

For Immediate Release

More Information:
XXX

**Students Who Attended
Wilfred Academy, Washington School of Secretaries or American Business Institute
May Be Able to Get Their Student Loans Cancelled and Payments Returned**

(Dateline) The recent settlement of a lawsuit brought against the US Department of Education is very good news for thousands of former students who attended a chain of beauty, secretarial and business schools in the early 1990s. The schools defrauded students and lied to the US government by saying students were eligible for federal student loans when they were not eligible.

The 60 schools went by the names of Wilfred Academy, Washington School of Secretaries and American Business Institute. They were located in the New York metro area, New Jersey, Los Angeles County, Houston, the Miami metro area, the Chicago metro area, the Philadelphia metro area, the Tampa metro area, and the District of Columbia.

Former students may be able to get their student loans cancelled and have the payments they have made returned to them if:

1. They attended one of the schools after January 1, 1986.
2. They did not have a high school diploma or G.E.D. when they attended one of the schools.
3. Their school did not give them an "ability to benefit" test or did not do the test properly.
4. They have not already gotten a discharge or refund of their loan.

Former students may have received, or may soon receive a letter from the US Department of Education or from a Guaranty Agency or other companies (such as Navient and Sallie Mae) that send out student loan bills and collect money. These letters tell "Borrowers" how to apply to have their loans cancelled and their payments returned. Students should fill out and send back this application as soon as possible.

Also included with the letter is a link to a website offered by the New York Legal Assistance Group, which brought the lawsuit against the US Department of Education that resulted in this settlement: <https://nylag.org/salazar-class-action>. The website was created to provide helpful information for all former students of the three schools -- even students who did not receive a letter but believe they are eligible to apply. There is an application form available on the site. In addition, anyone who has questions or needs more information is invited to contact the New York Legal Assistance Group by email or phone. Email salazarclassaction@nylag.org or call 212-659-6162.

Exhibit C

Dear Borrower:

Our records show that you received a student loan, or part of a student loan, on or after January 1, 1986 under the Federal Family Education Loan Program to attend an institution owned or operated by Wilfred American Educational Corporation (a “Wilfred School”). The institution you attended closed during or before 1994.

Enclosed with this letter is a “Letter from the Lawyers for the Plaintiffs in *Salazar v. DeVos*.” This letter includes information in Spanish. “***La carta de parte de los abogados para los demandantes en Salazar v. DeVos***” ***ajunta incluye información en español.*** If you have any questions about our letter or any of the enclosures, or about how to apply for a discharge, you may call the lawyers listed on that enclosure.

Some borrowers who received loans like yours are qualified to have their loans discharged (forgiven). We are enclosing a discharge application which we invite you to complete and return to see if you qualify for a discharge. If you apply for this discharge and *if you are then found to qualify for the discharge*, the loan will be discharged (forgiven) and any amount you have paid on the loan will be returned to you. If you qualify, the discharge is available regardless of whether you paid off the loan in full in the past, defaulted on the loan, or are still in repayment. If you qualify but have consolidated your Wilfred loan with one or more other federal student loans taken out for attendance at another institution, the discharge is available only with respect to the portion of the consolidation loan corresponding to the loan taken out for attendance at a Wilfred School.

If you want to apply to have your Wilfred School federal student loan discharged, you should complete the enclosed application and return it to the following address:

[insert ED address or Guaranty Agency address, as applicable].

You do not need to submit additional information with the application; we will contact you if more is needed. The additional information some borrowers will need to provide on our request could include information as to the payments, if any, made by the borrower on the loan. If we receive from you a completed application by [insert date 60 days from Mailing Deadline], we will notify you of our decision on your application by [insert date one year and four months after consent order]. If we determine that you qualify for a discharge for all or part of your Wilfred loan, we will discharge any outstanding balance on that loan; refund payments, if any, that we determine you made on the loan; reinstate your eligibility for federal student aid if it has been interrupted as a result of the loan; and report the discharge to all credit reporting agencies to which we previously reported the status of the loan, so as to delete all adverse or inaccurate credit history assigned to the loan. We will do all of these things on or before [insert date one year and four months after consent order]. As mentioned above, if you consolidated your loan

for attendance at a Wilfred School with a loan for attendance at another school, the benefits of the discharge will apply only to the portion of the consolidation loan used to finance your Wilfred enrollment. Any outstanding, non-Wilfred portion of your consolidation loan will remain outstanding; payments made on that portion will not be refunded; and any adverse credit history and loss of federal student aid eligibility will remain in place. [For guaranty agency notice: If we deny your application for discharge of your Wilfred loan, we will describe in the denial letter how you can appeal the denial to the United States Department of Education].

If your loan for attendance at a Wilfred School *is not defaulted but is still in repayment*, that loan was placed in forbearance at the same time we mailed you this letter. Forbearance means that no payments on the loan would be expected from you while we wait to see if you return a completed discharge application to us by the deadline stated above. If you do return the completed application during that time frame, the forbearance will remain in place while we review and make a decision on your discharge application. If you do not return the application in that period of time, or if you do return a completed application but we determine that you do not qualify for discharge, we will resume billing and collection, and you will be responsible for repaying the interest that accrued during the forbearance as well as for resuming payments of principal and interest on the outstanding debt as it existed before the forbearance was put in place. **If you would prefer that we take your loan for attendance at a Wilfred School out of forbearance at this time, please notify us immediately at [insert contact number or web address]:**

If your loan for attendance at a Wilfred School *is in default*, and if we receive from you a completed application by [insert date 60 days from the Mailing Deadline], you may be eligible for a forbearance while we decide whether you qualify for a discharge. If granted, a forbearance means that no payments on the loan would be expected from you during our decision making process. **If you want to learn whether your loan qualifies for forbearance, or if you intend to return a completed application but do not want the forbearance put in place, please notify us immediately at [insert contact number or web address]:** Please note that if you do return a completed application but we determine that you do not qualify for discharge, we will resume billing and collection, and you will be responsible for paying the interest that accrued during the forbearance as well as for resuming payments of principal and interest on the outstanding debt as it existed before the forbearance was put in place.

