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COMMITTEE ON EDUCATION  
AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES  
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May 23, 2014

The Honorable Eric Holder  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530

Dear Attorney General Holder:

In recent months, some federal student loan servicers have been scrutinized by the departments of Justice (DOJ) and Defense (DOD), the Federal Deposit Insurance Corporation (FDIC), and the Consumer Financial Protection Bureau (CFPB) for allegedly violating the *Servicemember Civil Relief Act* (SCRA).

As you know, under the SCRA the interest rate on federal and private student loans taken out by active-duty servicemembers prior to military service may be capped at six percent. I share your concerns for our men and women in uniform and agree all qualified servicemembers must be fairly afforded the benefits offered under the SCRA. However, we must also ensure the law is consistently interpreted by all agencies of the federal government.

The statute<sup>1</sup>, applicable Department of Education (ED) regulations<sup>2</sup>, and FDIC guidance<sup>3</sup> clearly state an eligible servicemember must submit to the servicer a copy of his or her military orders and a written request to have the SCRA benefit applied to their loan prior to implementation of the lower interest rate. These requirements have also been reinforced by the CFPB on their website<sup>4</sup> and confirmed by Education Secretary Arne Duncan in a recent response to a committee oversight initiative.

These SCRA requirements are unduly burdensome for our men and women in uniform and result in significant delays in the processing of SCRA benefits. The entities under contract with the

<sup>1</sup> Servicemembers Civil Relief Act §527

<sup>2</sup> 34 C.F.R. 685.202(a)(4)

<sup>3</sup> <http://www.fdic.gov/regulations/compliance/manual/pdf/V-11.1.pdf>

<sup>4</sup> See <http://www.consumerfinance.gov/askcfpb/1501/how-can-i-reduce-my-student-loan-interest-rate-under-servicemembers-civil-relief-act-scra.html>

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May 23, 2014  
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federal government to service these loans must be held accountable to the requirements under the law. However, your recent comments regarding the settlement with one servicer suggest DOJ may penalize additional servicers for any servicemember whose interest rate was not capped, regardless of whether the servicemember filed the necessary documentation. This indicates DOJ has changed the previous interpretation of the statute and the SCRA benefits application process.

In order to reduce confusion for the servicemembers and servicers, I respectfully request answers to the following questions:

1. How has DOJ coordinated with ED, DOD, FDIC, and CFPB regarding the interpretation of the SCRA and the investigation into alleged violations of the law?
2. What is DOJ's interpretation of the SCRA with regard to loan servicers granting interest rate benefits to servicemembers currently on active-duty? Is this interpretation consistent with ED, DOD, FDIC, and CFPB?
3. Will DOJ pursue penalties against loan servicers for servicemembers who were not granted SCRA interest rate benefits if the servicemember did not submit the necessary documentation required by law and regulations prior to this new interpretation?
4. What written guidance is DOJ sending to student loan servicers to inform them of the new interpretation?
5. What statutory authority does DOJ have to apply and enforce a new interpretation of the requirements for granting SCRA benefits to servicemembers?

As the Committee on Education and the Workforce continues working toward the reauthorization of the *Higher Education Act*, exploring opportunities to streamline the federal student loan system and ease processes for active-duty servicemembers remains a top priority. Our men and women in uniform should not be required to navigate an unwieldy and time-consuming application process in order to obtain hard-earned and well-deserved benefits. Your responses to this inquiry will be invaluable to this endeavor that endeavor.

Please provide all written responses no later than June 6, 2014. If you have additional questions about this request, please contact Mandy Schaumburg on the committee staff at (202) 225-6558 or [mandy.schaumburg@mail.house.gov](mailto:mandy.schaumburg@mail.house.gov).

Sincerely,

  
\_\_\_\_\_  
JOHN KLINE  
Chairman

Committee on Education and the Workforce

  
\_\_\_\_\_  
VIRGINIA FOXX

Chairwoman

Subcommittee on Higher Education and  
Workforce Training

Enclosure

## Responding to Committee Document Requests

1. In complying with this request, you should produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. You should also produce documents that you have a legal right to obtain, that you have a right to copy or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party. Requested records, documents, data or information should not be destroyed, modified, removed, transferred or otherwise made inaccessible to the Committee.
2. In the event that any entity, organization or individual denoted in this request has been, or is also known by any other name than that herein denoted, the request shall be read also to include that alternative identification.
3. The Committee's preference is to receive documents in electronic form (i. e., CD, memory stick, or thumb drive) in lieu of paper productions.
4. Documents produced in electronic format should also be organized, identified, and indexed electronically.
5. Electronic document productions should be prepared according to the following standards:
  - (a) The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
  - (b) Document numbers in the load file should match document Bates numbers and TIF file names.
  - (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
6. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, box or folder is produced, each CD, hard drive, memory stick, thumb drive, box or folder should contain an index describing its contents.
7. Documents produced in response to this request shall be produced together with copies of file labels, dividers or identifying markers with which they were associated when they were requested.
8. When you produce documents, you should identify the paragraph in the Committee's request to which the documents respond.

9. It shall not be a basis for refusal to produce documents that any other person or entity also possesses non-identical or identical copies of the same documents.
10. If any of the requested information is only reasonably available in machine-readable form (such as on a computer server, hard drive, or computer backup tape), you should consult with the Committee staff to determine the appropriate format in which to produce the information.
11. If compliance with the request cannot be made in full, compliance shall be made to the extent possible and shall include an explanation of why full compliance is not possible.
12. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) the privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author and addressee; and (e) the relationship of the author and addressee to each other.
13. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (stating its date, author, subject and recipients) and explain the circumstances under which the document ceased to be in your possession, custody, or control.
14. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you should produce all documents which would be responsive as if the date or other descriptive detail were correct.
15. The time period covered by this request is included in the attached request. To the extent a time period is not specified, produce relevant documents from January 1, 2009 to the present.
16. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date, shall be produced immediately upon subsequent location or discovery.
17. All documents shall be Bates-stamped sequentially and produced sequentially.
18. Two sets of documents should be delivered, one set to the Majority Staff in Room 2181 of the Rayburn House Office Building and one set to the Minority Staff in Room 2101 of the Rayburn House Office Building.
19. Upon completion of the document production, you should submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control which reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

## Definitions

1. The term "document" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term "communication" means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, email, regular mail, telexes, releases, or otherwise.
3. The terms "and" and "or" shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.
4. The terms "person" or "persons" mean natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, or other units thereof.
5. The term "identify," when used in a question about individuals, means to provide the following information: (a) the individual's complete name and title; and (b) the individual's business address and phone number.

6. The term "referring or relating," with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is pertinent to that subject in any manner whatsoever.