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**Macias, Wendy**

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**From:** [REDACTED]  
**Sent:** Wednesday, June 17, 2009 4:44 PM  
**To:** negreg09  
**Subject:** Public Comment on Student Loans  
**Attachments:** my student loan experience - public comment.pdf

Hello,

Attached is my public comment on student loans.

Please confirm my public comment has been accepted and read into the record.

Thank you for your help.

All the best,

[REDACTED]

To whom it may concern:

Thank you for the opportunity to give public comment on student loans.

My name is [REDACTED]. I graduated from college in May of 1995 with a Bachelor of Science in Economics. While attending the University of Missouri at Rolla, I was a two-time All American swimmer and earned Academic All American honors.

I worked hard to put myself through college. I was a student-athlete with a partial scholarship. I also worked 20 hours a week during school to help make ends meet.

In addition to having a job and being a student-athlete, I became a student-borrower. The education expenses not covered by my partial scholarship and minimum wage job, were paid with student loans. Upon graduation, I had \$18,000 of student loan debt which has mushroomed to \$45,000, including over \$6,000 of 'garnishments'.

My initial plan after graduation was to attend graduate school. I took the GMAT and was accepted into several graduate programs. After a cost-benefit analysis, I determined graduate school was too expensive for me at this point in my life.

My second plan was to apply with Volunteers In Service To America (VISTA). VISTA was a two year program and offered many positive benefits. First, it would allow me more time to determine a path for my pursuit of happiness. Secondly, it would allow me to serve my country. Thirdly, serving with VISTA would keep my student loans in deferment. Finally, during my two years of service, I would accrue around \$10,000 that could be applied directly to my student loan debt.

Being accepted into VISTA is a lengthy, multi-step process. Once I decided this was my best option, I began the application process immediately. While applying with VISTA, I continued working at a temp agency to help make ends meet.

Call it fate, or call it bad timing, but shortly after I was accepted into VISTA, the federal government shut down. The Congress and former President Bill Clinton could not agree upon the federal budget. Since VISTA was deemed a 'nonessential service', it was one of the first federal programs suspended.

With VISTA indefinitely on hold, I continued working for a temp agency. In addition to my work as a temp, I was active in looking for a 'real' job. I needed employment that would allow me to repay my student loans and not live a subsistence lifestyle.

During my period of under-employment, I went above and beyond my obligations per the student loan contract by staying in weekly contact with Missouri Higher Education Loan Association (MOHELA). I wanted MOHELA to know I was experiencing extreme difficulty with under-employment but still taking action to change my dire economic situation. Initially MOHELA 'granted' my loans deferment status. In 1997, for reasons still unknown to me, this changed and my student loans were placed in default.

Initially, I was sure my student loans were placed in default by mistake. My annual income in 1997 was \$7000. I contractually qualified for deferment based upon economic hardship.

I wrote letter after letter, but not one response addressed my concerns. Why had my loans been defaulted in a year I earned \$7000? What recourse did I have to correct this mistake?

What I failed to realize in 1997 is, student loan guarantee associations have no external, independent oversight. These guarantee associations are 'self-regulating'. If we have learned anything from the events of the last 18 months, it is deregulation and self-regulation do not work in a corporate, profit-seeking environment!

Since my student loan ordeal began in 1997, I have also learned the guarantee associations have been given unprecedented collection powers. The collection power given these self-regulated, middle-man organizations, is so extreme it is not even available for use by the IRS with convicted felons!

I am a college graduate not a felon. The only thing of which I am guilty, is failing to get a job that would allow me to repay my student loans in a timely manner. Because of this, and the self-regulated student loan guarantee associations, my constitutional rights are being violated. I have been deprived of property without due process of law and deprived of the inalienable right to pursue happiness.

Case-in-point. In 1997 I earned \$7000 and qualified for earned income tax credit, which I elected not to accept. That same year MOHELA took my tax refund! I had no trial, no opportunity to defend my property in a court of law and was guilty of nothing. Yet, MOHELA took my income tax refund in a year I lived FAR below the poverty level!