Please note that your Wilfred loan(s) have not been discharged at this time, and that your sending in an application does not guarantee that a discharge will be granted. Please also note that this letter does not reduce or affect any balance that is past due or that you currently owe, and that any forbearance on the loan(s) occurs only in the circumstances described above.

[Signature Lines]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
ANA SALAZAR, MARILYN MERCADO, ANA
BERNARDEZ, JEANNETTE POOLE, EDNA
VILLATORO, LISA BRYANT and CHERRYLINE
STEVENS, on behalf of themselves and all others
similarly situated,

Plaintiffs,

14-cv-1230 (RWS)

-against-

BETSY DEVOS, in her official capacity as Secretary
of the United States Department of Education,

Defendant.

-----X

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Stipulation”) is entered into pursuant to Rule 23(e) of the Federal Rules of Civil Procedure by and between plaintiffs Ana Salazar, Marilyn Mercado, Ana Bernardez, Jeannette Poole, Edna Villatoro, Lisa Bryant, and Cherryline Stevens (together, “Named Plaintiffs”), on behalf of themselves and of a proposed class to be certified for settlement purposes only, and defendant Betsy DeVos, in her official capacity as Secretary of the United States Department of Education (“Defendant” or “Secretary”) (together with Named Plaintiffs and Class Members, the “Parties”).

WHEREAS, Named Plaintiffs Salazar, Mercado, Bernardez, and Poole filed this action on February 25, 2014, and they, along with Named Plaintiffs Villatoro, Bryant, and Stevens, filed an amended class action complaint on May 29, 2014, on behalf of themselves and a putative class of persons who had taken out federal student loans disbursed on or after January 1, 1986 to attend a school owned or operated by the Wilfred American Educational Corporation (“Wilfred”), asserting claims under the Administrative Procedure Act, 5 U.S.C. § 701 *et seq.*, in

connection with, among other things, Defendant's decision not to suspend collection on all Wilfred loans and notify all Wilfred borrowers of their right to seek a discharge of their loans;

WHEREAS, Named Plaintiffs filed a motion for class certification on May 29, 2014;

WHEREAS, Defendant filed a motion to dismiss Named Plaintiffs' amended class action complaint and opposed Named Plaintiffs' motion for class certification;

WHEREAS, on January 16, 2015, the District Court entered an order granting Defendant's motion to dismiss and denying Named Plaintiffs' motion for class certification as moot;

WHEREAS, Named Plaintiffs appealed the District Court's order;

WHEREAS, on May 12, 2016, the Court of the Appeals for the Second Circuit issued an opinion vacating the District Court's order and remanding for further proceedings, including a decision on Named Plaintiffs' motion for class certification;

WHEREAS, the Parties desire to settle this matter without the need for further litigation; and

WHEREAS, the Parties have agreed to the entry of this Stipulation without any admission of liability and without a trial;

IT IS NOW, HEREBY, STIPULATED AND AGREED, by and among the Parties to this action, and IT IS NOW, HEREBY, ORDERED, AND DECREED, by this Court, as follows:

1. **Definitions.** The following definitions apply for purposes of this Stipulation:
 - a. **USED** shall mean the United States Department of Education. Actions taken by Guaranty Agencies, Servicers, and/or Collection Agencies at the direction of USED pursuant to this Stipulation and consistently with that direction shall be deemed performance by USED of its obligations hereunder. References in

individual provisions herein to USED records shall include the records of any Servicer or Collection Agency servicing or collecting on a Wilfred loan held by USED as of the time USED performs under that provision.

- b. **Wilfred School** shall mean the schools owned and operated by Wilfred that are included on the list attached hereto as Exhibit A. A school qualifies as a “Wilfred School” within the meaning of this agreement only with respect to the dates designated for that school on Exhibit A.
- c. **Guaranty Agency** shall mean any State or private nonprofit organization that has an agreement with the Secretary under which it will administer, or has administered, a loan guarantee program pursuant to Part B of Title IV of the Higher Education Act of 1965 as amended (“HEA”). USED warrants that the Federal Family Education Loan (“FFEL”) Program includes legal requirements and practical incentives impelling Guaranty Agencies to do as USED instructs under this Stipulation, including effective oversight with respect to any third parties to which a Guaranty Agency might, pursuant to contract, entrust execution of such instructions by USED; that USED relies on Guaranty Agencies for such matters in the ordinary course of business in administering the FFEL Program; and that in its experience and in the ordinary course of business in administering the FFEL Program, the Guaranty Agencies follow express instructions from USED of the type described in this Agreement, excepting the incidence of ordinary human error reasonably to be expected given the complexity of FFEL Program administration. References in individual provisions herein to Guaranty Agency records shall include the

records of any Servicer or Collection Agency servicing or collecting on a Wilfred Loan held by the Guaranty Agency as of the time the Guaranty Agency implements USED's instructions with respect to that provision, as well as the records of any predecessor Guaranty Agency that held or guaranteed the Wilfred Loan at the time that Wilfred Loan was paid in full or otherwise resolved.

- d. **Collection Agency** shall mean any contractor collecting on defaulted Wilfred Loans pursuant to the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, pursuant to a collection contract with USED or a Guaranty Agency.
- e. **Servicer** shall mean any contractor servicing Wilfred Loans made under the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, pursuant to a servicing contract with USED or a Guaranty Agency.
- f. **Wilfred Loan** shall mean a loan under the Guaranteed Student Loan Program, the FFEL Program, and/or the William D. Ford Federal Direct Loan Program, as authorized pursuant to Parts B and D of Title IV of the HEA, and disbursed for attendance at a Wilfred School in whole or in part on or after January 1, 1986. **Wilfred Loan** shall also mean that portion of a federal consolidation loan made under Part B or D of Title IV of the HEA and used to repay a loan described in the previous sentence. Provided, however, that **Wilfred Loan**

shall not include a loan made to: any borrower who has died; any borrower who has received a complete discharge of that loan in bankruptcy; any borrower who has received a closed school discharge of that loan; or any borrower who has had that loan otherwise cancelled or discharged at the expense of USED.

