

205

Macias, Wendy

From: [REDACTED]
Sent: Tuesday, June 23, 2009 6:54 PM
To: negreg09
Subject: Edfund Refused Agreed-upon Payment out of Escrow; Returned 92K Check
Attachments: In support of Governor Cuomo_rev6_07.pdf

Re: Reinstatement of consumer protection laws for student.

Attached you will find a letter written to the Attorney General of California regarding my attempts to settle my Smart Consolidation Loan. In brief, On October 13th, 2005 Edfund told me that I owed \$118,000. I opened an Escrow account and placed the funds in the account with instructions to release the funds once Edfund had submitted a bill. Edfund refused to do so. I then received statements from Edfund in the amount of \$92,000.00. Therefore, I promptly sent a check for the 92K and Edfund sent the check back to me, claiming that it was a computer glitch! Additionally, my wages were garnished without notice and after tendering twice, I was threatened with garnishment 9 times. Each time I requested a hearing and each time they removed the garnishment. Additionally, the monies they did garnish were returned to me! This letter explains why it is so necessary to give student's consumer rights! It also presents how the student lending industry lobbied for legal changes in the HEA of 1965, beginning with the Student Loan Marketing Act (September 30, 1996) and the Emergency Student Loan Consolidation Act (November 13, 1997). As a result the industry was able to file insurance claims with the Department of Education that possibly were not covered by the Insurance Certification date. The goal was to coerce me into reaffirming the loan rather than settling it. I am still trying to pay this debt fairly and reasonably. [REDACTED] MA, MFT

[REDACTED]

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September, 2005, I arranged with a mortgage broker to re-finance my house. I also sought legal counsel who was in contact with Edfund. Edfund ignored my request for hearing, garnished my wages; and later informed me, in writing, that if I continued to retain legal counsel it would not work with me. I was noticed that my wages were garnished when I received my check on October 1, 2005. Edfund ignored my hearing request and garnished my wages without due process.

On September 29, 2005, I submitted a letter of compromise to Edfund of \$50,000 which Edfund never acknowledged. October 13, 2005, following the wage garnishment, I telephoned Edfund and asked the collection representative, Kino, "To date, what is the exact amount I owe Edfund?" Kino represented to me that the "compromise department" would accept \$118,174.67, which was my alleged total principle and interest owed to date. I agreed to pay the amount and based on Kino's representation, I immediately arranged to re-finance my home and put \$118,000 in escrow. I intended to pay the remaining \$174.67 by check. The very same day, I faxed confirmation of the settlement agreement to Edfund. The next day, I received a confirmation of re-finance from New Century Mortgage.

I contacted Kino at Edfund and advised him that the settlement funds were in escrow and requested the accounting history of my loan. Then an astonishing thing happened.....Edfund refused to accept the money and failed to send an invoice to the escrow company!

October 19, 2005 I received a letter from Edfund stating it would accept \$119,240.42. Kino contacted me and said that I could pay the \$118,000 in a cashier's check and the balance could be paid if I "rehabilitated" the loan. I was given two options, either reaffirm the loan or pay approximately \$18,000 in collection fees on top of the \$118, 174.67. I was pressured by Edfund staff, inclusive of managers, into a "rehab" loan which after one year of payments would revert back to Sallie Mae. Wasn't SLM Corporation already paid by monies from the federal insurance claim for this loan July 22, 2002? I began to question why was reaffirming this loan so important to Edfund? Unusual... \$118,000 waiting in an escrow account and my wages were being garnished!

I began to suspect that I did not owe the sums Edfund asserted I owed. I had no notice from my 1996 consolidating lender, Student Loan Marketing Association that my loan had been assigned to any other entity. Thus, I had no confirmation that Edfund had the right to collect on my loan. I requested that Edfund give me assurances from Student Loan Marketing Association that it had the right to collect on my loan. According to my research Edfund did not exist in 1996 when I consolidated my loans.

