July 26, 2016

U.S. DEPARTMENT OF EDUCATION
ATTN: Jean-Didier Gaina
400 Maryland Ave., SW, Room 6W232B
Washington, DC 20202

RE: Docket ID ED-2015-OPE-0103

Dear Ms. Gaina,

Thank you for allowing Champion College Services to submit comments for the above referenced Notice of Proposed Rulemaking. My intention in respectfully submitting these comments is to request the implementation of rules to ensure all schools are held to the same accountability standards as an endeavor to truly protect students.

Over Champion's 26+ year history representing the best interest of several million student loan borrowers, we have established our company as an advocate for students, especially those who are considered "at-risk." We pride ourselves in changing people's lives by providing borrower education and financial literacy information and guidance. Our programs lift students to establish lives as responsible and financially independent citizens; especially those with little financial guidance at home due to multigenerational family structures enmeshed in poverty or dependency on entitlement programs.

I understand the specific individual needs of at-risk students. I was an at-risk student; I grew up in an extremely abusive home; and I used my education experience at a private career college to change my destiny. While my degree from this proprietary school was not my only education, it was the foundation I needed to leave my past behind me and grow into a successful, contributing taxpayer, female business owner, and employer. I made it my mission to help other at-risk students change their destinies by offering effective behavior-changing support through my company, Champion College Services, formerly "Hands On" Default Management, and I am proud to say that to date, we have supported over 3 million student borrowers.

I understand students' needs, but I also understand the history of default management since I was a central part of it. To my knowledge, I was the first full-time student loan default manager in the history of this country. I helped the U.S. Department of Education write "Appendix D", the original regulatory criteria for default management that was published in June 1989. Since then, I have assisted in writing both legislative and regulatory language for the majority of changes and additions that have affected default management and loan repayment including defining cohort default rate (CDR) adjustment and appeals options, helping to draft the ED's original Default Management Guide, and the rewrite of Appendix D into "Subpart M" and "Subpart N". I have attached my biography at the end of these comments for your information.

7776 S Pointe Parkway W, Suite 250 | Phoenix, AZ 85044 | (800) 761-7376 | (480) 947-7375 | Fax (480) 947-7374

Schools in ***every*** sector need high levels of oversight however I, along with many others, am concerned that extreme focus and monitoring of proprietary schools has allowed the failures of public and private institutions to occur without corrective measures being implemented to protect students. This is evident in the June 2016 list of institutions on heightened cash monitoring[1], most being sighted for "financial responsibility," that includes 110 public institutions and 114 private institutions in addition to those proprietary institutions listed. This fact alone should warrant holding all institutions accountable to the same standards of quality and oversight so that ***every*** student is protected equally.

Please, note that since the first list of schools on heightened cash monitoring was publicly released, the number of public institutions on the list are increasing and the number of private nonprofit and proprietary schools are decreasing.

Cash Monitoring Reporting Period	Total Schools	Public Schools	Private Schools	Proprietary Schools
3/1/2015[2]	543	99	121	323
3/1/2016	528	109	115	304
6/1/2016	513	110	114	289

Additionally, schools other than proprietary schools are closing and have recently been in the news referring to school closures as well as financial, academic, and other difficulties including Dowling College[3] (NOT on cash monitoring list), Burlington College, the University of California at Berkeley[4] (NOT on any cash monitoring list), and the University of Wyoming[5] (NOT on any cash monitoring list) to name a few. **When these private and public institutions are excluded from quality and protective regulations, the students attending them are at risk for the same consequences as those students who attended schools like Corinthian Colleges.** Dowling College news interviewees[6] have made statements like, *"They could have been more honest with them to tell them where they were (financially)."* This drives home the fact that private and public schools should be held to the same standards that protect the students' best interest and the federal fiscal interest as defined in these draft regulations.

Categorizing all proprietary schools in a negative light deceives students by leading them to falsely assume public and private institutions are safe or financially secure. Consider that the Department's own databases show that there are many high performing proprietary institutions and the data shows that there are many private and public institutions that should come under a higher level of scrutiny to protect students.