- g. **ATB Discharge Application** shall mean any application seeking discharge of a loan because the borrower's ability to benefit was falsely certified, pursuant to 20 U.S.C. § 1087(c) and 34 C.F.R. § 682.402(e)(1)(i)(A)(2016) or 34 C.F.R. § 685.215(a)(1)(i)(2016).
- h. **Collection Efforts** shall mean U.S. Treasury or other tax offsets, wage garnishment, collection litigation, billing, and dunning (including phone calls and correspondence).
- i. **Effective Date** means the date of entry of the Final Order Approving Class Action Settlement ("Consent Order").

2. **Class Certification and Settlement Approval.**

- a. The Parties stipulate, for the purposes of settlement only, to certification of a class, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(2), consisting of all individuals who took out Wilfred Loans ("Class Members").
- b. The Parties stipulate, again for purposes of settlement only, that the case shall be dismissed without prejudice (i) with respect to individuals who attended schools the individuals contend to have been owned or operated by Wilfred but who did not take out Wilfred Loans as defined in this agreement, and (ii) with respect to any individual as to whom, as reflected in the records of USED

or the Guaranty Agency, as applicable, no mailing is attempted under paragraph 3 of this agreement, because the individual is not identified within USED's or the Guaranty Agency's records (whichever is the current or most recent holder) as an individual having taken out a Wilfred Loan, or because those records contain either no address for the individual or an address that has been determined to be invalid.

- c. The Parties agree that the New York Legal Assistance Group and Harvard Legal Services Center ("Plaintiffs' Counsel") shall be appointed class counsel pursuant to Federal Rule of Civil Procedure 23(g).
- d. The Parties agree that the Named Plaintiffs shall be the representatives of the class.
- e. Within seven (7) days of the date this Stipulation is executed, Named Plaintiffs shall submit to the Court a motion for final approval of this class action settlement and certification of the proposed class, and the proposed Consent Order attached as Exhibit B.

3. Discharge Application Notice.

- a. Loans held by USED. Within four (4) months of the Court's entering the Consent Order ("Mailing Deadline"), USED shall send to all Class Members whose Wilfred Loans it then holds, and all Class Members whose Wilfred Loans it held at the time those Loans were repaid in full or otherwise resolved, at their last known address according to the USED's records, unless that address has been determined to be invalid, (1) the letter attached as Exhibit C; (2) an ATB Discharge Application; and (3) the letter attached as Exhibit D in

English and Spanish. If the mailing is returned with a new address, USED shall, within thirty (30) days of receipt, send these materials to the new address.

- b. Loans held by Guaranty Agencies. Within fifteen (15) days of the Court entering the Consent Order, USED shall provide to all Guaranty Agencies (1) the letter attached as Exhibit C; (2) the letter attached as Exhibit D in English and Spanish; (3) the letter attached as Exhibit E directing that each Guaranty Agency, before the Mailing Deadline, mail Exhibits C and D, and an ATB Discharge Application, to all Class Members whose Wilfred Loan it then holds or guarantees, and all Class Members whose Wilfred Loan it or its predecessor Guaranty Agency for that Wilfred Loan held or guaranteed at the time the Wilfred Loan was repaid in full, or otherwise resolved, at their last known address according to each Guaranty Agency's records, unless that address has been determined to be invalid, and (4) the forms attached as Exhibits F, G, and H, which the Guaranty Agency is to be directed to complete and return to USED as set forth in Exhibit E. If the mailing is returned to a Guaranty Agency with a new address, the Guaranty Agency shall, within thirty (30) days of receipt, send the materials to the new address.

4. Suspension of Collection.

- a. Loans Held by USED.
 - i. Non-Defaulted Loans: As of the date that USED sends Exhibit C and an ATB Discharge Application to a Class Member pursuant to paragraph 3(a), USED shall place into non-capitalized forbearance any

Class Member's non-defaulted Wilfred Loans held by USED. USED shall suspend any and all Collection Efforts from that Class Member on any non-defaulted Wilfred Loans held by USED, and shall take all necessary steps to ensure that every Collection Agency and Servicer suspends all Collection Efforts from that Class Member on any non-defaulted Wilfred Loans held by USED. If a completed discharge application is not received by the sixtieth day after the Mailing Deadline from a Class Member as to whom Collection Efforts are suspended under this paragraph, USED or its agents may stop the period of non-capitalized forbearance and resume Collection Efforts. If a Class Member as to whom Collection Efforts are suspended under this paragraph requests that his or her Wilfred Loan be taken out of forbearance, USED or its agents shall stop the period of non-capitalized forbearance and resume Collection Efforts.

- ii. Defaulted Loans: With the exception of Class Members whose Wilfred Loans are under a rehabilitation agreement or are consolidated with non-Wilfred Loans, USED will suspend any and all Collection Efforts from a Class Member on any defaulted Wilfred Loan held by USED for which a completed discharge application is received from a Class Member by the sixtieth day after the Mailing Deadline. For any such Wilfred Loan, USED shall also immediately take all necessary steps to ensure that every Collection Agency and Servicer suspends all Collection Efforts from that Class Member on any defaulted Wilfred

Loans held by USED. The Parties agree that suspension of tax refund offset and garnishment requires action on the part of the U.S. Treasury and employers, respectively, rather than on the part of USED or any entity over which USED has legal control and that USED's responsibilities hereunder are confined to reasonable efforts, including directing the U.S. Treasury and employers to suspend Collection Efforts.

