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**Macias, Wendy**

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**From:** [REDACTED]  
**Sent:** Tuesday, June 16, 2009 3:55 PM  
**To:** negreg09  
**Subject:** Student Loan Comments

I graduated in 1990 from a technical school with a BS degree. I borrowed about \$35K in total. I consolidated several loans I had a few months later into a single FFEL government-backed loan and made payments to Sallie Mae.

I paid on the loans for over 17 years and never once missed a payment. I did however have several forbearances along the way due to an extended illness and periods of unemployment in which I was not required to make payments. Not once did Sallie Mae ever have to call me or send letters to remind me of a missed or late payment.

My wife and I inherited some money a while back and decided we wanted to use it to pay off that long term debt. Thinking everything was on track with my 20-year loan, I soon discovered about a year ago that my balance was now \$85 more than what I originally borrowed so many years ago!!!

Needless to say, we were completely stunned!!! I found out that we had paid Sallie Mae over \$64,000 in payments over 17 years and had not reduced the principle on my student loan one dime!!!

I had always received payment coupon booklets through the years from Sallie Mae to submit with my check and mailed to them every month. I never once received a statement that would have warned me long ago that something was going badly wrong with my loan. I had no idea what was happening or an indication of anything abnormal with the way my loan was being handled.

I had also always thought it was set up like an amortized car or house type loan showing the amount I borrowed, a fixed interest rate (@10%), a set monthly payment amount, and a fixed repayment term. Even the disclosure documents I originally received/signed led me to believe that was the kind of loan I had. After much investigation though, I soon found out it wasn't as it appeared. These loans are set up just like revolving credit cards and with interest calculated on a daily basis. I also found out that once consolidated, I was stuck with the 10% interest for the life of the loan and could not refinance even though current rates were now half that amount.

Since there is also no grace period for making payments each month, if the borrower is even one day late in their payment posting, extra interest is accrued. Over time, this can add up to hundreds or even thousands of dollars still owed at the end of the repayment term. Logic would dictate that the chance of any borrower getting their payment paid/ posted by the official "due date" every single month over such a long repayment period is slim to none.

For me, the forbearance periods are obviously what contributed to the considerable accrued interest being rolled back into the loan and affecting the balance although I did not understand at the time what impact this was actually having. With no information at all to go on, I was batting blind. If I had received statements instead of payment coupons showing how my payments were being applied and the overall progress being made (or not in my case), I could have taken action years ago to avoid what eventually happened.

In my view, these lenders are clearly misleading borrowers on the loan terms being signed for. The documents are most often loaded with legal jargon in the fine print that few at any educational level can fully understand

before signing on the line. Even a document as simple and straightforward as the disclosure statement misleads borrowers on the type of loan they are being set up with. Somehow, the word "disclosure" must not apply to Sallie Mae.

Lenders like Sallie Mae are also hiding valuable information on account activity or how payments are being applied by not presenting borrowers with monthly statements as they should be required to provide on all loans. I cannot think of any other type of loan that doesn't provide some kind of monthly statement to show the borrower basic account activity.

In the early days of my loan, there was no such thing as the internet or online access to view account information. And since Sallie Mae was located far away in another state, all that I (or any borrower) could do is call their Customer Service if there was a question. For me, I really had no reason to question how my payments were being applied and thought everything was on track to logically conclude at the end of the agreed-upon loan term. Looking back now, that was a huge and very costly mistake.

As many borrowers have now also discovered, there are virtually no consumer protections left for student loans. For some reason, our intelligent lawmakers decided that was a good idea (along with the help and advice from these student loan lenders of course). The current laws as written will/already have resulted in a lifetime of financial ruin for many. This forever-accumulating debt has positioned some borrowers to never have the ability or resources to repay their obligations...or a way to seek permanent financial relief when they are in trouble. Sallie Mae and other student loan lenders are on a legal pedestal that is virtually impossible to penetrate and they know it. Other financial institutions could only dream of having the same protections as does Sallie Mae. This must also be the reason why they are considered one of the most profitable lending institutions on the planet.

In my view, lenders like Sallie Mae are not doing borrowers any favors by granting forbearances or deferments. They are only postponing or adding to the amount of grief borrowers will eventually experience when life's uncertainties come knocking at the door.

I shudder at the thought of what is to come for all of these young students who are now graduating and are saddled with huge amounts of student loan debt to repay. With few jobs available in a struggling economy, the stage is already set from the beginning for assured failure by honest, hard working people who are simply trying to better themselves. They will have no idea of what they have gotten themselves into until it's too late. With one out of three student loans borrowers now expected to default within the next 1-2 years, the cash registers at Sallie Mae are ringing a tone of financial bliss. And with government backing and laws that clearly favor them over the borrower, Sallie Mae has nothing to lose and much to gain.

I have made it my life's ambition to educate as many people as will listen to my own story and advise against obtaining any kind of student loan under any circumstance...and especially those offered from Sallie Mae.

One thing is for certain...the student loan interest clock will continue ticking...unabated... no matter what your life circumstance may be.