

07/12/2019

Sherri R. Carter, Executive Officer / Clerk of Court

By: O. Chavez Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

**THE PEOPLE OF THE STATE OF
CALIFORNIA,**

Plaintiff,

v.

STUDENT CU CONNECT CUSO, LLC,

Defendant.

Case No. 19STCV23962

**~~[PROPOSED]~~ FINAL JUDGMENT AND
PERMANENT INJUNCTION**

EXHIBIT 1

The People of the State of California ("People"), appearing through their attorney, Xavier Becerra, Attorney General of the State of California, by Supervising Deputy Attorney General Bernard A. Eskandari, and Student CU Connect CUSO, LLC ("CUSO" or "Defendant"), appearing through its attorney, Tami S. Smason of Foley & Lardner LLP, having stipulated to the entry of this Judgment by the Court without the taking of proof and without trial or adjudication of any fact or law, without this Judgment constituting evidence of or an admission by Defendant regarding any issue of law or fact alleged in the Complaint, without Defendant admitting any liability regarding allegations of violations that occurred prior to entry of this Judgment, and with all parties having waived their right to appeal, and the Court having considered the matter and good cause appearing:

1 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

2 1. This Court has jurisdiction over the allegations and subject matter of the People's
3 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
4 this Court has jurisdiction to enter this Judgment.

5 2. Nothing in this Judgment alters the requirements of federal or state law to the
6 extent they offer greater protection to consumers.

7 **DEFINITIONS**

8 3. The following definitions shall apply for purposes of this Judgment:

9 A. "Affected State Consumers" mean student borrowers residing in California
10 who received a Loan that was not paid in full as of the Effective Date.

11 B. "CFPB Action" means the case entitled, "*Bureau of Consumer Financial*
12 *Protection v. Student CU Connect CUSO, LLC*," in the United States District Court for the
13 Southern District of Indiana, Case No. 19-02397.

14 C. "CFPB Order" means the Stipulated Final Judgment and Order issued in
15 the CFPB Action.

16 D. "Consumer Information" means identifying information obtained by the
17 CUSO about any individual Affected State Consumer in connection with the Loan Program,
18 including that Affected State Consumer's name, address, telephone number, email address, social
19 security number, or any data that enables access to any account of that Affected State Consumer
20 (including a credit card, bank account, or other financial account). Consumer Information does
21 not include any compilation or summary of Consumer Information if such compilation or
22 summary does not include identifying information of individual consumers.

23 E. "Consumer Reporting Agency" has the same meaning as set forth in the
24 Fair Credit Reporting Act, 15 U.S.C. § 1681a(f).

25 F. "Effective Date" means the later of (i) the date on which the CFPB Order is
26 entered, or (ii) the date on which this Judgment is entered by the Court.

27 G. "ITT" means ITT Educational Services, Inc.

28 H. "Loan" means one of the private student loans entered into by or originated

1 to students of ITT schools by a third party under the Loan Program and currently owned by the
2 CUSO.

3 I. “Loan Program” means the private student-loan program established by
4 ITT and the CUSO together with other parties, under certain agreements, which provided funding
5 for students attending ITT schools.

6 J. “Redress Plan” means the comprehensive written plan for the CUSO’s
7 implementation of the CFPB Order and this Judgment, attached as Exhibit 1 hereto.

8 K. “Servicer” means the servicer of one or more of the Loans.

9 **INJUNCTIVE TERMS AND REMEDIATION**

10 4. Business and Professions Code section 17203 authorizes this injunction.

11 5. This injunction shall apply to Defendant as well as its subsidiaries, successors, and
12 the assigns of all or substantially all of the assets of its business, and, their directors, officers,
13 employees, agents, independent contractors, partners, associates, and representatives of each of
14 them.

15 6. Defendant shall not violate, whether acting directly or indirectly, the Unfair
16 Competition Law, Business and Professions Code section 17200 et seq. or the Rosenthal Fair
17 Debt Collection Practices Act, Civil Code section 1788 et seq.

18 7. Defendant shall not acquire loans other than the Loans and shall not conduct
19 business other than Loan Program business.

20 8. As of the Effective Date, Defendant shall do the following:

21 A. Cease all collections activities and cease accepting payments from Affected
22 State Consumers related to any Loan;

23 B. Take no further action to enforce or to collect any Loan of an Affected
24 State Consumer; and

25 C. Refrain from selling, transferring, or assigning any Loan of an Affected
26 State Consumer.

27 D. Notwithstanding the requirements of subparagraphs (A) and (B) of this
28 Paragraph, the CUSO shall not be regarded as in violation of this Judgment if it sends out routine

1 statements or notices that could be considered collection activity within 20 days after the
2 Effective Date; nor shall the CUSO be regarded as in violation of this Judgment in the event that
3 a payment from an Affected State Consumer related to any Loan is discovered to have been
4 accepted or processed after the Effective Date, provided that the CUSO, or the Servicer acting on
5 the CUSO's behalf, makes efforts to return the full payment to the Affected State Consumer as
6 specified in the Redress Plan.

7 9. Within 30 days of the Effective Date, the CUSO shall discharge and cancel all
8 outstanding balances of all Affected State Consumers' Loan accounts, including their associated
9 fees, charges, and interest.