Unfortunately, my story is all too common. A study by the U.S. Inspector General conservatively estimates 1 in 3 student loans will be placed in default! At this rate, millions of working-class Americans are experiencing similar violations of their student loan contracts and inalienable rights guaranteed by our constitution. This must stop.

Further, steps must be taken to ensure this never happens again. Future generations of student-borrowers deserve an opportunity to better themselves, their community and their country without having to fear for their property and their right to pursue happiness.

Due to heavy lobbying by Sallie Mae and similar guarantee associations, standard consumer protections have been stripped from student-loans. This paved the way for guarantee associations to trample the rights of student-borrowers, making a mockery of student loan contracts.

The first step in fixing the student loan industry is to restore standard consumer protections and truth in lending requirements. Minimally, student-borrowers deserve equal protection under the law in a civilized country governed by law.

Secondly, student-borrowers must have a legitimate, external, independent regulatory body to ensure proper adherence to student loan contracts. Currently student-borrowers are at the mercy of self-regulating, profit-seeking corporations that have cunningly placed their bureaucrats within the USDE.

Enclosed is the book, "The Student Loan Scam. The Most Oppressive Debt in US History - and How We Can Fight Back."

I ask that you please read this book. It will help in determining how you will be able to partner with student-borrowers in restoring basic consumer protections for student loans and ensuring external, independent oversight of the student loan industry.

These will not be easy tasks to accomplish. The student loan industry has a powerful, well funded lobby. They are experts at obscuring the truth and have unequal access to our Senators and Congressional representatives.

The student loan lobby has made monetary contributions to Senator [REDACTED], a sitting member of the Education Committee. As such, I fear Senator [REDACTED] is no longer an independent voice for truth as it relates to the student loan industry.

However, student-borrowers are not alone. Secretary of State [REDACTED] introduced a student-borrower Bill of Rights during her time in the Senate. Additionally, Senator [REDACTED] addressed the problem by proposing direct lending between students and the federal government, effectively eliminating the middle-man, guarantee associations.

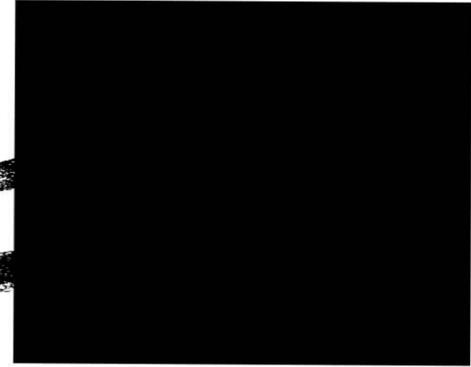
I am confident that with your help, it is possible to restore honor and integrity to student loans and the USDE.

Please contact me as soon as possible so we can discuss a plan of action. I look forward to hearing from you.

Sincerely,

[REDACTED]

American Education Services



1/07/09

To Whom It May Concern:

At the time my student loan was unethically and, as far as I'm concerned, illegally defaulted by the PREDATORY LENDING tactics of Sallie-Mae ( not a far cry from Fannie- Mae and their unethical and illegal behavior. And I ask...Where has that gotten this country??), my student loan balance was \$31,500. Since that time I have paid a total of \$2,350 to Educational Credit Management Corp (ECMC) and American Education Services (AES) which brings my principle to \$29,150. These payments were made in hopes of reaching a reasonable agreement with ECMC and AES. Unfortunately they were unwilling to agree to my terms. Until my principle balance is adjusted to that amount, I will make no further payments on this loan. I feel it important to say here that at NO time did I , or have I, ever agreed to the principle balance put forth by these companies.

I will, also, not respond to any correspondence and/or phone calls unless they include an offer of reduction of principle to \$29,150 and a monthly payment of \$200 or less.

I feel I am a victim of Sallie-Maes' unethical and illegal practices. I refer you to the organization called Student Loan Justice. Their website is  The following is an excerpt from that site:

**D**ue to Congressional action over the past decade, student loans are the ONLY type of loan in our nation's history to be specifically exempted from standard bankruptcy protections, have statutes of limitations removed, be exempt from truth in lending requirements, and also exempt state agencies from the Fair Debt Collection Practices Act. At the same time, law allows for draconian penalties and fees to be attached to student loan debt, allows for wage, tax return, Social Security and Disability to be garnished without a court order.