Payoff amounts quoted by Edfund arbitrarily kept changing; therefore, at the beginning of December, 2005 I calculated an amount based on my original promissory note; less deductions I made for damages I incurred as a result of Edfund's breach of the October 2005 settlement agreement, and mailed a letter inclusive of the calculations. December 12, 2005, the wage garnishment was released and on December 13, 2005, I received a letter from Edfund stating that as of December 13, 2005, I owed \$92,009.72.

On December 21, 2005 I received another letter from Edfund stating: "Your total pay off amount as of the date of this letter is \$92,009.72." As the result of the fact that this number was one that was close to my calculations, I wrote out a check to Edfund in the amount of \$92,009.72 and mailed it, along with a release, on December 27, 2005. Then, an astonishing thing happened.....Edfund returned my check and sent another notice to garnish my wages!

Once again, I requested an administrative hearing on the wage garnishment in a timely and technical manner. All this time I was perplexed as to how to deal with Edfund. I started to keep my correspondence indexed in three-ring binders. I collected my original student loan documents, my consolidation loan documents, and credit reports from 1996. I began to suspect that the reason why Edfund did not accept my \$118,174.62 was that Edfund wanted me to refinance my loan in order to change the terms to conform to the September 30, 1996 law, the Student Loan Marketing Association Reorganization Act, as well as the Emergency Student Loan Consolidation Act of 1997. Remember... my loan was issued April 19, 1996. Additionally, I became curious regarding when my original student loans were paid. My credit report indicated that the unconsolidated original student loans were paid in April of 1996; however, the National Student Loan Data System indicated that they were paid in May, August, and November of 1997. Twenty-three months after my Smart Loan application date!

In essence, the Student Loan Marketing Association Act dissolved the government sponsored enterprise of marketing student loans and created the plan that allowed the privatization of Sallie Mae as a publicly traded corporation 20 USC Section 1087-2 financed by private capital. Under the "Plan" the Student Loan Marketing Association was to dissolve and its separate existence terminated on July 1, 2013 after discharge of all outstanding debt obligations and liquidations. The Association could, and did, dissolve prior to that date, which was on December 30, 2004. January 2005 the private corporation (SLM) and the 501(c) 3 auxiliary guarantor *processing* companies, such as Edfund, began collecting on the pre-SMLA Act loans.

The purchase and use of the "Sallie Mae" name for \$500,000 from the government has been deceptive to the American public. Up until 2002, I was in contact with "Sallie Mae" assuming that it was "SLMA" and paying on my loan, I had various forbearances as the result of my still being in school and my internship and I had an income sensitive payment plan when I was temporarily disabled by an injury. On April 3, 2002, "Sallie Mae" advised me not to pay it anymore because my loan was being "transferred" and I would be notified where to send payments. Thereafter, "Sallie Mae" never notified me to where my loan was transferred.

When I pressed Edfund to send me the information and calculations supporting its claims (the "claim package"), I found out "Sallie Mae" put my loan in a "remedial vault." The claim history indicates a manipulation of the history which, even on its own entries is blatant. I noted that my claim history indicates a "removal" of "duplicate entity" loans on November 09, 1997, a Sunday. Why were people at "Sallie Mae" working on a Sunday deleting data entry? Because Thursday, November 13, 1997, the Emergency Student

Loan Consolidation Act of 1997 became law which restructured the agreement with eligible lenders for federal insurance coverage and consolidation loans. These "entities" appear to be my original loans which pre-dated the 1997 enactment of law that I am currently being held accountable for.

Edfund claims that penalties and interest are accruing to \$92,000, when, in fact, it was a \$57,672 loan. It seems to me that Edfund wishes to book the loan in that manner to beat capital gains on the difference of \$35,000. Furthermore, when a bank loans money, the bank shows the principal and the interest calculations based on the principal. Edfund is calculating interest and penalties on an amount *it claims* is what was paid for the paper on my loan.

