

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

THERESA SWEET, et al.,

Plaintiffs,

No. C 19-03674 WHA

v.

MIGUEL CARDONA, et al.,

Defendants.

ORDER RE LOAN SERVICERS

Today, plaintiffs, a class of student-loan borrowers, filed a motion to enforce the settlement agreement (Dkt. No. 397). Pursuant to Paragraph IV.A.1 of that agreement, the Department of Education was required to effectuate full settlement relief for borrowers entitled to such relief no later than January 28, 2024, one year after the effective date (Dkt. Nos. 246-1 at 6; 382 at 10). In a letter sent to plaintiffs’ counsel on March 1, 2024, attached to plaintiffs’ motion as Exhibit 17, counsel for defendants acknowledged that “for borrowers who are entitled to, but have not yet received, full settlement relief pursuant to Paragraph IV.A.1, the Department is in material breach of the Agreement” (Dkt. No. 397-3 at 127). In so doing, counsel stated, in pertinent part:

The Department continues to work urgently to more reliably determine the status of class member relief, to investigate the circumstances of class members who have not received timely relief, and to resolve issues so that class members receive relief as quickly as possible. As an integral part of that work, the Department also continues to engage with [loan] servicers, including by instructing them to prioritize resolving *Sweet* relief

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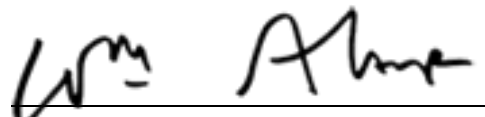
(specifically, relief for Exhibit C borrowers), and by working to implement an emergency change request to address these issues. A key priority in that work is to reliably identify a timeline for resolving these issues and for providing class members timely relief. Due, in part, to the need to finalize certain instructions and details with the [loan] servicers, the Department cannot reliably identify that timeline at this time, but it remains an urgent priority and we will provide it as soon as the Department can reliably do so.

(*id.* at 127–28).

Paragraph IV.F.1 of the settlement agreement provides that defendants will “have effectuated relief for purposes of Paragraph IV.A . . . when they *and their loan servicers* have taken all steps necessary to discharge the Relevant Loan Debt of the Class Member” (Dkt. No. 246-1 at 12) (emphasis added). Accordingly, defendants shall promptly notify their loan servicers whom they blame for delay that they are ordered to appear at the hearing on April 24, 2024, at 8:00 A.M., and show cause why they should not be held in contempt for frustrating the settlement and the final settlement approval order of the United States District Court.

IT IS SO ORDERED.

Dated: March 19, 2024.



WILLIAM ALSUP
UNITED STATES DISTRICT JUDGE