UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 13, 2022

Navient Corporation

(Exact name of registrant as specified in its charter)

Delaware	001-36228	46-4054283
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

123 Justison Street, Wilmington, Delaware	19801
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (302) 283-8000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $.01 per share	**NAVI**	**The Nasdaq Global Select Market**
6% Senior Notes due December 15, 2043	**JSM**	**The Nasdaq Global Select Market**

ITEM 1.01 Entry into a Material Definitive Agreement

On January 13, 2022, Navient Corporation (the "Company"), and the Company's subsidiaries Navient Solutions, LLC and Pioneer Credit Recovery, Inc., entered into a series of Consent Judgment and Orders (the "Agreements") with 40 State Attorneys General to resolve all matters in dispute related to the previously disclosed lawsuits filed by the Commonwealth of Pennsylvania and the States of Washington, Illinois, California, New Jersey and Mississippi as well as the related investigations, subpoenas, civil investigative demands and inquiries from various other State Attorneys General (collectively, the "Actions") subject to final court approval. These Agreements do not resolve the previously disclosed litigation involving the Company and the Consumer Financial Protection Bureau.

Navient believes strongly that its policies and practices are sound, expressly denies the allegations and expressly denies that it has violated any law or engaged in any action that has harmed borrowers. After years of discovery, no evidence was produced to substantiate these claims. The Company resolved the Actions to avoid the continued burden, expense, time and distraction of state-by-state litigation and investigations.

Navient will cancel loan balances of approximately 66,000 borrowers with qualifying private education loans that were originated largely between 2002 and 2010 and later defaulted and charged off. The majority of these borrowers attended for-profit schools that were closed years after the loans were originated due to actions taken by various state or federal agencies. Navient will notify the affected borrowers and co-borrowers shortly after the Agreements receive final court approvals. The loans to be cancelled have aggregate outstanding balances of approximately $1.7 billion. The pre-tax expense to the Company to cancel these loans is approximately $50 million which represents the amount of expected future recoveries of these charged-off loans on the balance sheet.

In addition, the Company will make a one-time payment of approximately $145 million to the states. A portion of that payment will reimburse the states for their costs with the remaining funds to be used by the states to provide payments to certain student loan borrowers as determined by the states. Navient also has agreed to maintain servicing practices that support borrower success, nearly all matching the company's long-established practices.

In the fourth quarter of 2021, the Company recognized regulatory expenses of approximately $170 million on an after-tax basis. Navient estimates that these costs are substantially lower than the expected costs of ongoing state litigation and investigations and historically these matters have represented the vast majority of our regulatory costs. Prior to the fourth quarter, this contingent liability was neither probable nor reasonably estimable and, as a result, no contingent liability had been previously established. The Company anticipates no changes to its previously announced capital return strategy.

The foregoing description of the Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreements, a copy of which will be filed and incorporated by reference as an exhibit to the Company's 2021 Annual Report on Form 10-K.

Item 7.01 REGULATION FD DISCLOSURE

The Company frequently provides relevant information to its investors via posting to its corporate website. On January 13, 2022, a fact sheet entitled "Frequently Asked Questions: Navient Resolution of Legal Matters with State Attorneys General" is being made available on the Investor page of the Company's website at https://navient.com/investors/ and is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The information contained in, or incorporated into, Item 7.01 and Item 8.01, including Exhibits 99.1 and 99.2 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

ITEM 8.01 OTHER MATTERS

On January 13, 2022, the Company issued a news release announcing that it and two of its subsidiaries entered into a series of Consent Judgment and Orders discussed in Item 1.01 and incorporated herein by reference. A copy of the news release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Exhibit
99.1	News Release Dated January 13, 2022
99.2	Frequently Asked Questions: Navient Resolution of Legal Matters with State Attorneys General
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NAVIENT CORPORATION
(Registrant)

By: /s/ Mark L. Heleen
Name: Mark L. Heleen
Title: Chief Legal Officer

Date: January 13, 2022

EXHIBIT 99.1

NEWS RELEASE

For immediate release

Navient announces successful resolution of legal matters with state attorneys general

WILMINGTON, Del., Jan. 13, 2022—Navient (Nasdaq: NAVI), a leading provider of education loan management and business processing solutions, announced today that it has reached agreements with state attorneys general to resolve their previously disclosed multistate litigation and investigations.

In the agreements, Navient expressly denies violating any law, including consumer-protection laws, or causing borrower harm. Navient also has agreed to maintain servicing practices that support borrower success.

"The company's decision to resolve these matters, which were based on unfounded claims, allows us to avoid the additional burden, expense, time and distraction to prevail in court," said Navient's Chief Legal Officer Mark Heleen. "Navient is and has been continually focused on helping student loan borrowers understand and select the right payment options to fit their needs. In fact, we've driven up income-driven repayment plan enrollment and driven down default rates, and every year, hundreds of thousands of borrowers we support successfully pay off their student loans."

Navient will cancel loan balances of approximately 66,000 borrowers with certain qualifying private education loans that were originated largely between 2002 and 2010 and later defaulted and charged off. Navient will notify the affected borrowers and co-borrowers shortly after the agreements receive final court approvals.