10 10. Within 30 days of the Effective Date, the CUSO shall submit written requests to
11 all Consumer Reporting Agencies to which the CUSO or the Servicer has reported information
12 about the Affected State Consumers' Loans, directing those Consumer Reporting Agencies to
13 delete the consumer trade lines associated with the Affected State Consumers' Loans by updating
14 those consumer trade lines with the appropriate codes to reflect that each of those consumer trade
15 lines has been deleted and, if an explanation is required, with codes referencing a negotiated
16 settlement.

17 11. Within 30 days of the Effective Date, the CUSO shall send notifications to the
18 Affected State Consumers, by first class mail to the most recently available postal address
19 contained in the Servicer's system of record for each Affected State Consumer, informing them of
20 the new status of their Loans, and the requested updated status of the credit reporting related to
21 their Loans, consistent with this Judgment.

22 12. Except as and to the extent provided herein and in the Redress Plan, the CUSO
23 shall relinquish all dominion, control, and title to all Loan payments made by Affected State
24 Consumers after the Effective Date. No part of those funds may be retained by the CUSO.

25 13. Upon the Effective Date, the CUSO shall promptly begin implementation of the
26 Redress Plan consistent with the requirements of this Judgment. The terms of the Redress Plan
27 are incorporated by reference into this Judgment.

28 14. In the event that (a) a payment on a Loan of an Affected State Consumer is

1 received by the CUSO or the Servicer after the Effective Date; (b) the State of the last known
2 residence of the person who made that payment is California; and (c) (i) notwithstanding the
3 CUSO's efforts under the Redress Plan, the refund remains undeliverable, undeposited or
4 uncashed, or (ii) the payment was received more than 150 days after the Effective Date, then the
5 CUSO shall remit any such funds to the California Attorney General's Office to be used for
6 purposes authorized by Business and Professions Code section 17203. The Servicer shall stop
7 payment on any outstanding refund check representing those same funds. Under no circumstances
8 shall the Servicer or the CUSO be required to make more than one payment on account of any
9 payment received after the Effective Date.

10 15. The CUSO shall not issue Internal Revenue Service ("IRS") Form 1099-Cs
11 ("Form 1099s") to Affected State Consumers without first having used reasonable efforts to
12 obtain guidance from the IRS indicating that the CUSO is not required to send Form 1099s to
13 Affected State Consumers as a result of the debt relief required by this Judgment. In the event
14 that, after any such guidance is sought, the CUSO reasonably believes it is required to issue Form
15 1099s to Affected State Consumers, the CUSO may do so, provided, however, that if the
16 Taxpayer Advocate Service of the IRS has prepared a fact sheet, information, or guidance for
17 Affected State Consumers, to accompany Form 1099s, regarding potential tax implications to the
18 Affected State Consumers of the Settlement ("TAS Letter"), the CUSO shall cause to be
19 included, with each Form 1099 sent to Affected State Consumers, a copy of the TAS Letter.

20 16. If any Form 1099 and, if applicable, TAS Letter mailed to an Affected State
21 Consumer is returned as undeliverable, the Servicer, within 30 days after receiving the returned
22 mailing, shall use commercially reasonable efforts to obtain the Affected State Consumer's
23 updated mailing address and, if successful, then shall re-send the Form 1099 and, if applicable,
24 TAS Letter to the Affected State Consumer. The commercially reasonable efforts shall include
25 the following: (a) using a commercial skip-tracing service to obtain an updated address for the
26 Affected State Consumer; (b) sending an email to the Affected State Consumer's email address
27 on file and requesting an updated mailing address; and (c) calling the Affected State Consumer
28 using his or her telephone number(s) on file, verifying his or her identity, and requesting an

1 updated mailing address. Assuming the foregoing yields new mailing address information, the
2 Servicer shall make up to three attempted deliveries of the Form 1099 and, if applicable, TAS
3 Letter to each Affected State Consumer.

4 **CONSUMER INFORMATION**

5 17. The CUSO, and its officers, employees, representatives, and agents who receive
6 actual notice of this Judgment, whether acting directly or indirectly, shall not disclose, use, or
7 benefit from Consumer Information, except as follows:

8 A. Consumer Information may be disclosed if requested by a government
9 agency or required by law, regulation, or court order;

10 B. Consumer Information may be used to effectuate and to carry out the
11 obligations set forth in this Judgment; and

12 C. The restriction on the use of Consumer Information does not apply to the
13 CUSO's participating credit unions.

14 **REPORTING REQUIREMENTS**

15 18. The CUSO shall notify the People of any development that may affect the CUSO's
16 compliance with obligations arising under this Judgment, including but not limited to dissolution,
17 assignment, sale or merger of the CUSO, or other action that would result in the emergence of a
18 successor entity to the CUSO; the creation of a subsidiary, parent, or affiliate of the CUSO that
19 engages in any acts or practices subject to this Judgment; the filing of any bankruptcy or
20 insolvency proceeding by or against the CUSO; or a change in the CUSO's name or address. The
21 CUSO shall provide this notice, if practicable, at least 30 days before the development, but in any
22 case no later than 14 days after the development.

23 19. Within 120 days of the Effective Date, the CUSO shall submit to the People the
24 following:

25 A. An accurate written compliance progress report that describes in detail the
26 manner and form in which the CUSO has complied with this Judgment;

27 B. A list of all Affected State Consumers that sets forth the consumer's name,
28 corresponding unique identifying Loan number(s), last known contact information (mailing

1 address, email address and telephone number), and outstanding Loan balance(s) on the day prior
2 to the Effective Date (broken down among principal, interest, fees and any other amount due and
3 owing);

4 C. A list of all Affected State Consumers whose notices of discontinuance of
5 billing and collection of the Loans, after commercially reasonable efforts, were undeliverable;
6 and

7 D. A list of Loan payments that were not able to be returned, reversed, or
8 otherwise effectively rejected, as described in Paragraphs 8(D) and 14 above.

