The Commissioner of Financial Protection and Innovation (Commissioner) and Higher Education Loan Authority of the State of Missouri (MOHELA or Respondent) (collectively, the Parties) enter this Consent Order with respect to the following facts:
I.

RECITALS

The Commissioner finds as follows:

A. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of servicing student loans under the California Student Loan Servicing Act (SLSA) (Cal. Fin. Code § 28100 et seq.).

B. The Commissioner also has jurisdiction over the regulation of persons who engage, have engaged, or propose to engage in offering or providing a consumer financial product or service in California and affiliated service providers under the California Consumer Financial Protection Law (CCFPL), (Cal. Fin. Code §§ 90000-90019).

C. Respondent is a federal student loan servicer and holds a license under the Student Loan Servicing Act to service student loans in California with a principal place of business at Spirit Drive, Chesterfield, MO 63005.

D. Under Financial Code section 28130, subdivision (b), SLSA licensees are required to file any report required by the Commissioner. Cal. Fin. Code § 28130(b).

E. Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practices with respect to consumer financial products or services.” Cal. Fin. Code § 90003(a)(1).

F. A “covered person” is “[a]ny person that engages in offering or providing a consumer financial product or service to a resident of this state.” Cal. Fin. Code § 90005(f)(1).

G. A “consumer financial product or service” is generally a “financial product or service that is delivered, offered, or provided for use by consumers primarily for person, family, or household purposes.” Cal. Fin. Code § 90005(e)(1).

H. “Financial product or service” includes, among other things, “[e]xtending credit and servicing extensions of credit[.]” Cal. Fin. Code § 90005(k)(1)

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CONSENT ORDER
I. Respondent is a “covered person” that offers a consumer financial product or service to California consumers under the CCFPL because it engages in servicing California consumers’ student loans—extensions of credit. See Cal. Fin. Code § 90005(k)(1).

J. On or about April 19, 2022, the United States Department of Education announced it would conduct a “One-Time Revision of IDR Payments to Address Past Inaccuracies” (One-Time Payment Count Adjustment). Part of the adjustment promised borrowers that they would receive credit “toward IDR forgiveness,” including payments borrowers made on Federal Family Education Loan Program (FFEL) loans, Perkins loans, and Higher Education Assistance Loan[s] (HEAL) prior to consolidating the loans into a Direct Loan to obtain loan forgiveness. The One-Time Payment Count Adjustment is “a tailored response to specific issues identified in the long-term tracking of progress toward forgiveness on IDR plans as well as the use of deferment and forbearance that should not have occurred.” 88 Fed. Reg. 43853 (July 10, 2023).

K. To take advantage of the One-Time Payment Count Adjustment, the Department of Education has urged borrowers to “submit a loan consolidation application by April 30, 2024.”

L. On February 23, 2024, the Commissioner requested Respondent to produce a report with the names and email addresses of all California student loan borrowers with commercially held FFEL, HEAL, and Perkins loans by March 8, 2024 (“Commercial Loan Borrower Report”).

M. On March 6, 2024, the Commissioner sent an email to remind Respondent that the Commercial Loan Borrower Report was due on March 8, 2024.

N. On March 8, 2024, MOHELA acknowledged receipt of the request.

O. On or about March 8, 2024, the Commissioner sent another email to Respondent to inform Respondent that the Commissioner had not received the Commercial Loan Borrower Report.

P. On March 22, 2024, the Commissioner issued a final letter informing MOHELA that its

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2 https://studentaid.gov/announcements-events/idr-account-adjustment
failure to produce the Commercial Loan Borrower Report by March 25, 2024 and pay accrued penalties would result in issuance of a public action and assessment of penalties accruing on a daily basis.

Q. On March 25, 2024, MOHELA produced the Commercial Loan Borrower Report, which was seventeen days late.

Respondent Asserts as Follows:

(i) that it has on multiple occasions over the last few months advised California student loan borrowers of the “One-time Payment Count Adjustment” and the need to submit a loan consolidation application by April 30, 2024;

(ii) that its delay in providing the Commercial Loan Borrowers Report to the Commissioner was caused by the time needed for an analysis of privacy and related laws that might impact turning the borrower information over to the Commissioner.

R. Without admitting or denying the Commissioner’s Findings and Conclusions, as set forth above, the parties desire to enter this consent order which the Commissioner finds is in the public interest.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions contained herein, the Commissioner and MOHELA agree to the following.

II. TERMS AND CONDITIONS

1. Purpose. This Consent Order resolves the issues before the Commissioner relative to the Commercial Loan Borrower Report as set forth in Recitals P and Q in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the SLSA and the CCFPL.

2. Respondent Agrees to timely produce any legally required reports, documents and answers as requested by the Commissioner.