- iii. The suspensions of collection pursuant to paragraph 4(a)(i) and (ii) shall last until an application is adjudicated, or until the Class Member requests that his or her Wilfred Loan be taken out of non-capitalized forbearance. In the event the application is denied, or the Class Member requests that his or her Wilfred Loan be taken out of non-capitalized forbearance, the loan will be returned to servicing/collection.
- iv. USED, the Guaranty Agencies, the Servicers, and the Collection Agencies, as applicable, shall continue to receive any Class Members' payments voluntarily made during the period in which collection is suspended.
- v. For any Class Member whose ATB Discharge Application on a Wilfred Loan is not received by the sixtieth day after the Mailing Deadline, or whose application is received by the sixtieth day after the Mailing Deadline but is denied, USED, the Guaranty Agency, or the lender, as applicable, shall grant forbearance of principal and interest

on that Wilfred Loan for any period in which collection activity was suspended. USED, the Guaranty Agency, or the lender, as applicable, shall not capitalize interest accrued and not paid on that Wilfred Loan during that period, but the Class Member will be responsible for paying the interest that accrued during the forbearance period as well as for resuming payments of the principal and interest on the outstanding debt as it existed before the forbearance was put into place.

- b. Loans Held by Guaranty Agencies. USED will direct each Guaranty Agency, through the letter attached as Exhibit E, to grant suspensions of collection and forbearances under the same terms and for the same times specified in paragraph 4(a), or where applicable to direct appropriate lenders to grant suspensions of collection and forbearances under such terms and for such times, to all Class Members for whom the Guaranty Agency made a mailing under paragraph 3(b).

- 5. **Efforts to Ensure Notice and Suspension.** Within three (3) months after the Mailing Deadline, USED will certify to Plaintiffs' Counsel that the mailings required by paragraph 3 have been completed and that the suspensions of collection required by paragraph 4 were put in place with respect to loans currently or last held by Guaranty Agencies based on receipt of executed copies of Exhibits F and G from Guaranty Agencies, and will report (i) the total number of Class Members, (ii) the total number of Class Members to whom initial mailings were sent by USED, and

(iii) the total number of Class Members to whom initial mailings were sent by the Guaranty Agencies.

6. Adjudication.

- a. Guidance Regarding Adjudication: As part of Exhibit E, USED shall direct each Guaranty Agency to: (i) accept as true an un rebutted but otherwise unsupported sworn statement by any Class Member that constitutes a facially valid claim for a false certification discharge; and (ii) direct each Servicicer adjudicating Class Members' applications held by that Guaranty Agency to accept as true an un rebutted but otherwise unsupported sworn statement by any Class Member that constitutes a facially valid claim for a false certification discharge. USED shall abide by this direction in its own adjudication of Class Members' discharge applications.
- b. Timing of Adjudication: With respect to all applications mailed under paragraph 3 and received by USED or the Guaranty Agency by the sixtieth day after the Mailing Deadline ("Applications for Adjudication under the Settlement"), USED or the Guaranty Agency will complete adjudication within no more than one year from the Mailing Deadline ("Adjudication Deadline").
- c. Notifications to Class Members with respect to the adjudication of their discharge applications shall comply with the requirements of 34 C.F.R. §§ 682.402 and 685.215.

7. Discharge Relief. No later than six months after the Adjudication Deadline, USED and the Guaranty Agencies, as applicable, will complete providing all relief

warranted by the adjudication decisions on the Applications for Adjudication under the Settlement (“Relief Deadline”). USED will adhere to its published policy providing that if payment records do not exist as to an otherwise dischargeable loan, the amount of the refund, if any, payable to the borrower as part of a discharge will be limited to the amount that can be substantiated to USED’s satisfaction through payment information provided by the borrower. The Parties agree that that policy is not at issue in this litigation or governed by this Stipulation.

8. **Certification of Completion of Settlement Obligations.** Within ninety (90) days of the Relief Deadline, USED will report to Plaintiffs’ Counsel, based on its own records and, with respect to loans currently or last held by Guaranty Agencies or lenders, based on receipt of executed copies of Exhibit H, that all Applications for Adjudication under the Settlement have been adjudicated and that all relief required by those adjudications under 34 C.F.R. §§ 682.402(e)(2) and 685.215(b) has been provided. USED will also report the total number of Applications for Adjudication under the Settlement and, of that total, the number of discharges granted in part or in full.
9. **No Time Limit to Submit ATB Discharge Applications.** Nothing in this Stipulation shall be construed to impose any time limit by which a Class Member must submit an ATB Discharge Application, but ATB Discharge Applications received more than sixty (60) days after the Mailing Deadline shall be not subject to the terms of this Stipulation.
10. **Discharge Decisions Not Controlled by this Agreement.** USED will be in breach of this Stipulation solely in the event of its failure to take the actions committed to

herein within the timeframes committed to herein. Plaintiffs' Counsel may not seek to enforce this Stipulation, or find USED in contempt of this Stipulation, in relation to the substance of the adjudication of any Class Member's application. Plaintiffs' Counsel may, however, contact USED on behalf of individuals who are Class Members with reference to those or other matters. In the event of an apparent breach by USED of the terms of this Stipulation, Plaintiffs' Counsel shall provide notice and a reasonable opportunity to cure.

