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**Macias, Wendy**

**From:** [REDACTED]  
**Sent:** Tuesday, June 23, 2009 6:30 PM  
**To:** negreg09  
**Subject:** Reform for Student Loans

Good day,

I am writing to express support to return standard consumer protections to student loans. Student loans are the ONLY loans in our nation's history to be specifically exempted from standard bankruptcy protections, truth in lending requirements, statutes of limitations, state usury laws, and even fair debt collection practices. What's more, the student loan industry has grown to rival the credit card industry with \$550 billion outstanding debt compared to \$850 billion for credit cards. And despite false advertisements by the industry that defaults are dropping, defaults are actually rising - in fact, about 25% of all student loan borrowers will default on their student loans - perhaps even more.

Although the industry used well publicized examples of recent graduates filing for bankruptcy in order to avoid repaying their student loans to convince Congress to remove bankruptcy protections, it was later found that far less than 1% of federal student loans were discharged through bankruptcy when it was legal to do so. How interesting then that fee income for Sallie Mae, the nations largest lender grew by 228% between 2000 and 2005 (their loan portfolio grew by only 87% during the same period) and between 1995-2005, Sallie Mae set aside \$3.6 Billion in stock for its employees - this amounts to \$640,000 per employee. This is OUTRAGEOUS.

On average, the undergraduate borrower now leaves school with \$23000 in student loan debt and \$42,000 for graduate students, and the cost of college has risen at double the consumer price index for the past 30 years - this trend has continued despite the current deflationary environment.

My own personal experience with student loans in three words - outrageous, frightening, frustrating. I went to college from 1989-1995 and then graduate school from 1996-1998. As a single Caucasian female, with no children in my mid-20s, I did not qualify for scholarships/grants. My only choice for an education was student loans. I worked f/t while I went to college but as a photography major, my supply costs and book costs along with tuition required me to borrow the maximum of a student loan - my working paid for my living expenses.

When I graduated, I went on to graduate school and then entered the workforce as an event planner. As my salary for the first five years was less than \$30K per year, I was unable to afford a student loan payment at \$700/month. While I now know I qualified for a federal hardship deferment, my student loan provider only offered me forbearance. I was frightened with the amount of money I owed and accepted even though the terms of this were never really explained. For the next six years, I was laid off and unemployed due to the economic downturn after 911 and it wasn't until 2004 that I was able to find f/t employment though I had to start at low income all over again.

At no point during a layoff or being on unemployment did my student loan provider inform me of the option to defer under unemployment and so I remained on forbearance which expired this past year after yet another lay off. Throughout a decade, my loan has now nearly doubled from an original \$70K to over \$140K owed. I've actually considered leaving the country as I don't see how I will ever in my lifetime be able to pay this back.

Since educating myself on what my rights were all along, I learned that of the 11 years since I graduated, there were only 2 years where my income was able to substantiate paying a loan; the other years I qualified for a hardship deferment or unemployment deferment. I am working with my Congressman on negotiating this with the lender but so far, they have refused sighting Sallie Mae rules and regulations.

It makes my blood boil to learn of the fraudulent practices of Sallie Mae and that any funds I remit end up in stocks for their employees. The entire Sallie Mae group needs to be regulated and standard consumer protections need to be returned to student loan borrowers. Sallie Mae is as bad as the mortgage and financial industry in this country and until the US government steps in with oversight and regulation, they will continue with the practices that fleece and bleed students.

Sincerely,  
[REDACTED]

Salem, MA