9 JUDGMENT DISTRIBUTION AND CONTACT

10 20. Within 30 days of the Effective Date, the CUSO shall deliver a copy of this
11 Judgment to the Servicer and to the CUSO's board, as well as to any CUSO manager, employee,
12 service provider, or other agent or representative who has responsibilities related to compliance
13 with this Judgment.

14 RECORDKEEPING

15 21. The CUSO shall maintain, until the first to occur of (i) the expiration of three years
16 from the Effective Date or (ii) the CUSO's dissolution, all documents and records necessary to
17 demonstrate full compliance with this Judgment.

18 22. Subject to the retention limitations provided in the prior paragraph, the CUSO, or
19 its appointed designee if any, must make the documents identified in the prior paragraph available
20 to the People upon request.

21 RES JUDICATA EFFECT

22 23. This Judgment shall have res judicata effect and shall resolve any claim by the
23 People against Defendant that the People have or might have asserted based on the acts or
24 practices described in the Complaint, to the extent such acts or practices occurred before the
25 Effective Date and the People know about them as of the Effective Date. The People may use the
26 acts or practices described in this Judgment in future enforcement actions against Defendant,
27 including, without limitation, to establish a pattern or practice of violations or the continuation of
28 a pattern or practice of violations or to calculate the amount of any penalty. Nothing herein

precludes or affects any right of the People to determine and ensure compliance with this Judgment, or to seek penalties for any violations of this Judgment.

ADDITIONAL PROVISIONS

24. Defendant shall cooperate fully with the People as necessary to achieve the goals and carry out the requirements of this Judgment.

25. Unless otherwise directed by the People, Defendant shall provide all submissions, requests, communications, or other documents relating to this Judgment by email to the following people:

Michael E. Elisofon
Supervising Deputy Attorney General
michael.elisofon@doj.ca.gov

Bernard A. Eskandari
Supervising Deputy Attorney General
bernard.eskandari@doj.ca.gov

26. This Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Judgment.

27. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Los Angeles, California.



Holly J. Fujie

DATED: 07/12/2019

Holly J. Fujie / Judge

JUDGE OF THE SUPERIOR COURT

Exhibit 1

REDRESS PLAN

Student CU Connect CUSO, LLC (the “CUSO”) submits this Redress Plan to the Bureau of Consumer Financial Protection (the “Bureau”), to set forth a summary of the tasks that will be performed to implement the CUSO’s settlement with the Bureau, the methods that will be used in performing those tasks, and the timeline for completion of those tasks. This document will serve as the Redress Plan referenced in the [Proposed] Stipulated Final Judgment and Order (the “Consent Order”) that will be submitted to the United States District Court for the Southern District of Indiana in the action to be filed therein and to be titled *Bureau of Consumer Financial Protection v. Student CU Connect CUSO, LLC* (the “Action”).

To the extent that this Redress Plan provides for tasks to be performed by the Servicer (as defined below), the CUSO has directed and will direct the Servicer (currently First Associates Loan Servicing, LLC) to perform those tasks, and the Servicer has agreed to perform the tasks using the methods and in accordance with the timeline set out herein. The CUSO has committed to give notice to the Servicer of the Effective Date promptly upon learning that it has occurred.

I. Definitions

The following defined terms, in addition to those set forth above, are used herein:

- a. “Affected Consumers” means those borrowers with Affected Loans (as defined below).
- b. “Affected Loans” means those loans in the Program (as defined below), including active loans and charged off loans, that have more than a zero balance on the Effective Date (as defined below).
- c. “Consumer Reporting Agencies” means the credit bureaus and consumer reporting agencies to which the Servicer (as defined below) has reported information about the Affected Loans.
- d. “Consumers” means the borrowers, including but not limited to Affected Consumers, of Program loans.
- e. “Effective Date” means the effective date of the Consent Order.
- f. “Form 1099” means Internal Revenue Service Form 1099-C, for reporting Cancellation of Debt.
- g. “IVR” means the Servicer’s standard interactive voice response system.
- h. “Notice” means the notification to be sent by the Servicer pursuant to Section II.c below.
- i. “Payment Portal” means the portion of the Website (as defined below) that functions as an entry point for certain Consumers, enabling them, once they log in, to access individual, account-level information.

- j. “Payors” means those who make payments on Affected Loans, including but not limited to Affected Consumers.
- k. “Program” means the CUSO loan program serviced by the Servicer.
- l. “Script” means the written document that will assist the Servicer in responding to telephonic inquiries from Consumers about the Settlement (as defined below) and the status of their Program loan accounts after the Effective Date.
- m. “Servicer” means the servicer of the Program loans.
- n. “Settlement” means the coordinated settlements of the CUSO with the Bureau and the States (as defined below) relating to the Program.
- o. “States” means Arizona, Arkansas, Colorado, Connecticut, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Mexico, North Carolina, Oregon, Pennsylvania, Tennessee, Washington, West Virginia, Wisconsin, and the District of Columbia, and any other state that may join in the Settlement.
- p. “Website” means the webpage (www.studentcuconnect.com), maintained by the Servicer, that provides general information for Consumers regarding their Program loans.
- q. “Unreturnable Funds” means funds from a payment on an Affected Loan that was received after the Effective Date, which payment (i) either (1) cannot be returned, reversed or otherwise effectively rejected pursuant to the procedures described in Sections IV.c, IV.d and IV.e below, or (2) is received more than 150 days after the Effective Date; and (ii) is not required, pursuant to a Settlement agreement between the state of the Payor’s last known residence and the CUSO, to be paid to that state, because either the state has not so required or the Payor’s last known residence is not in one of the States.