11. **Attorneys' Fees.** Plaintiffs' Counsel are entitled to seek reasonable attorneys' fees and costs pursuant to the Equal Access to Justice Act, 28 U.S.C. § 2412, and Fed. R. Civ. P 23(h). Plaintiffs' Counsel shall make any such request for fees within ninety (90) days of the Effective Date. Defendant does not concede Plaintiffs are entitled to recover attorneys' fees or costs pursuant to the Equal Access to Justice Act, 28 U.S.C. § 2412, and Fed. R. Civ. P 23(h) and reserves the right to oppose any such request.
12. **Continuing Jurisdiction.** As of the Effective Date, the jurisdiction of this Court shall terminate for all purposes except that the Court shall maintain continuing jurisdiction for the purpose of enforcing the terms of this Stipulation and for adjudicating any fee request. The jurisdiction of the Court shall terminate at the conclusion of two (2) years and one (1) month following the Effective Date, unless the term of the Stipulation has been modified by agreement of the Parties or motion to the Court.
13. **Dismissal with Prejudice and Release of Claims.** As of the Effective Date, and in consideration for the covenants and undertakings of Defendant and USED set forth in this Stipulation, Plaintiffs, collectively and individually:

- a. withdraw and voluntarily dismiss the amended class action complaint in this action with prejudice pursuant to Fed. R. Civ. P. 41(a)(1)(ii); and
- b. forever waive, and release Defendant and USED from, and hold them harmless from, any claim arising out of or relating to the claims or allegations set forth in the amended class action complaint in this action.

14. **Reserved Claims.** For the avoidance of doubt, nothing in this Stipulation shall waive or release the claims of any Class Member related to the adjudication of that Class Member's discharge application or the discharge relief warranted by such adjudication, except with respect to the timing of adjudication and discharge as provided for in this Stipulation.

15. **Non-Admission.** By entering into this Stipulation, neither Defendant nor USED in any way confesses liability or concedes that Plaintiffs can prove any set of facts that would provide a lawful basis for the declaratory and injunctive relief Plaintiffs seek by their complaint.

16. **Binding Agreement.** This Stipulation shall be of no force and effect unless and until it is granted final approval by the Court. The Parties aver that the counsel signing this Stipulation on their behalf have the full authority to enter into this Stipulation and to sign it on their behalf. Upon entry by the Court, this Stipulation is final and binding upon the Parties, their successors, and their assigns.

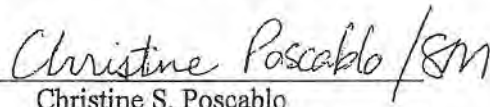
Agreed to as of this 7 day of August, 2017

**NEW YORK LEGAL ASSISTANCE
GROUP
BETH GOLDMAN, ESQ.**

By: 
Jane Greengold Stevens, of counsel
Danielle Tarantolo, of counsel
7 Hanover Square, 18th Floor
New York, NY 10004
Telephone: (212) 613-5000
Facsimile: (212) 750-0820

Attorneys for Plaintiffs

JOON H. KIM
Acting United States Attorney for the
Southern District of New York

By: 
Christine S. Poscablo
Assistant United States Attorney
86 Chambers Street, 3rd Floor
New York, New York 10007
Tel. (212) 637-2674
Fax (212) 637-2750

Attorney for Defendant

**PROJECT ON PREDATORY STUDENT
LENDING, LEGAL SERVICES CENTER
OF HARVARD LAW SCHOOL**

By: 
Eileen Connor
122 Boylston Street
Jamaica Plain, MA 02130
Telephone: (617) 390-2528

Attorney for Plaintiffs

SO ORDERED.

HON. ROBERT W. SWEET
United States District Judge

Dated: _____, 2017
New York, New York

Letter From Lawyers For Plaintiffs In Salazar v. DeVos

Dear Wilfred Student Loan Borrower,

Do not worry! This is not a demand for money. You are not being sued.

You are receiving this letter because of a Class Action Settlement.

You may be able to get your student loan canceled, and your payments returned, if you send the enclosed Application.

Records show that you took out a federally guaranteed student loan after January 1, 1986, so that you could attend a school owned or run by Wilfred American Educational Corporation (“A **Wilfred School**”). This school might have been called Wilfred Beauty School, Wilfred Academy, American Business Institute, or Washington School of Secretaries. **You may be able to get this loan discharged, or forgiven.**

You can probably get this loan forgiven if you:

1. did not have a high school diploma or a G.E.D. at the time you enrolled at a Wilfred School;
2. the school did not give you a test of your “ability to benefit” from the school’s program, or gave a test that was not approved by the U.S. Department of Education (“USED”), or did not properly administer or grade the test;
3. all or part of the loan was disbursed (paid out) after January 1, 1986; and
4. you haven’t already gotten a discharge or refund of your loan from the school, USED, or another source.

If this describes you, you should immediately fill out the Discharge Application included with this letter! In order to get all of the benefits of the Settlement, you must send it so it is received by February 7, 2018 to the address given in the middle of the enclosed Letter from USED.

While your Application is being decided, collection on your loan may stop.

- *If your loan is not in default*, USED and companies that administer the federal student loan program have stopped (or will soon stop) collecting on your loan until **February 7, 2018**, to give you a chance to mail in the Discharge Application. If you do mail it promptly and it is received by that date, they will not collect on your loan while your Application is being decided.
- *If your loan is in default*, **and** you send in Discharge Application that is received by **February 7, 2018**, USED and the companies that administer the federal student loan program will stop collecting on your loan while your Application is being decided.

If you send the Discharge Application in time to be received by **February 7, 2018**, USED or a Guaranty Agency must decide by **December 9, 2018** whether to forgive your loan. Because of Wilfred’s practices, many borrowers’ discharge applications have been granted. **If your Discharge Application is granted, your Wilfred loan will be totally forgiven. You will not have to make any more payments, and all the money you have paid on the loan, voluntarily or involuntarily (for example, through income tax refund offsets) will be returned to you.**

If you have any questions about this Letter or the Discharge Application, please contact:

New York Legal Assistance Group Salazar Class Action Hotline: (212) 659-6162 salazarclassaction@nylag.org www.nylag.org/salazar-class-action

1. Why am I getting this letter?

You are getting this letter as part of a Class Action Settlement in a case called *Salazar v. DeVos*, No. 14 Civ. 1230 (S.D.N.Y.). Seven Wilfred School students sued USED on behalf of themselves and all other Wilfred student loan borrowers. The purpose of the case was to have USED notify all Wilfred borrowers that they may be eligible to have their loans discharged. As part of a settlement of the case, USED agreed to send you this letter, and the Discharge Application and letter from USED included in this mailing. The settlement was approved by the Court on August 9, 2017.