In addition, the company will make a one-time payment of approximately $145 million to the states. A portion of that payment will reimburse the states for their costs with the remaining funds to be used by the states to provide payments to certain student loan borrowers as determined by the states. Navient estimates that these costs are substantially lower than the expected costs of ongoing state-by-state litigation and investigations.

For more information, please see Frequently Asked Questions posted at navient.com/legalfacts.

About Navient

Navient (Nasdaq: NAVI) is a leading provider of education loan management and business processing solutions for education, healthcare, and government clients at the federal, state, and local levels. We help our clients and millions of Americans achieve success through technology-enabled financing, services, and support. Learn more at Navient.com.

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EXHIBIT 99.2

Frequently Asked Questions

Navient Resolution of Legal Matters with State Attorneys General

On January 13, 2022, Navient reached an agreement with state attorneys general to resolve all previously disclosed multistate litigation and investigation. The following answers frequently asked questions regarding the agreement and Navient practices.

1. What did Navient agree to?

Under the January 2022 resolution, Navient will cancel loan balances for approximately 66,000 qualifying borrowers with certain qualifying private education loans who have been in default for many years. Virtually all of these loans were originated between 2002 and 2010 at Sallie Mae, prior to the Navient spin off. In addition, the company will make a one-time payment of $145 million to the states. A portion of that payment will reimburse the states for their costs with the remaining funds to be used by the states to provide payments to certain student loan borrowers as determined by the states. Navient also has agreed to maintain servicing practices that support borrower success.

The agreements include an express denial of the claims and any borrower harm by the company.

2. Why did Navient decide to agree to this resolution?

These lawsuits began more than eight years ago, yet we are still years away from our day in court. The company retains its position that its policies and practices are sound and the allegations are baseless – however, the timeline to resolve these matters has proven to be far more prolonged and expensive than anticipated when the litigation began. We made this decision to avoid the burden, expense, time and distraction it would take to resolve these claims through state-by-state litigation and investigations. This agreement enables us to focus on our growth business activities, including consumer lending and business processing solutions.

3. Does this mean Navient was found to have "steered" borrowers into forbearance instead of telling them about income-driven repayment plans?

No. In fact, the agreements include an express denial of the claims and any borrower harm by the company. These claims were demonstrably false. After years of discovery, no borrower was ever produced to substantiate these claims because they did not and do not happen. We are an industry leader in income-driven repayment plan enrollment, and our use of forbearance is in line with or lower than other major servicers.

4. How does this impact the CFPB's suit?

There is no impact, but the claims are virtually identical in both the CFPB and state attorneys general lawsuits, and we are confident that we will prevail at trial against the CFPB. After years of investigation, discovery and litigation, the CFPB has failed to produce a single borrower to substantiate its claims because they don't exist. More information on the CFPB suit is available at navient.com/legalfacts.

5. Does this resolve all outstanding state matters?

Yes, the agreement is with all states in the consortium and all litigating states.

6. When will the CFPB lawsuit be resolved?

We are awaiting rulings on various pre-trial matters including motions for summary judgment. At this point a trial appears unlikely in 2022.

7. Is the multistate resolution connected to Navient's decision to exit servicing for the Department of Education?

No. As Navient stated in announcing the transfer of its Department of Education servicing contract to another company, the government servicing contract was less than 6% of our revenue. Our growth will continue to be in business lines outside of the Department of Education contract and the regulatory issues involved in this agreement. While we believe we would have prevailed at trial, this multistate agreement allows us to focus on our core business lines.

8. Does Navient lend to students today?

Yes, through bank partners and affiliates, Navient offers responsible private student loans and refinancing loans that enable people with student debt to reduce their interest rates and monthly payments.

9. Whose loans will be canceled under this agreement?

The agreement includes loan cancelation for approximately 66,000 borrowers who took out private student loans at Sallie Mae, largely between 2002 and 2010 and who subsequently defaulted. The vast majority of recipients borrowed prior to 2010 to attend certain for-profit schools, such as Corinthian and ITT, which closed years later once the federal government stopped lending at these schools. The total amount that will be canceled is approximately $1.7 billion in defaulted private education loans. Navient had already charged off virtually all of these loan balances, and has taken a $50 million charge for the remaining amount. Once court approval is received, borrowers and co-borrowers whose loans will be canceled will be contacted by Navient. Borrowers and co-borrowers do not need to take any action.

10. How will the state attorneys general Consumer Fund work?

The state attorneys general plan to use approximately $94 million of the $145 million payment to create a Consumer Fund. The Fund will be administered by a manager selected by Pennsylvania, and the participating states will appoint an Oversight Committee to establish criteria for borrowers to receive payments from the Fund. Borrowers identified by the participating states will be contacted by the Administrator.

11. Does the agreement require Navient to make changes to its servicing practices?

Navient has agreed to maintain existing servicing practices that support borrower success.
This includes practices like quickly processing payments, making payment histories available, directing extra payments to loans with the highest interest rates, and enabling borrowers to provide standing instructions for allocating extra payments—practices that we developed and implemented long ago. We're also incorporated new outreach on Public Service Loan Forgiveness reflecting newly issued ED guidance and new disclosures on bankruptcy and student loans.

12. Which states are involved in the resolution?

The agreement is with 40 states: Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Vermont, Washington, West Virginia, Wisconsin.

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