II. Notification to Affected Consumers

- a. The Servicer will identify the Affected Consumers and Affected Loans, by conducting a query against the servicing system of record that will output a list of Program accounts with balances greater than zero on the Effective Date.
- b. The Servicer will prepare a list of all Affected Consumers, which, for each Affected Consumer, will set forth his/her name, corresponding unique identifying loan number(s), last known contact information (mailing address, email address and telephone number), and Affected Loan balance(s) on the day prior to the Effective Date (broken down among principal, interest, fees and any other amount due and owing). The Servicer will identify mailing addresses for the Affected Consumers by locating the most recently available postal address contained in the Servicer’s system of record for each Affected Consumer.
- c. Within 30 days after the Effective Date, the Servicer will send to each Affected Consumer, by first class U.S. mail, the Notice, consisting of (i) a copy of the Notice to Affected Consumers of Discontinuance of Billing and Collection, in the form of Exhibit A hereto, and (ii) an account statement reflecting an updated balance of \$0 for each of

the Affected Consumer's Affected Loans, in the form of the sample Form of Zero Balance Account Statement attached hereto as Exhibit B. The account statements may be used by the Affected Consumers as verification that no further payment is due with respect to the Affected Loans.

- d. If any Notice sent pursuant to Section II.c above is returned as undeliverable, the Servicer, within 30 days of receiving the returned Notice, will use commercially reasonable efforts to obtain the Affected Consumer's updated mailing address, and, if successful, then will re-send the Notice, containing the materials outlined in Section II.c above, to the Affected Consumer. The commercially reasonable efforts will include: (i) using a commercial skip tracing service to obtain an updated address for the Affected Consumer; (ii) sending an email to the Affected Consumer's email address on file and requesting an updated mailing address; and (iii) calling the Affected Consumer using his/her telephone number(s) on file, verifying his/her identity, and requesting an updated mailing address. Assuming the foregoing yields new mailing address information, the Servicer will make up to three attempted deliveries of the Notice to each Affected Consumer.
- e. The Servicer will prepare a list of all Affected Consumers whose Notices, after commercially reasonable efforts, were undeliverable, including, for each such Affected Consumer, his/her name and last known mailing address, email address and telephone number.

III. Online Account Updates and Servicer Provision of Information

- a. The Servicer will designate 877-662-2470 as the telephone number Consumers should call with questions about the Settlement and the status of their Program loan accounts after the Effective Date. This number will route through the IVR, which provides basic account information and an option to speak with a live agent. Commencing on the day that the Servicer has received notice of the Effective Date, and until the Servicer telephone agents have completed their training to respond to Consumers' questions pursuant to the Script and the recorded introductory statement set out in the Script has been activated (but in no event later than five business days after the Effective Date), the live agents will answer any question concerning the discontinuance of collection of the Affected Loans by stating, "We have discontinued collection and enforcement of certain loans and are in the process of implementing this new policy. More information will be available by [date five business days after Effective Date]."
- b. Within five business days after the Effective Date, the Servicer (i) will update the online accounts of all Affected Consumers for all Affected Loans, so that the Affected Consumers' online accounts for each of the Affected Loans will reflect a \$0 balance as of the Effective Date; (ii) will make copies of the Notice accessible to Affected Consumers through the Payment Portal, in connection with their online accounts for the Affected Loans; (iii) will send an email to each Affected Consumer who is registered to receive, and who regularly receives, email notices of his/her Affected Loan statements or balance(s), providing a link to his/her online account(s) for the Affected Loan(s); (iv) will post a notice on the Website home page, in form of Exhibit C hereto; and (v) will ensure that (1) Consumers calling the Servicer with questions about the Settlement or the

new status of the Affected Loans will be directed through the IVR to the recorded introductory statement set out in the Script, and (2) those Consumers who opt to speak with a live agent after listening to that recorded message will be directed to telephone agents who will respond to questions in accordance with the Script. The Script is attached as Exhibit D hereto.

- c. The Payment Portal will be deactivated, and will become inaccessible to Consumers, two months after the Effective Date. The Servicer will maintain its above-referenced telephone number and the Website for 150 days after the Effective Date, after which time the telephone line and the Website will be dismantled.

