our concerns and began working on implementing a solution. We are pleased that the Department has agreed to fix this problem, both retroactively and prospectively. Specifically, it is our understanding that the Department has directed Federal Student Aid (“FSA”) to identify discharge recipients and instruct present and past servicers to delete all credit report trade lines containing “adverse credit history,” defined as delinquent or defaulted status, from 2010 onwards, for all borrowers with loans held by the Department that were granted any of the following types of discharges:

- Closed school discharge (Direct Loan authority 34 CFR § 685.214(b)(4); Federal Family Education Loan (“FFEL”) authority 34 CFR § 682.402(d)(2)(iv));
- Ability to Benefit discharge (Direct Loan authority 34 CFR § 685.215(b)(5); FFEL authority 34 CFR § 682.402(e)(2));
- ID Theft discharge (Direct Loan authority 34 § CFR 685.215(b)(5); FFEL authority 34 CFR § 682.402(e)(2)); and



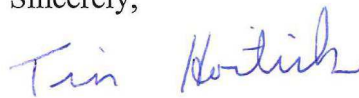
- False Signature discharge (Direct Loan authority 34 CFR § 685.215(b)(5); FFEL authority 34 CFR § 682.402(e)(2)).

The same instruction will be communicated to FFEL lenders and guarantors.

We appreciate the Department taking action to ensure that borrowers who received the discharges listed above will have their credit history repaired. We will contact you later this month to request an update regarding FSA's progress in implementing these changes.

I can be reached by phone at (617) 963-2465 or by email at [Timothy.Hoitink@state.ma.us](mailto:Timothy.Hoitink@state.ma.us) if you would like to discuss this matter further. Thank you for your attention to this matter.

Sincerely,



Timothy S. Hoitink  
Assistant Attorney General