

Macias, Wendy

From: [Redacted]  
Sent: Tuesday, June 16, 2009 2:47 PM  
To: negreg09  
Subject: new rules

With regard to student loans that go into default:

I believe a more efficient system would be to go straight from default to garnishment.

The current system promotes penalties (sometimes tripling the amount owed), interest on the penalties, collection fees and outside agencies collecting on Federal accounts. This promotes three problems:

1. The penalty amounts make size of the loan unrealistic for a repayment. An immediate garnishment would be more merciful and simpler to administer.
2. It has led the Department of Education to continue to apply policies that other government agencies have abandoned. The Internal Revenue service, for example, has discontinued the use of outside collectors and does enter into negotiated amounts to settle debts owed to it.
3. It leaves the Department of Education open to lawsuit on grounds such as "negligent supervision" and "collusion" in that they become responsible for the conduct of private collection agencies.

By contrast, a garnishment can be set up with one letter to an employer, and all funds collected go to the government ---- to whom it is truly owed.

With thanks, I am

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(either the free or 1.24/yr version)

Lauren found her dream laptop. Find the PC that's right for you.