IV. Discontinuance of Collections and Rejection of Payments after the Effective Date

- a. Within five business days after the Effective Date, the Servicer (i) will cease issuing monthly account statements to the Affected Consumers, whether by mail or by electronic means; (ii) will deactivate all active recurring and scheduled payments, and cancel all automatic payment arrangements, relating to the Affected Loans (whether through ACH or payment cards, via the IVR or the Payment Portal, or otherwise); and (iii) will initiate additional commercially reasonable efforts not to accept any payment received after the Effective Date on any Affected Loan, including by arranging for blocking or automatic reversal of ACH payments and bank transfers.
- b. Within 30 days of the Effective Date, the CUSO and the Servicer will discharge all Affected Loans and will cancel all outstanding balances of all Affected Loans, including principal, interest, fees and any other amount due and owing.
- c. In the event that a check has been received by the Servicer's automated lockbox, or that a payment otherwise has been made for which a refund check is necessary (for example, payment by cash or an electronic payment sent through a bill pay service from the Payor's banking institution), the Servicer, within 30 days after receipt of the payment and identification of the correct CUSO account, will mail a refund check, by first class U.S. mail, to the most recently available postal address contained in the Servicer's system of record for the Payor, together with a Letter to Payor with Return of Post-Effective Date Payment, in the form of Exhibit E hereto.
- d. If any refund check and Letter to Payor with Return of Post-Effective Date Payment sent pursuant to Section IV.c above is returned as undeliverable, the Servicer, within 30 days after receiving the returned check and Letter to Payor, will use commercially reasonable efforts to obtain the Payor's updated mailing address and, if successful, then will re-send the check and the Letter to the Payor. The commercially reasonable efforts will include: (i) using a commercial skip tracing service to obtain an updated address for the Payor; (ii) sending an email to the Payor's email address on file and requesting an updated mailing address; and (iii) calling the Payor using his/her telephone number(s) on file, verifying his/her identity, and requesting an updated mailing address. Assuming the foregoing yields new mailing address information, the Servicer will make up to three attempted deliveries of the returned check and the Letter to Payor with Return of Post-Effective Date Payment to each Payor.
- e. If any refund check sent pursuant to Section IV.c above, and not returned as undeliverable, is not deposited or cashed within 30 days, the Servicer will use commercially reasonable efforts over the ensuing 30 days to contact the Payor, at least

two additional times, by email or by telephone, in order to advise the Payor to deposit or to cash the check.

- f. The Servicer will prepare a list of all Affected Loan payments received after the Effective Date that were not able to be returned, reversed or otherwise effectively rejected.
- g. Any payment on an Affected Loan that should be refunded but, notwithstanding the efforts made pursuant to Sections IV.d and IV.e above, remains undeliverable, undeposited or uncashed, or that is received more than 150 days after the Effective Date, (i) will be paid to the State of the Payor's last known residence, if that State has so required in a Settlement agreement between that State and the CUSO, in accordance with the terms specified in that agreement, or, (ii) if the payment qualifies as Unreturnable Funds, will be paid by wire transfer to the Bureau or to the Bureau's agent, in accordance with the Consent Order. Prior to any transfer of funds pursuant to this paragraph, the Servicer will stop payment on any outstanding refund check representing those same funds. Under no circumstances will the Servicer be required to make more than one payment on account of any Affected Loan payment received after the Effective Date.

V. Credit Reporting

- a. Within 30 days after the Effective Date, the Servicer will submit a Metro II file to all Consumer Reporting Agencies, directing them to delete the consumer trade lines associated with the Affected Loans by updating those consumer trade lines with the appropriate codes to reflect that each of those consumer trade lines has been deleted. If any Consumer Reporting Agency should require an explanation, the Servicer will report "deleted as a result of a negotiated court settlement."
- b. To identify the appropriate Consumer Reporting Agencies, the Servicer will use its standard monthly Metro II reporting for the Program loans and will update the Consumer Reporting Agencies' information based on the application of a designated account status for the Affected Consumers' accounts.
- c. The Servicer will respond to all Consumer Reporting Agency inquiries concerning this procedure.
- d. For as long as the CUSO exists as a legal entity, it will comply with any applicable requirements under the Fair Credit Reporting Act and Regulation V.

VI. Issuance of Form 1099s

- a. If the CUSO determines to issue Form 1099s to Affected Consumers, the CUSO will notify the Bureau Enforcement Director of that determination, and the CUSO will direct the Servicer accordingly. The Servicer then will prepare and will send the Form 1099s, by first class U.S. mail, to the most recently available postal addresses contained in the Servicer's system of record for the Affected Consumers.
- b. If any Form 1099 sent pursuant to Section VI.a is returned as undeliverable, the Servicer, within 30 days after receiving the returned Form 1099, will use commercially reasonable efforts to obtain the Affected Consumer's updated mailing address and, if successful, then will re-send the Form 1099 to the Affected Consumer. The commercially reasonable efforts will include: (i) using a commercial skip tracing service to obtain an

- updated address for the Affected Consumer; (ii) sending an email to the Affected Consumer's email address on file and requesting an updated mailing address; and (iii) calling the Affected Consumer using his/her telephone number(s) on file, verifying his/her identity, and requesting an updated mailing address. Assuming the foregoing yields new mailing address information, the Servicer will make up to three attempted deliveries of the Form 1099 to each Affected Consumer. The Servicer will maintain copies of all returned and undeliverable Form 1099s and their envelopes for a period of 12 months after the initial mailing thereof.
- c. The Servicer will respond to all Affected Consumer inquiries concerning the issuance of Form 1099s by advising the Affected Consumers to consult with their tax advisors, as set forth in the Script.

VII. Timeline for Redress Plan and Notifications to the Bureau

- a. The CUSO will comply with all deadlines set forth above and in the Consent Order.
- b. 120 days after the Effective Date, the CUSO will provide to the Bureau, on an encrypted disk or drive:
 - i. The list of the Affected Consumers, with their last known contact information and the Affected Loan balances, as described in Section II.b above;
 - ii. The list of undeliverable Notices, as described in Section II.e above; and
 - iii. The list of Affected Loan payments that were not able to be returned, reversed, or otherwise effectively rejected, as described in Section IV.f above.
- c. It is currently anticipated that the agreement between the CUSO and the Servicer will be terminated promptly after the completion of the Servicer's Settlement implementation tasks as described in this Redress Plan.
- d. It is currently anticipated that the CUSO will begin the process of dissolution, winding up and termination promptly after the completion of its obligations under this Redress Plan and the Consent Order.

