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From: [REDACTED]
Sent: Monday, June 15, 2009 2:37 PM
To: negreg09
Subject: Important Comment on Student Loans

I am writing with comments regarding the student loan system. I am a consumer advocate and class action attorney. I am also a student loan borrower. The problems I would like to see addressed with student loans are:

1. Restoration of basic consumer protection to student loans, including:
 - a. Bankruptcy protection -to at least the private student loan industry. There is NO basis for excluding private student loans from bankruptcy protections when the lenders get all the same benefits of credit card companies. As studies have shown, exempting private student loans from bankruptcy has NOT resulted in lower interest rates as the private lenders predicted it would. Consider removing the protection on federal loans too. Everone deserves a change to start their lives over if they've come across tough times. If someone can buy a Porsche and a beach house and get out scott free in bankruptcy then someone seeking to better their life should have the same protection.
 - b. Protect student loan borrowers from abusive and harassing collection policies. These are by far the largest and most shocking reports we receive from students. The Fair Debt Collection Practices Act should apply to First Party student loan lenders, both federal and private. The collection techniques used by some companies border on extortion.
2. Stop lender relationships with schools.Despite legislation, this practice lives on.
3. Do NOT award the federal student loan servicing contract to a company that has a reputation for abusing its customers and mismanaging accounts..
4. Reduce the interest rate on federal student loans. Federal student loan rates, up until just recently were 6.8%. They are still WAY to high. My private student loans, which I took between 2002-2004 at a variable rate are currently between 3.75% and 4.5%. It is unreal that federal loans currently cost more than my old private student loans. It goes to show that these rates have not been adjusted as they should be over time.
5. The federal student loan rate is still 6.8% on unsubsidized federal student loans. There is no reason for a different interest rate between subsidized and unsubsidized loans as they all go to students in need of funds to pay for their education. Just because a student's parent makes money does not mean the student gets any of it. With the prime rate at its current state, 6.8% is WAY too much to be charging for loans people are using to better their future.
6. Force private student loan lenders to engage in work out programs with students who are unable to pay their loans. Currently, these students have no recourse aside from leaving the country to avoid the aggressiveness of these lenders. If the government has to provide incentives to private lenders to engage in work out programs then so be it but something has to be done to help the students who want to pay back their loans but just can't afford the monthly payments the lenders are demanding.
- . Change the policy on tax exemptions to allow all interest paid on student loans (federal and private) to be deductible regardless of the students' income and regardless of the amount of interest paid. People should be