The New York Legal Assistance Group and Harvard Legal Services Center are the lawyers for you and the other Wilfred borrowers in the Class Action. You do not have to pay anything for those lawyers. The lawyers and the Court believed that this settlement was a good one, because it is important that you be told that you might be able to get your loan discharged.

2. How do I know if I should send in an Application?

You are getting this letter because USED's records show that you *did* receive federally guaranteed student loan money in 1986 or later to attend a Wilfred School. The school might have been called "Wilfred," or something else, like Wilfred Beauty School, Wilfred Academy, American Business Institute, or Washington School of Secretaries—they were all run by Wilfred.

If you did not have a high school diploma or G.E.D. at the time you enrolled in a Wilfred School, you should submit an application. You should say truthfully whether you were given a test when you enrolled, and anything you remember about the test and the way it was given or graded. USED will decide if your loan should be discharged. *Many borrowers' applications have already been granted.*

3. Do I need to send anything along with my Application?

No! You don't need to send anything except the Application. If more information is needed, you will receive a letter or phone call to ask for it.

4. If I send an Application, do I need to keep making payments?

Whether you need to keep making payments depends on the status of your loan.

Not In Default: If your loan is *not* in default, *you may stop receiving bills until February 7, 2018*, whether you send an Application or not. If you send an Application, *you should not get any bills until your Application is decided*. This period when collection stops is called "forbearance." During this period, you do *not* need to make any payments, and you won't be penalized or harmed for not making them. If you do make payments, they will be applied to your loan, and refunded to you later if your Application is granted.

Rehabilitation: If your loan is currently in rehabilitation, you should *keep making payments*. If your Application is granted, the money you have paid toward your Wilfred loan will be refunded to you.

In Default: If your loan is currently *in default*, collection on your loan will *only* stop if you timely send in a Discharge Application. If you do send an Application that is received by **February 7, 2018**, *collection will stop until your Application has been decided*. During that period (and depending on when your Application is received), you may stop having your wages garnished, or stop having your tax refunds offset. No Collection Agencies should contact you about your Wilfred loan during that period.

5. What if I have consolidated my Wilfred loan with a non-Wilfred loan?

If you consolidated your Wilfred loan with other loans, and you are *not* in default on the consolidated loan, you should not get any bills until **February 7, 2018**. If you do submit an Application, you should not get any bills until your Application is decided. During that period you do not have to make any payments.

If your consolidated loan is in default, *you must keep making payments, even if you submit an Application*.

If you submit an Application and it is granted, the part of your consolidated loan that covers your Wilfred loan will be discharged (forgiven), and your payments on the Wilfred part of the loan will be returned to you.

6. Do I get charged interest during the time I don't have to make payments?

If collection stops on your Wilfred loan for some amount of time—called “forbearance”— interest amounts *will* be added to your loan for that period. You don't have to make payments during this forbearance period, but if you don't send an Application, or your Application is denied, the interest amounts will be added to your total balance when collection starts again.

If you do *not* want to have your loan put in forbearance, and instead want to keep making payments during this period, **contact USED or the Guaranty Agency right away. The contact information is on the other letter to you in this mailing.**

7. Who will decide my Application? When will it be decided?

Some Wilfred loans are held by USED, and some by companies called Guaranty Agencies. Whichever one holds your loan will decide whether to grant your Application.

If you send your Application so that it is received by **February 7, 2018**, your Application will be decided *by December 9, 2018*. You will receive a letter telling you if it was granted or denied. You can always submit your Application after February 7, 2018—but in that case, it may take longer for it to be decided.

8. What happens if my Application is granted?

If your Application is granted, several things will happen. First, you will *not have to make any more payments on your loan in the future*. Second, *all of the payments you have made on your Wilfred loan up until now will be refunded—that is, returned to you by June 9, 2019*. This includes payments you made voluntarily, and also money that was collected from you involuntarily, like by garnishing your wages or taking your tax refunds.

For some people, there are not complete records of all the payments they have made on their loan. It is important to find and keep safe any records you yourself might have of money you have paid, voluntarily or involuntarily, in the past.

Also, everything related to the loan should also be taken off your credit report by **June 9, 2019**. And, if you could not get a federal student loan because your Wilfred loan was in default, you should become fully eligible for federal student loans.

9. What happens if my Application is denied?

If you think your Application has been wrongly denied, because your loan should have been discharged, you can challenge the decision. When you get the letter saying your Application has been denied, the letter will tell you how to challenge the decision.

10. What if I miss the deadline for the Application?

Do not worry! You can send in the Application at any time at all! If you do not send the Application in time to be received by **February 7, 2018**, though, you will still have to make payments on your loan while your Application is being decided, and it may take longer to get your Application decided, and to receive any refunded payments if your Application is granted.

11. Where can I get more information, or help?

If you don't understand this letter, need help with your Application, or want to learn more about the settlement, you can contact the lawyers who represented you and the other Wilfred students. They will also be able to give you help in Spanish if you need it.

New York Legal Assistance Group
Salazar Class Action Hotline: (212) 659-6162
salazarclassaction@nylag.org
www.nylag.org/salazar-class-action

Carta de parte de los abogados de los demandantes en Salazar v. DeVos

Estimado prestatario estudiantil de Wilfred,

¡No se preocupe! Esta no es una demanda para obtener su dinero. Usted no está siendo demandado.

Usted está recibiendo esta carta debido a un arreglo de una demanda judicial colectiva. Si envía la solicitud adjunta, es posible que pueda cancelar su préstamo estudiantil y que reciba de vuelta sus pagos.