The quality indicators for sector-level performance based on FY 2012 institutional cohort default rate (iCDR) data (2015 PEPS300 data file) released in September 2015 show that the public and proprietary sectors **have almost identical statistics** for good quality indicators.

- The public sector has 909 colleges with iCDRs under 15% which is 58.0% of all public sector colleges with at least 30 borrowers in their iCDRs.
- The proprietary sector has 930 colleges with iCDRs under 15% which is 57.3% of all proprietary sector colleges with at least 30 borrowers in their iCDRs.
- When the default rates are averaged, giving each institution equal consideration, the public and proprietary sectors have the ***exact same average iCDR of 13.9%.***

[1] https://studentaid.ed.gov/sa/about/data-center/school/hcm

[2] First public report.

[3] http://college.usatoday.com/2016/06/01/dowling-college-in-new-york-to-shutter-its-doors-on-friday/

[4] http://www.sfgate.com/education/article/UC-Berkeley-looking-at-sports-cuts-layoffs-to-6819196.php

[5] http://www.laramieboomerang.com/news/local_news/university-of-wyoming-enters-financial-crisis/article_f6909de2-337d-11e6-abe1-0f57ec720e94.html

[6] http://www.city-data.com/forum/long-island/2612469-dowling-college-close-after-losing-accreditation.html

FY 2012 SECTOR-LEVEL iCDR DATA QUALITY INDICATOR FACTS[7]							
SECTOR	iCDR in ED's 9/30/2015 BRIEFING	iCDR in ED's 2015 PEPS300 SCHOOL DATA	AVERAGE iCDR from 2015 DATA	GOOD QUALITY [8] (LESS THAN 15% iCDR)		BAD QUALITY [2] (OVER 30% iCDR)	
				# COLLEGES	% of TL	# Colleges	% of TL
PUBLIC	11.7% (11.8% correct)	11.7%	13.9%	909	58.0%	6	<1%
PRIVATE	6.8%[9]	7.2%[3]	6.5%	1,389	90.7%	1	<1%
PROPRIETARY	15.8%[3]	15.4%[3]	13.9%	930	57.3%	18	1.1%

The iCDR trends over the last four years show that the public institutions have rapidly escalating numbers of students in default and in their percent of total defaults nationwide while the proprietary sector has shown a significant reduction in its percent of total defaults. In fact, the proprietary sector is the *only* sector that shows a decrease in the percent of total borrowers in default over the last four years.

- Public sector defaults ***increased*** from 41% of total to 51% of total defaults while the percent of total borrowers in repayment remained at 51% indicating ***escalating*** iCDRs.
- Private sector defaults ***increased*** from 13% to 14% of total defaults while the percent of total borrowers in repayment decreased from 23% to 22% indicating ***escalating*** iCDRs.
- Proprietary sector default ***decreased*** from 44% to 36% of total while the percent of total borrowers in repayment increased from 26% to 27% indicating ***decreasing*** iCDRs.

iCDR DATA TRENDING FROM FY 2009 TO FY 2012								
SECTOR	FY 2009 3-YEAR iCDR				FY 2012 3-YEAR iCDR			
	Borrowers in Default		Borr Ent Repayment		Borrowers in Default		Borr Ent Repayment	
	# Defaults	% of TL	# Repay	% of TL	# Defaults	% of TL	# Repay	% of TL
PUBLIC	204,732	41%	1,843,809	51%	306,443	51%	2,610,430	51%
PRIVATE	62,729	13%	835,941	23%	81,781	14%	1,139,356	22%
PROPRIETARY	208,962	44%	924,511	26%	214,880	36%	1,399,425	27%

As you can see, these iCDR trends support the need for consistent oversight of ALL sectors of education. When only one sector is focused upon, the other sectors start showing trends that do not serve the students' best interest or the federal fiscal interest.

With that said, please, find attached my comments to the above referenced NPRM. Please contact me should you have any questions or need additional information, I am happy to assist you.