EXHIBIT A

**FORM OF NOTICE TO AFFECTED CONSUMERS
OF DISCONTINUANCE OF BILLING AND COLLECTION**

[STANDARD SERVICING CUSO LETTERHEAD]

XXXXXX XX, 2018

BORROWER NAME

ADDRESS LINE 1

ADDRESS LINE 2

CITY, STATE ZIP

Re: **NOTICE THAT NO FURTHER PAYMENT IS DUE ON YOUR
STUDENT CU CONNECT LOAN**

Account ID: XXXXXXXX (your "Student CU Connect Loan")

Dear *BORROWER NAME*:

You are receiving this notice because you are a former student of ITT Technical Institute ("ITT") who received a private student loan in connection with your ITT education, which loan is now outstanding, owned by Student CU Connect CUSO, LLC (the "CUSO"), and serviced and collected by First Associates Loan Servicing, LLC ("First Associates"). Pursuant to a settlement with the Bureau of Consumer Financial Protection and certain state Attorneys General, the CUSO has agreed to discontinue collection and enforcement of the entire outstanding balance of all such outstanding loans (the "Student CU Connect Loans"), effective as of *[insert Effective Date of settlement]*.

This notice is to inform you that **you are no longer obligated to make any payment on your Student CU Connect Loan.**

The CUSO and First Associates have discontinued billing, and have discontinued collection of payments, for your Student CU Connect Loan. There will be no further action by the CUSO or First Associates with respect to any balance previously due and owing on your account. An account statement reflecting a \$0 balance on your Student CU Connect Loan is enclosed with this notice, and you may use this account statement as verification that you are not obligated to make any further payment on your Student CU Connect Loan.

Additionally, all consumer credit reporting agencies to which the CUSO and First Associates formerly reported credit information concerning your Student CU Connect Loan will be directed to delete the trade lines regarding your Student CU Connect Loan.

If you have other outstanding Student CU Connect Loans, they will be treated in the same manner. You will receive a copy of this notice and an account statement reflecting a \$0 balance for each of your outstanding Student CU Connect Loan accounts.

It is possible that some billing statements or other notices relating to your Student CU Connect Loan(s) were mailed prior to or shortly after the effective date of the settlement. If

you receive such a billing statement or notice from the CUSO regarding your Student CU Connect Loan, you may disregard that document, as it is no longer valid, and payments are no longer required on any Student CU Connect Loan.

First Associates will reject or return any payment on your Student CU Connect Loan(s) that it receives after [*insert Effective Date of settlement*].

If you have a recurring or one-time electronic payment through the First Associates payment platform that is scheduled to make any payment on your Student CU Connect Loan(s) after the date of this letter, please note that First Associates has cancelled that payment, and all future payments, for your Student CU Connect Loan(s).

If you were sending payments directly through a bill pay service from your banking institution, you will need to contact your bank immediately to stop the payments on your Student CU Connect Loan(s). First Associates is not authorized to stop these transactions, as they are sent from your banking institution.

Please note that you may have other types of loans related to your ITT education that are not Student CU Connect Loans. This notice relates only to your Student CU Connect Loan(s) and does not apply to any other obligation you may have (even if serviced by First Associates), including other debts associated with your ITT education, loans owned by someone other than the CUSO, or loans that once were owned by the CUSO but were paid in full prior to [*insert Effective Date of settlement*].

Any questions about this notice or the status of your Student CU Connect Loan account(s) may be directed to:

Student CU Connect CUSO, LLC
P.O. Box 503430
San Diego, CA 92150-3430
customerservice@studentcuconnect.com
877-662-2470

Further information about the settlement is available through the Bureau of Consumer Financial Protection's public website (www.consumerfinance.gov) and telephone line ((855) 411-2372 or TTY/TDD: (855) 729-2372)).

Sincerely,

Student CU Connect CUSO, LLC

Encl.: Account Statement [*reflecting a \$0 loan balance*]

EXHIBIT B

**FORM OF
ZERO BALANCE ACCOUNT STATEMENT**

Student CU



DALLAS TX 75320-6536
877-662-2470

Account Summary

Account Number	
Due Date	01/14/2018
Monthly Payment	\$0.00
Past Due Payment Amount	\$0.00
Total Payment Amount	\$0.00

Amount Remitted

Mail Payments To:
STUDENT CU CONNECT
PO BOX 206536
DALLAS TX 75320-6536

011418 000000000000A027424441 10 5 0000010276 1

This is not a bill. You are set up on automatic payments. This is for informational purposes only.

Summary of Account

Statement Date	12/25/2017
Account Number	
Current Interest Rate	10.25%
Maturity Date	07/14/2020
Current Balance*	\$0.00
Payments since last bill (-)	\$0.00

Payment Information

Monthly Payment	\$0.00
Past Due Amount	\$0.00
Total Current Due Amount	\$0.00
Payment Due Date	01/14/2018

Please send billing inquiries and correspondence to:
PO BOX 206536
DALLAS TX 75320-6536

Questions: Call Customer Service: 877-662-2470.

