

Macias, Wendy

46

**From:** [REDACTED]  
**Sent:** Monday, June 15, 2009 11:12 PM  
**To:** negreg09  
**Subject:** Higher Education and Student Loans

I am writing to give some input regarding student loans. Congress has recently paid attention to the issue of credit card debt. The same needs to be said about student loans. I am aware that many years ago, student loans could be discharged under bankruptcy protection--if I remember correctly. Many of those defaulting on their loans, were Physicians, Attorney's, and other professional people. As I remember right, the outcry was great, and student loan lenders, were given powers, only second to the IRS, to garnish wages, including social security disability payments. An organization, calling itself, Sallie Mae, has a reputation for playing serious hardball with those who have loans with them. In fact, some representatives make claims that Sallie Mae is an official government entity, with all authority, to use whatever means it can, to collect student loan payments. SM, may have been an official government agency, but as I understand it, SM, is a private corporation. Because SM thinks that they represent Uncle Sam, they lack any regulatory oversight and accountability, to anybody but themselves. For those students who have multiple loans with SM, there can be confusion, especially if there is more than one type of loan. For example, a private loan, along with other types of student loans. One may be in deferment and the others not. SM sends out one of their letters. One of the loans is past due. When the borrower calls SM, they may not know which loan SM is calling about. A rep may demand payment, and only if the borrower insists, maybe told, what loan is being discussed. If it is a private loan, and it is past due, it is not uncommon, for a SM rep to imply that a default on the private loan, will mean a collection on ALL loans.

Those who end up defaulting on their student loans, are not necessarily dead-beats. Like many of us who have lost our jobs, our homes, as well as our dignity and self-respect, do want to pay our obligations. A deferment or forbearance can only last for so long, and often SM will require a range of payments, if the loan is past due, before allowing a deferment or forbearance, to take place. For 6 months last year, I was homeless. My employer went bankrupt. My savings dwindled to nothing. SM expressed that they did not care. They wanted their money. A hardship forbearance, was granted, but I was told that interest would continue to accumulate, with higher payments. I got back to work, at another company, before being laid off, only after being a month at this new company. I was unable to make my payments to SM. SM threatened with me all the consequences of defaulting. They would go after me with the same legal force that the IRS has. I found out I was not eligible for unemployment. I have been told that Department of Education, has an ombudsmen. However, I have found out that it is being staffed by a private loan company, who uses whatever information obtained, for the purposes of debt collection. Basically, lenders like myself, are between a rock and a hard place. Where does it end?

I am hearing that more and more people are defaulting on their student loans. This time is not necessarily the rich and famous. The elite. It is Joe and Mary with a foreclosure on their home. Having to move in with relatives. Unlike credit card debt, there are little or few options, with virtually no protection. Reforms and changes need to be made!

Thank you