Macias, Wendy

From: [redacted]
Sent: Wednesday, June 17, 2009 9:58 PM
To: negreg09
Subject: No Standard Consumer Protection for Student Loans
Attachments: Student Loan.doc

Please initiate standard consumer protection for student loans.

I've paid over 55K on an original debt of 37K.
Over the last twelve years, I've paid nearly 400 / month against the original 37K loan(s)
And yet I still owe 20K???!!!

The figures above are factual and based on Sallie Maes and the U.S. Department of Educations paperwork.
Please review the attached and feel free to contact me if you want to know more.

Kind Regards,

[redacted]

Thank you for the story about the high cost of student loans. At issue is the exorbitant amount of financial burden that may occur as life happens along the way.

I went thru some serious "life issues" in the mid 1990's and my loans fell into default, but shortly thereafter they were all "rehabilitated." Paid up in other words. Look at the attached spreadsheet; I paid these loans and with more than reasonable interest.

I graduated in 1995 with 37K in student loans. Repayed the loans for a couple years; defaulted and was charged nearly 6K in penalties. That was 1998. Over 10 years I paid an average of 400 / month, finally rehabilitating the loans since the default had essentially wiped out my credit.

By October 2006, both my records and Sallie Mae agreed that I had paid about 48K on the original debt, yet they claimed I still owed over 30K on the same loans!!!
No new loans were made, I only signed up for 37K in loans. I'd made payments to at lease a half dozen different organizations - volumes of records requiring a doctorate degree in finance to fully understand.

I'd made payments to the Education Loans Servicing Center, U.S.A Group Loan Services, NelNet, Sallie Mae, United Student Aid Funds and other collection agencies; a huge shell game. I'd had it! I was losing my mind over this issue, and to this day I'm more stressed about this than anything else I've yet to encounter in my 50 years.
I wrote to everyone;
BBB
US DOE
Office of the Attorney General
Consumer Reports
Senate Banking Committees

I finally decided to pull all my loans from Sallie Mae and consolidate with the DOE.
I consolidated 28K with them –yep; that same 37K in loans.
Look a the comparison to the Housing crisis - people by a home and then realizing a few years later its not worth what they paid for it so they walk away …

I got a37K education, to date I've paid over 55K on that original 37K loan. I've paid that debt – with reasonable interest. Tack on the additional 25K yet to pay, add the interest to that sum over ten years and I'll ultimately pay over 100K for that 37K worth of education.

I didn't get 100K worth of education – why should I pay for it. Most of us try very hard to pay our loans, there should be some type of amnesty bill made available for those of us who can show we paid our debt.
I'll take this loan to my grave, after they've garnished my social security to pay the rest of it off...

Yearly Totals All Organizations	
1995	$495.03
1996	$1,543.03
1997	$5,343.02
1998	$0.00
1999	$5,143.27
2000	$5,430.76
2001	$6,574.52
2002	$6,925.00
2003	$6,968.73
2004	$4,892.82
2005	$6,155.20
2006	$4,414.83
DCS Adj	$370.18
Total Paid on 37.6 K debt	$54,256.39
Avg Yearly Pmts	$4,173.57
Avg Yearly Pmts 1995 - 2000	$2,992.52
Avg Yearly Pmts last five years	$6,303.25

	Totals
1995	$41.25
1996	$128.59
1997	$445.25
1998	$0.00
1999	$428.61
2000	$452.56
2001	$547.88
2002	$577.08
2003	$580.73
2004	$407.74
2005	$512.93
2006	$367.90
Avg Monthly Pmts	$374.78
Avg Monthly Pmts 1995 - 2000	$249.38
Avg Monthly Pmts last five years	$525.27

Macias, Wendy

From: [redacted]
Sent: Wednesday, June 17, 2009 10:11 PM
To: negreg09
Subject: Suggestions to fix postsecondary education regulation

Dear Honorable Senators and Represenatives,

In response to the Department of Education's request for public comment on the future of higher education I have the following suggestions. I hold two degrees: a bachelor's degree in biology from Rutgers the State University of New Jersey and a professional degree in chiropractic from the private nonprofit school Life University in Georgia. My comments reflect my own experiences at these two institutions.

My largest concerns in education have to do with the glaring lack of protections for student borrowers. In [redacted] book "Student Loan Law" there is a passage describing how DOE fell to rubber stamping postsecondary institutions due to a lack of resources. The current climate does not appear to have substantially changed. Regulation of accreditation agencies is very loose with complete acceptance of subjects that have no basis in scientific fact or scholarly inquiry, for example recognition of accreditation for astrology and alternative health care fields that are not evidence based.

My experience at Life University, a chiropractic professional school, revealed the pitfalls of this policy. In a recent complaint to DOE I showed that Life University violated both state law and accreditation standards for a decade yet went without reprimand by its accreditor the Council on Chiropractic Education. The worst of the violations included aching a false system of diagnosis that predisposed graduates to malpractice and insurance fraud as well as false advertisements in official admissions publications. The accreditor was initially very uncooperative and tried to stonewall my complaint. DOE was able to force a response that led to and admission of guilt by the program's accreditor yet DOE stated that it had no obligation to warn graduates of the program that they were unqualified to practice or force the program to make reparations to students. DOE stated that it was the responsibility of state licensing boards to determine the fitness of graduates to be licensed yet these boards rely on accreditation to show that graduates learned the required curriculum. Because an admission was never made, these programs scapegoat graduates individually for systemic problems and many patients are harmed both physically and financially. Aside from minor cosmetic changes at the institution, the program retained its eligibility for federal loans and continues many of the same practices today.

I was placed in an ethical dilemma regarding my own education. On the one hand, the lack of training I experienced clearly placed me at risk for malpractice and insurance fraud so practicing with the degree was ethically questionable. On the other hand, DOE would not remove the accreditation of the program so no lawyer would take the case on contingency and allow me to sue the school for fraud. I had no recourse in the Sallie Mae system. I learned of the provision for a Borrower's Defense in the Direct Loans program and am now filing to discharge my loans.

It is inherently unfair that borrower's in the Direct program can file Borrower's defenses while Sallie Mae borrower's can't. This needs to be changed so all borrowers have this right. Second, students should be made aware that Borrower's Defenses are an option by including text about them in student loan entrance and exist documentation. ese defenses are an important feedback to help DOE get feedback on schools that are violating state law and should not be eligible for financial aid.

The issue of false advertising is very serious. Chiropractic schools in particular run amok with it. Reputable published studies show that most of the chiropractic schools are using false advertising. Typically they set themselves up as private nonprofit institutions so that they can avoid regulation by the Federal Trade Commission (FTC) for false advertising. They also try to lobby to escape state regulators, as Life did in Georgia. Outside of these regulators, they have free reign to engage in false advertising knowing that their accreditors will not enforce regulations if the majority of institutions are violating standards. To stop them we need to end the exemptions and mandate that the FTC regulate all nonprofit institution advertising and ensure that no false or misleading ads are allowed. Repeat violators should be ineligible to participate in the federal student loan programs.

Another problem is that the formulas that are used to figure student loan defaults greatly underestimate them because they do not count loan consolidation defaults. Many students default on loan consolidations yet the schools which they attended are able to have an artificially low default rate. This needs to stop.

Borrower's defenses and increased regulation would greatly lower default rates and prevent substandard program. It is not fair that students should be scapegoated as deadbeats when the reality is that poor regulation allows substandard academic programs to flourish and use illegal tactics to induce them to attend. We must attack the problem at its source, the schools, not blame the victims (the students) for the problems that the schools cause.

Sincerely,

[redacted]