Of course, I started to question the authority of Edfund's claim of the exorbitant penalties and interest, notwithstanding its ability to collect the loan itself. First of all, the terms of my promissory note did not line up with Edfund's numbers, secondly, according to my simple research; it seemed to me that I owed the money to the federal government, not Edfund, California Student Aid Commission, or SLM Corporation. My payments were sent to Kansas (LSC-K) or Kileene, Texas, yet my claim package references a loan in Florida. That is why, for both the escrow and the check sent, I requested that Edfund provide a release to me and indemnification that monies were payment and full and released all claims by all interested parties. Furthermore, I have obtained an internal document that clearly states, "promissory note altered."

So now my problem is, in my case, it doesn't matter what amount Edfund says I owe, it will not take my money because it comes with assurances that Edfund cannot give. Why not? I question how a so-called non-profit can be in the same business competing with for-profit collection agencies. [REDACTED] has been in contact with me to collect this debt as well but essentially has no authority in the matter.

I began to suspect that Edfund and/or Sallie Mae had not followed the law for selling federal and federally insured loans, as well as for collecting on the 1996 pre-SLMA Reorganization Act loans. It seemed to me that because I insisted on a release from all parties, that Edfund had a problem obtaining those releases. As mentioned previously, the "rehabilitation loans" do revert back to SLM Corporation. I have exhausted the administrative process regarding at least five hearing requests; I have even contacted the Administrative Review Board at McGeorge to schedule a hearing myself.

The only way to understand what was happening to my loan is to line it up on a continuum with what was evolving into a Fortune 500 company (SLM Corporation, lead by a man whose past included heading up the GSE-SLMA from 1981 to 1994, Albert Lord; and the GSE-SLMA General Counsel, Ronald Hunt) with the 1996 SLMA Act, the 1997 Emergency Student Loan Consolidation Act, and the 1998 Amendments to the Higher Education Act of 1965.

The Director, appointed in September, 2002, of the newly formed (1998) Financial Student Aid Division of the Department of Education had previously been

employed by [REDACTED] in the private sector at SLM. While the privatization was pending, people in the government were acting in conflict with their interests which would be realized in the private company. The Office of the Inspector General in his October 2006 report identified this conflict. Since the OIG report, said director has resigned. A possible explanation why my pre-SLMA Reorganization Act loan was held in a "vault" according to my claim package and Edfund waited until 2005 to collect on the loan....to hide it from an audit until the private company, SLM could file the claim package without governmental scrutiny. The only way to sanitize the paperwork on this loan is to get me into a new loan, thus Edfund's aggressive efforts toward me to re-finance my loan.

I have every single original document pertinent to my loans from 5/9/1989 to the present in 3 and 4 inch three-ring binders including correspondence, my credit reports showing the manipulation to my credit history (making it appear to be three separate loans), notes on my conversations and the applicable law, regulations and government reports, applicable insurance regulations, and executive biographies of the players involved during the pertinent time. I also have two years' worth of research and documentation which chronologically tracts my case with Edfund. I have a total of seven three-ring binders of information, most of which is indexed.

I am looking for your help in resolving this matter. I wish to pay my student debt but at the same time I will not allow a corrupt enterprise to abuse me. When I remained in contact with my lender paying on my student loans it was with the intent to honor my debt. When I refinanced my home it was with the intent to honor my debt. I now am faced with selling my home short in order to escape the refinance loan obtained when I relied on Edfund's agreement of October 13, 2005. Unfortunately, at the time of said agreement I was unaware that federal regulations required Edfund to redirect my loan back to the Department of Education because although I did not have disposable income, I did have an asset.

My hope is that you seriously consider that the corruption in the Student Loan industry may well be criminal and victimizing citizens of California. Obviously, the industry is somewhat incestuous, for example the Chief Financial Officer of Edfund is a former employee of Sallie Mae. Edfund's violations occurred as a result of payments made to Sallie Mae in violation of time restraints and claim history alterations. In sum, as my history indicates, my intent has been to honor my debt reasonably. However, a greater concern and congruent with Attorney General Cuomo's suspicions and recent investigation is that my research findings indicate possible RICO activities in the student loan industry. I have yet to make these findings public, but rather chose to bring them to your attention first. Again, I have documentation that is evident and I am willing to present it to you personally at your convenience.

Sincerely,

[REDACTED]