Transactions			
Trans Date	Post Date	Description	Amount
		Fees	
		Interest Charged	\$0.00
		Interest Charged	\$0.00

EXHIBIT C

**FORM OF
NOTICE TO BE POSTED ON THE WEBSITE HOME PAGE**

**NOTICE THAT NO FURTHER PAYMENTS
ARE DUE ON STUDENT CU CONNECT LOANS**

Pursuant to a settlement with the Bureau of Consumer Financial Protection and certain state Attorneys General, and effective as of *[insert Effective Date of settlement]*, Student CU Connect CUSO, LLC (the “CUSO”) has agreed to discontinue collection and enforcement of the entire outstanding balances of all outstanding CUSO loans made to former students of ITT Technical Institute (“ITT”) who received private student loans in connection with their ITT education (the “Student CU Connect Loans”).

Borrowers are no longer obligated to make any payments on their Student CU Connect Loans.

The CUSO and the servicer of the Student CU Connect Loans, First Associates Loan Servicing, LLC (“First Associates”), have discontinued billing, and have discontinued collection of payments, for all Student CU Connect Loans. There will be no further action by the CUSO or First Associates with respect to any balance previously due and owing on any account.

An account statement reflecting a \$0 balance for each Student CU Connect Loan with an outstanding balance as of *[insert Effective Date of settlement]* will be delivered to each borrower of those Student CU Connect Loans, and these account statements may be used as verification that the borrowers are not obligated to make any further payment on those Student CU Connect Loans.

First Associates will reject or return any payment on Student CU Connect Loans that it receives after *[insert Effective Date of settlement]*.

For those borrowers who have recurring or one-time electronic payments through the First Associates payment platform that are scheduled to make any payment on a Student CU Connect Loan after *[insert Effective Date of settlement]*, please note that First Associates has cancelled those payments, and all future payments, for Student CU Connect Loans.

If you were sending payments directly through a bill pay service from your banking institution, you will need to contact your bank immediately to stop the payments on your Student CU Connect Loan(s). First Associates is not authorized to stop these transactions, as they are sent from your banking institution.

Additionally, for each borrower who had an outstanding balance on a Student CU Connect Loan as of *[insert Effective Date of Settlement]*, all consumer credit reporting agencies to which the CUSO and First Associates reported credit information concerning that Student CU Connect Loan will be directed to delete the trade lines regarding that Student CU Connect Loan.

It is possible that some billing statements or other notices relating to Student CU Connect Loans were delivered prior to or shortly after the effective date of the settlement. If you receive such a billing statement or notice from the CUSO regarding your Student CU Connect Loan, you may disregard that document, as it is no longer valid, and payments are no longer

required on any Student CU Connect Loan.

Please note that borrowers may have other types of loans related to their ITT education that are not Student CU Connect Loans. This notice relates only to Student CU Connect Loan(s) with outstanding balances as of [*insert Effective Date of settlement*], and does not apply to any other student loan (even if serviced by First Associates), including other debts associated with ITT, loans owned by someone other than the CUSO, or loans that once were owned by the CUSO but were paid in full prior to [*insert Effective Date of settlement*].

Any questions about this notice or the status of a Student CU Connect Loan account(s) may be directed to:

Student CU Connect CUSO, LLC
P.O. Box 503430
San Diego, CA 92150-3430
customerservice@studentcuconnect.com
877-662-2470

Further information about the settlement is available through the Bureau of Consumer Financial Protection's public website (www.consumerfinance.gov) and telephone line ((855) 411-2372 or TTY/TDD: (855) 729-2372)).

EXHIBIT D

**FIRST ASSOCIATES SCRIPT
FOR ANSWERING CONSUMER INQUIRIES
CONCERNING THE SETTLEMENT AND ITS IMPACT
ON THE STATUS OF THE PROGRAM LOAN ACCOUNTS**

First Associates Script
for answering Consumer inquiries concerning
the settlement and its impact on the status of the Program loan accounts

Introductory recorded statement:

Thank you for calling about the recent settlement between Student CU Connect CUSO and the Government.

The Bureau of Consumer Financial Protection, along with the Attorneys General of several states, entered into a settlement with Student CU Connect CUSO concerning collection and enforcement of private student loans that were made to students of ITT Technical Institute, and are owned by the CUSO. Under the settlement, **Student CU Connect CUSO agreed to discontinue collection and enforcement of the entire outstanding balance of each of those loans.**

What this means to you is that: if (1) you are a former student of ITT Technical Institute, and (2) you received a private student loan in connection with your ITT education, and (3) that loan is owned by Student CU Connect CUSO, and (4) that loan had an outstanding balance due and owing as of *[insert Effective Date of settlement]*, then you do not have to make any further payment on that loan.

If you still have questions about your Student CU Connect loan, please stay on the line, or dial [XXX], to speak with a live operator.

If you still have questions about the settlement, you can contact the Bureau of Consumer Financial Protection through the Bureau's public website (www.consumerfinance.gov) and telephone line ((855) 411-2372 or TTY/TDD: (855) 729-2372)).

Live operator script:

Exactly who settled what with whom and why?

For details about the settlement, you can contact the Bureau of Consumer Financial Protection through the Bureau's public website (www.consumerfinance.gov) and telephone line ((855) 411-2372 or TTY/TDD: (855) 729-2372)). In what State do you live? *{check against list of participating states, to be supplied. If caller lives in one of those states and it has its own contact information for borrowers:}* You also can get information from your State at *{list of participating states and corresponding contact information to be supplied}*.

What does the settlement mean to me?

Under the settlement, Student CU Connect CUSO agreed to discontinue collection and enforcement of the entire outstanding balance of each of the loans that it owns.

Am I affected?

