



February 28, 2008

Dear HEA Conferee:

The Student Loan Information Access language in Section 423 of the H.R. 4137 legislation requires lenders to provide free and timely information to colleges and their third party servicers that are helping their students avoid going into default on their student loans. This information is strictly limited to information needed specifically for default prevention and does not include any medical records, bank account information, credit reports or any other information unrelated to default prevention.

While opponents of this pro-borrower provision have attempted to create the doomsday scenario whereby borrower information is compromised, it simply isn't the case. As stated in a November 2007 letter from the Consumer Bankers Association, "Under current law educational institutions and, with their authorization, their third party servicers, can request information from loan providers for the purpose of working with borrowers to avert defaults." This codifies the existing requirement that lenders work with schools and their agents to reduce defaults and help keep student borrowers from needlessly hurting their future credit rating.

The problem is that several entities in the FFELP community either refuse to share this information or do so in a manner so untimely that students go into default when it could have been avoided. We note that under existing law, guaranty agencies are already required to provide schools with appropriate data, including contact information, on delinquent borrowers who received loans for attendance at the school. Information is currently carefully utilized for these purposes although the information is often inaccurate and is not received until after default aversion assistance is requested when the borrower is 60-120 days past due. If this is the sole source of information, it does not allow for accurate early intervention when the loans are most likely to be cured. Most importantly, there is no need for the wider dissemination of data provided in Section 423. The Student Loan Information Access language in H.R. 4137 insures collaboration with vital information to prevent unnecessary student loan defaults.

Champion College Solutions (Champion) has been in business for 19 years, servicing between 120,000-180,000 borrowers a year. We have successfully lowered cohort default rates by offering borrower education and debt counseling for student loan borrowers. The company does not make loans, pay off loans, or get a percent of collected loans. Schools pay a monthly fee per borrower for the borrower education and debt counseling because the schools' reputation and Title IV eligibility and benefits are dependent upon their cohort default rates.

Student loan information access has been an issue for the entire time that Champion has been in business. We've been working to educate Members of Congress and their staffs for many years because some lenders refuse to provide information that is critical to quality borrower education and default prevention. This lack of cooperation has fueled the need to legislate and mandate cooperation from the FFELP community. The U.S. Department of Education supports information sharing for Direct Loans and has encouraged it for FFELP Loans for many years.

The statements from the named entities in a letter sent to potential HEA conferees earlier today are misleading and inaccurate. Companies like Champion College Solutions, who offer default prevention services, are an agent of the school and, technically, already have access to the "identifying" information such as borrower's Name, Social Security Number, birth date, contact information and loan information through the school's financial aid processes. The information requested from the lenders, servicers, and guarantors is non-identifying and needed to best counsel the students borrowers. This is not a security issue.

If medical information and other private information are being shared with the student loan community, the breach is covered under HIPPA and FERPA laws and is enforceable. This information, however, is not needed or requested for the purposes of default prevention. These accusations are not valid or relevant to Section 423 of H.R. 4137 that specifies information sharing solely relevant to and for the purpose of default prevention.

Champion College Solutions has never had a breach in security. All employees go through extensive background checks, we have a state-of-the-art computer security system, have security cameras in place, and regularly monitor phone calls to insure quality servicing.

Not all federal student loan participants agree with protests of the legislation. Many very large FFELP companies regularly comply and grant access to borrower information for the purpose of borrower education and default prevention. In fact, the Gramm-Leach-Bliley Act (GLB) under Title V – Privacy statute recognizes that there are circumstances in which the nonpublic information needs to and should be shared with non-affiliated third parties and spells out the requirements for doing so. This in conjunction with requirements captured in the Master Promissory Note meets both the intent and the letter of GLB.

The Student Loan Information Access language in Section 423 of H.R. 4137 will assist in default prevention, save federal and taxpayer money, and most importantly give the students the highest quality of borrower education and beneficial debt counseling.

We appreciate and request your continued support of the Student Loan Information Access legislation.

Please, contact me should you have any further questions or concerns at (602)677-1149.

Best Regards,

Mary Lyn Hammer
President and CEO

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