**A**s a result, student loans have become the most profitable, uncompetitive, oppressive, and predatory type of debt of any in the nation. This has occurred due to legislation- championed by the student loan industry- that took nearly every standard consumer protection away from student loans. Vast personal fortunes are being made by student loan company executives who lobbied for this legislation, at the expense of decent citizens who were not able to capitalize on their education. This has effectively crippled MILLIONS of decent citizens.

I suggest any person working in the student loan industry objectively look at this site and see how many decent, law-abiding citizens have been financially destroyed by these un-American tactics and if you still want to work for these companies, then you are truly UN-AMERICAN, in the likes of Bernie Madoff!!

The Federal Government is to blame for the current state of MILLIONS of Student loan borrowers in this country. Student loans should not, and never were intended to, be a profit making industry. The privatization of this industry is a complete disaster. There is no way a person or persons (in 2001, US News reported that Mr. Lord's compensation had skyrocketed to over \$33 million. According to Fortune Magazine, Lord has made about **\$225 million** in just the last 5 years, while his number two man, Tim Fitzpatrick (now CEO), has taken about **\$145 million**. Both men regularly top Fortune Magazine's list of highest paid CEO's in the Washington D.C. Area. It is instructive to note that **Albert Lord recently put a bid in to purchase a major league baseball team, the Washington Nationals**, with the wealth he has extracted from defaulted borrowers.), overseeing this institution (Sallie Mae) should be making such an outrageous salary. That's just plain disgusting, and it's time for us victims to take a stand and fight this injustice.

I also feel it worth mentioning that I attempted to have this situation resolved by the FSA (Federal Student Aid) Office of the Ombudsman. They were unable to do anything but tell me they had no authority to make these loan companies change their stance. After their investigation into my claims, they refused to provide me with documentation that led to the results of the investigation. More specifically, I asked them to provide me with the documentation that Sallie Mae used to prove they followed the guidelines of contacting me before putting my loan into default. I was told at that time that that information was "proprietary". Are you kidding me??? When a company like Sallie Mae has the power to put people in default, they should be required by law to present all proof, upon request, to the individual the loan is attributed to. This would force them to prove that they tried all means to contact an individual before putting them in default, using current, up to date contact information. This information should be documented and filed with the US government permanently. The RED FLAGS here are ominous and it's no wonder the majority of complaints against Sallie Mae have to do with how they went about contacting people before putting them in default. Hmmm???

As far as I'm concerned the FSA Office of the Ombudsman is a complete joke and the money spent to run that office and the salaries of those working there could be much better spent rectifying the current student loan crisis in this country.

I am also in consultation with an attorney regarding the unethical handling of my loan by such companies as Sallie-Mae, NYSHESC, ECMC, and AES. As stated above, it's my contention that my principle balance should be no more than \$29,150. Until I am financially able to take my case to court or the Federal Government steps in to correct its awful mistake, this loan will go unpaid.

I need to have a payment amount I can afford, with the correct principle balance. As it stands now, if an agreement on my balance is not reached through negotiations or court proceedings, I will never be able to re-pay this loan. I have no incentive to continue to make payments if my credit is ruined and the principle amount keeps growing. If I have to live with this debt hanging over me then so be it. I will be forced to only work jobs that allow me to pay my taxes at the end of the year and at the time of my

retirement, if my Social Security is garnished, I will be forced to be on every public assistance program available.

In closing, I would like to say that any politicians that support the existence of these dubious companies and feels FEDERAL STUDENT LOANS should be handled by the private sector will never get my vote or the vote of the millions of others like me who have fallen victim to a system based on greed and not the bettering of Americas citizens. Those that allowed this to happen should be, at the very least, ashamed. At the very most...behind bars for crimes against our great nation and its great citizenry!!!

Thank you for your time,

