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Macias, Wendy

From: [REDACTED]
Sent: Tuesday, June 23, 2009 4:27 PM
To: negreg09
Subject: Student Loan Travesty
Attachments: loans.doc

Dear Staff Member of the Department of Education,

Please find as an attachment a WORD document.

This enclosure is a summary and commentary on the negative experiences I have had with my student loans.

Sincerely,

[REDACTED]

Summary: To finance my college education, student loans were taken out from 1980 to 1984. When I initially borrowed money and at the time of allocation (in the pre-historic days of the Reagan administration), the original status of each loan type was ***federally subsidized***.

Originally these educational loans consisted of:

- Stafford Loans from my local bank issued through Great Lakes Higher Education.
- NDSL provided by the Department of Education through my alma mater, Wartburg College, Waverly, Iowa.

In 1997 I consolidated all the loans with Sallie Mae, a.k.a. Money MacBeth.

In May/June of 2005 I initiated the reconsolidation process of these same loans with Goal Financial to obtain a lower interest rate in repayment.

In May of 2005 my loans were refinanced with Direct Loans, Georgia, so that an initial reduction of 0.25% in the interest rate would be achieved. From their client services I then learned that somehow the status of my loans had changed. From the summer of 2005 through that early fall, telephone discussions with both Goal Financial and Direct Loans (i.e. Dept. of Education) revealed an unclarified discrepancy between the original and present status of these loans: the consolidated loan with Sallie Mae had ambitiously morphed from a docile subsidized obligation to a stealthy, encroaching unsubsidized menace.

I then contacted various offices and spoke with assorted pseudo-individuals within Sallie Mae, traveling by phone from the US east coast to India to the US west coast and back to India in my naïve attempt to work directly with this malicious mafia. Had I been paid minimum wage for my time on the phone, I would have earned enough funds to eliminate my student loans and finance my Roth IRA and erase the national debt. This agency has the congeniality and caritas of Oscar the Grouch. The disposition and level of organization & expertise of Sallie Mae would warrant a change in name to "Sally's Mayhem".

In this context, my detailed query in March of 2006 to the Office of Ombudsman of the Department of Education was rewarded with a generic answer primarily suited for carpeting my hamster's living quarters.

Result: Upon consolidation of my loans with Sallie Mae in 1997, the status was altered by Sallie Mae from *subsidized* to *unsubsidized*. ***This was based on an Addendum (34 CFR 682.301.a.3.iii) created by the Federal government which eliminates the status of subsidized if and when a NDSL (i.e. Perkins loan) is consolidated with any other loans.***

The change from subsidized to unsubsidized was unknown to me at the time of consolidation and is, as of this writing, part of the nebulous and eerie Twilight Zone within Sallie Mae. Upon signing the document for my loans originally, I realized that this act would eventually improve my skills of multiplication and increase my understanding of compound interest. However, I had not considered that it would eventually pirate my checking account and plunder my savings.

Disputed by me is the present status of ***unsubsidized*** – imposed by Sallie Mae – and therefore the resulting accrued and steadily accruing interest. To the best of my understanding, a banking organization that buys loans from other lenders provides these lenders with the capital to issue new loans. This practice is not uncommon. *It is only in the student loan sharking business that the terms and conditions of a loan change when said loan is sold to another holder.*

I would gladly supply documentation of the above complaint if useful for Congress. I would welcome your assistance in corroborating my obstinate perseverance on maintaining the original ***federally subsidized*** status of my loans. This requires the elimination or rewriting of Addendum 34 CFR 682.301.a.3.iii.

Appreciatively,

A solid black rectangular redaction box covering the signature area.