3. Penalty. Respondent agrees to pay a penalty of $27,500.00 within 30 days of the Effective Date set forth in Paragraph 19. The penalty shall be paid by ACH transfer, under the instructions which shall be separately provided, and payable to the Department of Financial
State of California
– Department of Financial Protection & Innovation
Protection and Innovation, Accounting – Enforcement Division, Department of Financial Protection & Innovation, 2101 Arena Boulevard, Sacramento, California 95834. Notice of such payment shall be sent concurrently to the attention of Joshua Schieber, Senior Counsel, at Josh.Schieber@dfpi.ca.gov.

4. **Waiver of Hearing Rights.** MOHELA acknowledges the Commissioner is ready, willing, and able to proceed with the filing of an administrative enforcement action on the matter set forth in Recital Q contained in this Consent Order. MOHELA hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CCFPL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law, including those rights under Financial Code section 90015, and to judicial review of this matter pursuant to Code of Civil Procedure section 1094.5 with respect to the issuance of this Consent Order. MOHELA further expressly waives any requirement for the filing of an Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, MOHELA effectively consents to this Consent Order becoming final.

5. **Full and Final Settlement.** The Parties hereby acknowledge and agree that this Consent Order is intended to constitute a full, final, and complete resolution of the matter described herein, and that no further proceedings or actions will be brought by the Commissioner in connection with these matters under the SLSA, CCFPL or any other provision of law, excepting therefrom any proceeding to enforce compliance with the terms of this Consent Order.

6. **Failure to Comply with Consent Order.** MOHELA agrees that if it fails to comply with the terms of this Consent Order, the Commissioner may institute proceedings for any and all violations otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any future actions against MOHELA, for any and all unknown violations of the SLSA or CCFPL. Notwithstanding this consent order, MOHELA reserves the right to raise legal defenses that it could have raised as to the subject of this Consent Order to any possible future actions by the Commissioner.

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CONSENT ORDER
7. **Information Willfully Withheld or Misrepresented.** This Consent Order may be rescinded, and the Commissioner may pursue any and all remedies available under law against Respondent if the Commissioner discovers that Respondent knowingly or willfully withheld or misrepresented information used for and relied upon in this Consent Order.

8. **Assisting Other Agencies.** Nothing in this Consent Order limits the Commissioner’s ability to assist any other government agency (city, county, state, or federal) with any prosecution, administrative, civil or criminal brought by that agency against Respondent or any other person based upon any of the activities alleged in this matter or otherwise.

9. **Headings.** The headings to the paragraphs of this Consent Order are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof.

10. **Binding.** This Consent Order is binding on all heirs, assigns, and/or successors in interest.

11. **Reliance.** Each of the Parties represents, warrants, and agrees that in executing this Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent Order it has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation, or disclosure of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Consent Order and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

12. **Waiver, Amendments, and Modifications.** No waiver, amendment, or modification of this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other provision. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Consent Order by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.
13. **Full Integration.** This Consent Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the parties, their respective representatives, and any other person or entity, with respect to the subject matter covered hereby.

14. **Governing Law.** This Consent Order will be governed by and construed in accordance with California law.

15. **Counterparts.** This Consent Order may be executed in one or more separate counterparts, each of which will be deemed an original when so executed. Such counterparts together will be deemed to constitute a single document.

16. **Notice.** Any notice required under this Consent Order shall be provided to each party by email and overnight mail/courier, service at the following addresses.

   To MOHELA:  Paul J. Mosquera,  
   Chief Compliance and Risk Officer  
   MOHELA  
   Attn: Scott Lause  
   633 Spirit Drive  
   Chesterfield, MO, 63005  
   ScottLa@Mohela.com

   To the Commissioner:  Joshua Schieber  
   Senior Counsel, Enforcement Division  
   Department of Financial Protection and Innovation  
   One Sansome Street, Ste. 600  
   San Francisco, California 94104  
   Josh.Schieber@dfpi.ca.gov

17. **Signatures.** A fax or electronic-mail signature will be deemed an original signature. The parties to this agreement have consented to execute this agreement by electronic means pursuant to the California Uniform Electronic Transactions Act, Cal. Civil Code sections 1633.1* et seq. 

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CONSENT ORDER
18. **Public Record.** Respondent hereby acknowledges that this Consent Order is a matter of public record.

19. **Effective Date.** This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner’s agent via e-mail to Scott Lause at ScottLa@Mohela.com.

20. **Authority to Sign.** Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

   The Commissioner asserts that this Consent Order is in the public interest, is necessary for the protection of investors, and is consistent with the purposes, policies, and provisions of the SLSA and the CCFPL.

Dated: April 24, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: ________________________________

Mary Ann Smith
Deputy Commissioner
Enforcement Division

Dated: April 23, 2024

HIGHER EDUCATION LOAN AUTHORITY OF THE STATE OF MISSOURI (MOHELA)

By: ________________________________

Name: Paul J. Mosquera
Title: Chief Compliance and Risk Management Officer