Los registros muestran que usted obtuvo un préstamo estudiantil federal posterior al 1 de enero de 1986 para que asistir a una escuela administrada por o de propiedad de Wilfred American Education Corporation (“una escuela Wilfred”). Esta escuela podría haberse llamado Wilfred Beauty School, Wilfred Academy, American Business Institute o Washington School of Secretaries. **Es posible que usted pueda cancelar este préstamo.**

Es probable que usted pueda cancelar este préstamo si es que usted:

1. no tenía un diploma de escuela secundaria ni un GED cuando se matriculó en una escuela Wilfred,
2. la escuela no le administró un examen de su “habilidad para beneficiarse” del programa de la escuela, o le dio un examen que no fue aprobado por el U.S. Departamento de Educación (“USED”), o no administró o calificó adecuadamente el examen,
3. todo o parte del préstamo fue desembolsado (o pagado) después del 1 de enero de 1986 y
4. aún no ha obtenido una cancelación o un reembolso del préstamo de la escuela, USED u otra fuente.

¡Si esto lo describe, debería completar la solicitud de cancelación del préstamo (Discharge Application) adjunta a esta carta inmediatamente! Para obtener todos los beneficios del arreglo, usted debe enviar la solicitud para que sea recibida antes del 7 de febrero de 2018 a la dirección dado en medio de la carta adjunta de USED.

Mientras su solicitud está siendo procesada, es posible que dejen de cobrarle su préstamo.

- *Si su préstamo no está impago*, USED y las compañías que administran el programa de préstamos federales han dejado (o pronto dejarán) de cobrarle su préstamo hasta el **7 de febrero de 2018** para darle la oportunidad de enviar la solicitud de cancelación del préstamo adjunta. Si usted envía la solicitud puntualmente y sea recibida durante este período, ellos dejarán de cobrar su préstamo mientras su solicitud esté siendo procesada.
- *Si su préstamo está impago y* usted envía la solicitud de cancelación del préstamo para que sea recibida antes del **7 de febrero de 2018** USED y las compañías que administran el programa de préstamos federales dejarán de cobrar su préstamo mientras su solicitud esté siendo procesada.

Si usted envía la solicitud para que sea recibida antes del **7 de febrero de 2018**, USED o la Agencia de Garantía deberán decidir antes del **9 de diciembre de 2018** si van a cancelar su

¿PREGUNTAS? LLAMA (212) 659-6162

préstamo o no. Debido a las prácticas de Wilfred, ya se han aprobado las solicitudes de cancelación de préstamo de muchos prestatarios de escuelas Wilfred. **Si se aprueba su solicitud de cancelación de préstamo, su préstamo estudiantil con Wilfred será cancelado por completo. Usted no tendrá que pagar más, y se le devolverá todo el dinero que ha pagado voluntariamente o involuntariamente hacia el préstamo.**

Si tiene cualquier pregunta sobre esta carta o sobre la solicitud de cancelación de préstamo, por favor contacte a:

New York Legal Assistance Group
Salazar Class Action Hotline
(212) 659-6162
salazarclassaction@nylag.org
www.nylag.org/salazar-class-action

1. ¿Por qué estoy recibiendo esta carta?

Usted está recibiendo esta carta debido a un arreglo de una demanda judicial colectiva llamada *Salazar v. DeVos*, No. 14 Civ. 1230 (S.D.N.Y.). Siete estudiantes de la escuela Wilfred demandaron a USED en nombre de ellas mismas y de todos los prestatarios estudiantiles de Wilfred. El objetivo de la demanda era que USED informara todos los prestatarios estudiantiles de Wilfred que existe la posibilidad que puedan cancelar sus préstamos, si es que califican. Como parte del arreglo de la demanda, USED ha aceptado enviarle esta carta – la solicitud de cancelación de préstamos y la carta de USED se encuentran adjuntas. El arreglo judicial fue aprobado por la Corte el 9 de agosto de 2017.

The New York Legal Assistance Group y Harvard Legal Services Center son los abogados para usted y para los otros prestatarios estudiantiles de Wilfred en la demanda colectiva. Usted no necesita pagarle a estos abogados. Los abogados y la Corte decidieron que este era un buen arreglo, porque es importante que se le informe que existe la posibilidad de cancelar su préstamo.

2. ¿Cómo puedo saber si debo enviar una solicitud?

Usted está recibiendo esta carta porque, de acuerdo a los archivos de USED, usted *sí recibió* un préstamo estudiantil federal en 1986 o después de 1986 para asistir a una escuela Wilfred. Puede que esta escuela se haya llamado “Wilfred” o algo diferente como Wilfred Beauty School, Wilfred Academy, American Business Institute o Washington School of Secretaries — todas estas escuelas fueron administradas por Wilfred.

Si usted no tenía un diploma de escuela secundaria ni un GED cuando se matriculó en una escuela Wilfred, usted debería enviar una solicitud. Usted debe decir sinceramente si es que le dieron un examen cuando se matriculó, y todo lo que recuerde sobre el examen y la forma en que fue administrado o evaluado. USED decidirá si su préstamo debe cancelarse o no. *Las solicitudes de muchos prestatarios ya han sido otorgadas.*

3. ¿Necesito enviar algo más con mi solicitud?

¡No! No es necesario enviar nada más aparte de la solicitud. Si necesita más información, usted recibirá una carta o una llamada para pedírselo.

4. ¿Si envío la solicitud, tengo que seguir pagando?

Si es que tiene que seguir pagando o no depende del estado de su préstamo.