You are affected if (1) you are a former student of ITT Technical Institute, and (2) you received a private student loan in connection with your ITT education, and (3) that loan is owned by Student CU Connect CUSO, and (4) that loan had an outstanding balance due and owing as of [*insert Effective Date of settlement*].

This applies to you if you are up to date on your payments, or if you are delinquent in your payments, or if you have defaulted on your loan.

What if I already paid off my loan?

If you previously have paid off your Student CU Connect loan, the settlement does not affect you or that loan.

What is the relief that affected borrowers receive?

Student CU Connect CUSO and First Associates have discontinued billing, and have discontinued collection of payments, for Student CU Connect loans with outstanding balances due and owing as of [*insert Effective Date of settlement*].

This includes the outstanding principal amount, as well as any and all outstanding fees, penalties and other account charges.

There will be no further action by Student CU Connect CUSO or First Associates with respect to any balance previously due and owing on your account.

An account statement reflecting a \$0 balance on your Student CU Connect loan has been, or shortly will be, sent to you, and you may use this account statement as verification that you are not obligated to make any further payment on your Student CU Connect loan.

What will happen to any negative credit reporting that may have flowed from my late payment, or non-payment, of my CUSO loan?

Student CU Connect CUSO is requesting that credit reporting agencies delete any reference to these accounts from the credit reports of the affected borrowers.

If you previously paid off your Student CU Connect loan, no change will be requested on your credit report. It will continue to reflect that you made payment in full.

Do I need to take any action to qualify for relief?

No. Affected borrowers do not need to do anything to receive the relief. The relief is automatic.

Does the discharge of my loan affect my income tax liability?

The IRS has not made a final determination concerning whether Student CU Connect CUSO must send you a Form 1099 in connection with the discharge of your Student CU Connect loan.

If the IRS requires Student CU Connect CUSO to send you a Form 1099, that will not necessarily mean that the discharge of your Student CU Connect loan will give rise to income tax liability. Based on your personal circumstances, you may be able to exclude the discharged debt from your taxable income. You should consult your tax advisor if you have questions in this regard.

Does the relief extend to any other loan?

The settlement affects only amounts owed on Student CU Connect loans as of *[insert Effective Date of settlement]*.

The settlement does not affect any amount that you may owe on federal student loans, or on any student loan held by PEAKS, by ITT itself, or by another entity other than Student CU Connect CUSO.

The settlement does not affect any Student CU Connect loan that already has been paid in full.

If you have a federal student loan or another ITT-related private loan, you must contact your lender to determine if you remain responsible for paying it. If you are still obligated to make those payments, failure to do so could harm you, by creating delinquencies and negative remarks on credit reports.

What about my other loans that are serviced by First Associates?

The settlement affects only amounts owed on Student CU Connect loans as of *[insert Effective Date of settlement]*. It does not affect any amount you may owe on another loan, even if that loan is also serviced by First Associates.

What is the amount of my loan that was discharged under the settlement?

If you have questions about your monthly payments to First Associates, or about the outstanding balance on your Student CU Connect loan, please provide your account number, and we will assist you. *{Loan-specific questions to be answered as appropriate.}*

EXHIBIT E

**FORM OF LETTER TO PAYORS
WITH RETURN OF POST-EFFECTIVE DATE PAYMENT**

[STANDARD SERVICING CUSO LETTERHEAD]

XXXXXX XX, 2018

PAYOR NAME
ADDRESS LINE 1
ADDRESS LINE 2
CITY, STATE ZIP

Re: **NOTICE OF REJECTION AND RETURN OF PAYMENT**
Account ID: XXXXXXXX (your "Student CU Connect Loan")

Dear *PAYOR NAME*:

You are receiving this notice because you are a former student of ITT Technical Institute ("ITT"), or have made a payment on behalf of a former ITT student, who received the private student loan with the account identification number referenced above, and because we received a payment from you in connection with that Student CU Connect Loan after [*insert Effective Date of settlement*].

Pursuant to a settlement with the Bureau of Consumer Financial Protection ("Bureau") and certain state Attorneys General, the owner of your Student CU Connect Loan agreed to discontinue collection and enforcement of the entire outstanding balance of the Loan, effective as of [*insert Effective Date of settlement*]. **As a result of the settlement, you are no longer obligated to make any payment on your Student CU Connect Loan.**

Because we received a payment from you after the date we stopped accepting payments on your Student CU Connect Loan, **we are returning the payment to you. Enclosed please find a check representing the return of funds received from you.**

Please deposit or cash this refund check as soon as possible. If you fail timely to deposit or to cash this check, the check will be cancelled after 60 days [*or such other longer period, if any, as may be required by First Associates' banking agreement*] as noted on the face of the check, and the funds will be deemed to be unclaimed property and will be sent to the state of your last known residence or the Bureau.

[*ADD IF APPROPRIATE*: This check represents a refund of the electronic payment you sent from your banking institution. We are not authorized to stop these transactions, as they are sent from your banking institution. **Please contact your bank immediately to stop future payments on the Student CU Connect Loan.**]

Any questions about this notice or the status of your Student CU Connect Loan may be directed to:

Student CU Connect CUSO, LLC
P.O. Box 503430
San Diego, CA 92150-3430
customerservice@studentcuconnect.com
877-662-2470

Further information about the settlement is available through the Bureau of Consumer Financial Protection's public website (www.consumerfinance.gov) and telephone line ((855) 411-2372 or TTY/TDD: (855) 729-2372)).

Sincerely,

Student CU Connect CUSO, LLC