No impago: Si su préstamo no está impago, es posible que no reciba facturas hasta el **7 de febrero de 2018**, independientemente de si envía o no una solicitud. Si envía una solicitud, no debería recibir ninguna factura hasta que su solicitud haya sido procesada. Este período en el que no se le cobrará el préstamo se llama “suspensión temporal del cobro” (“forbearance.”) Durante este período, usted no necesita realizar pagos, y no será penalizado o dañado por no hacerlo. Si usted sigue pagando, sus pagos serán aplicados a su préstamo y se le devolverán si es que su solicitud de cancelación de préstamos se aprueba.

Rehabilitación: Si su préstamo está actualmente en rehabilitación, usted *debe seguir realizando pagos*. Si su solicitud se aprueba, se le devolverá el dinero que ha pagado hacia su préstamo estudiantil de Wilfred.

Impago: Si su préstamo *está actualmente impago*, se dejará de cobrar su préstamo *solo* si usted envía una solicitud de cancelación de préstamo puntualmente. Si envía una solicitud para que sea recibida antes del **7 de febrero de 2018**, *el cobro se suspenderá hasta que su solicitud haya sido procesada*. Durante este período (dependiendo de cuando reciban su solicitud), puede ser que se detengan sus embargos salariales y que se deje de cobrar su devolución de impuestos. Ninguna Agencia de Colección debería contactarse con usted acerca de su préstamo estudiantil con Wilfred durante este período.

5. ¿Qué pasa si he consolidado mi préstamo estudiantil de Wilfred con un préstamo de una otra escuela que no está asociada a Wilfred?

Si usted ha consolidado su préstamo estudiantil de Wilfred con otros préstamos, y el préstamo consolidado *no está impago*, usted no debería recibir ninguna factura hasta el **7 de febrero de 2018**. Si envía una solicitud, no debería recibir ninguna factura hasta que su solicitud haya sido procesada. No necesita realizar pagos durante este período.

Si su préstamo consolidado está impago, *usted debería seguir pagando, incluso si envía una solicitud*.

Si usted envía una solicitud y se aprueba su solicitud, la parte de su préstamo consolidado que cubre su préstamo de Wilfred será cancelada, y los pagos realizados a la parte del préstamo que es de Wilfred se le devolverán.

6. ¿Me van a cobrar intereses durante el período en que no necesito hacer pagos?

Si se deja de cobrar su préstamo de Wilfred durante un período de tiempo – llamado “suspensión temporal del cobro” o “forbearance” – su préstamo *seguirá* acumulando intereses. No necesita realizar pagos durante este tiempo de “suspensión,” pero si no envía una solicitud, o si su solicitud es rechazada, la cantidad de interés que se ha acumulado durante este período será añadida a la balanza total de su préstamo una vez que empiece a cobrarse de nuevo.

Si *no* quiere que su préstamo sea puesto en “suspensión temporal de cobros”, y preferiría seguir pagando durante este período, **póngase en contacto con USED o la Agencia de Garantía inmediatamente. La información de contacto está incluida en la otra carta adjunta.**

¿PREGUNTAS? LLAMA (212) 659-6162

7. ¿Quién va a decidir mi solicitud? ¿Cuándo se decidirá?

Algunos préstamos de Wilfred son administrados por USED, y otros por compañías que se llaman Agencias de Garantía. La entidad que administra su préstamo es la que decidirá si su solicitud se aprueba o no.

Si usted envía su solicitud para que sea recibida antes del **7 de febrero de 2018**, su solicitud será decidida antes *del 9 de diciembre de 2018*. Usted recibirá una carta diciéndole si su solicitud fue aprobada o rechazada. Usted siempre puede enviar una solicitud después del 7 de febrero de 2018 – pero en ese caso, se puede demorar más tiempo en tomar una decisión.

8. ¿Qué pasa si mi solicitud es aprobada?

Si su solicitud es aprobada, varias cosas van a ocurrir. Primero, *no tendrá hacer ningún pago de su préstamo en el futuro*. Segundo, *se le devolverán todos los pagos que ya ha realizado hacia su préstamo Wilfred antes del 9 de junio de 2019*. Esto incluye pagos realizados voluntariamente y pagos realizados involuntariamente, como embargos salariales o cobros de su devolución de impuestos.

Para algunas personas, no hay registros completos de todos los pagos realizados hacia el préstamo. Es importante encontrar y guardar todos los registros que usted tenga sobre los pagos que ha hecho hacia su préstamo, voluntariamente o involuntariamente, en el pasado.

Todo lo relacionado a este préstamo debería ser eliminado de su reporte de crédito antes del **9 de junio de 2019**. Además, si no pudo obtener un préstamo federal estudiantil en el pasado debido a que su préstamo con Wilfred estaba impago, ahora debería ser completamente elegible para pedir préstamos federales.

9. ¿Qué pasa si mi solicitud es rechazada?

Si usted cree que su solicitud ha sido incorrectamente rechazada porque su préstamo debería haber sido cancelado, puede disputar la decisión. Cuando reciba la carta diciendo que su solicitud fue rechazada, la carta le explicará cómo disputar la decisión.

10. ¿Qué pasa si no envió la solicitud dentro del plazo límite?

¡No se preocupe! ¡Se puede enviar la solicitud en cualquier momento! Sin embargo, si usted no envía la solicitud en tiempo para que sea recibida antes del **7 de febrero de 2018**, usted deberá seguir pagando su préstamo mientras se decida su solicitud, y puede ser que se demore más tiempo en procesar su solicitud y en devolverle su dinero en el caso que la solicitud se apruebe.

11. ¿Dónde puedo encontrar más información o ayuda?

Si no entiende esta carta, necesita ayuda con su solicitud o quiere saber más sobre el arreglo de la demanda judicial, se puede poner en contacto con los abogados que la representaron a usted y a los otros estudiantes de Wilfred. Ellos la pueden ayudar en español si es que lo necesita.

New York Legal Assistance Group
Salazar Class Action Hotline
(212) 659-6162
salazarclassaction@nylag.org
www.nylag.org/salazar-class-action