Your time and thoughtful consideration of these comments is greatly appreciated!

Mary Lyn Hammer
President & CEO

[7] These statistics have been verified for accuracy in Independent Accountant Reports as published in Ms. Hammer's investigative report, *Injustice for All*, available at www.MaryLynHammer.com.

[8] Includes schools with 30 or more borrowers in the iCDR.

[9] ED's press release for official FY 2012 iCDR rates for the private and proprietary sectors did not match their available data for the same.

GENERAL COMMENT #1: SUPPORT OF HOUSE EDUCATION AND THE WORKFORCE COMMITTEE JOINT STATEMENT (EXISTING §685.206(c) AND PROPOSED § 685.222)

We support the joint statement below issued by the House Education and the Workforce Committee Chairman, John Kline (R-MN), and Higher Education and Workforce Training Subcommittee Chairwoman, Virginia Foxx (R-NC), that was released on the same day that the Department published the advance draft of the NPRM.

> *When a school commits fraud against a student, there should be a fair process in place to hold the school accountable and provide relief to students. Congress has given the administration the tools it needs to do just that, and the administration has been urged time and again to use those tools in a responsible way. Yet once again, the department is rejecting the reasonable approach for an extreme, partisan approach. This vague and subjective regulatory scheme—which totals more than 500 pages—threatens to ensnare institutions that are following the law and serving the best interests of their students. Taxpayers will be on the hook for billions of dollars in discharged loans, and ultimately, students will have a harder time accessing the education they need to succeed in life. This proposed regulation should be withdrawn and current protections for students should be enforced in a fair, responsible manner.*

GENERAL COMMENT #2: BUDGET PROCESS AND ACCURACY OF INFORMATION FOR TAXPAYERS

We are concerned that the budget numbers reflecting the financial consequences of these regulations upon taxpayers may not be accurate, as has been the case in numerous budgetary estimates released by the Department as sited in a July 2016 GAO report (http://www.gao.gov/assets/680/678373.pdf) beginning on page 20.

Additional concerns have been expressed about the accuracy of the Department's budgeting process most recently by both Congressional Budget Committees through the July 14, 2016, letter written to Secretary King by Rep. Tom Price, Chairman of the House Budget Committee, and Senator Mike Enzi, Chairman of the Senate Budget Committee. A copy of the letter is attached for your convenience.

> *"This is the latest in a series of administrative actions taken by the Education Department under this administration that have substantially increased the cost of the Federal direct student loan program. The program is scored for budgetary purposes under credit reform procedures described in Title V of the Congressional Budget Act. There are at present no budget control mechanisms to limit the cost of administrative changes to the student loan programs made pursuant to current law, however great the cost or the departure from long-standing policy. This administration has used its discretion to spend billions of unbudgeted dollars, most recently via a loan repayment/forgiveness rule published last October that the Department estimated would cost taxpayers $15.3 billion over 10 years.*
>
> *"Notably, the Department has a very poor record of estimating the cost of such proposals. The Wall Street Journal concluded recently that "loan-forgiveness expansions have already cost many times more than projections." Indeed, over the past two years, the Department has been forced to raise its estimates of the direct loan portfolio's costs by $20 billion, largely due to flawed, internally generated projections that underestimated the extent to which borrowers would respond to clean incentives to lower their monthly payments and pursue loan principal forgiveness. This does not inspire confidence about the Department's ability to predict how this new proposed rulemaking will affect the behavior of borrowers, schools, and other interested parties—or its ultimate burden on taxpayers."*

Taxpayers are potentially liable for many billions of dollars of claims that lack adequate due process. Additionally, the cost for institutions to comply with these regulations may not be accurately budgeted and may cause further financial duress that adversely affects the stability of colleges, the affordability of higher education and access to higher education especially among at-risk students.

We implore the Department to conduct further analysis of the significant financial burdens associated with these regulations and publish them with additional public comment periods to insure that those affected by these regulations are given a chance to examine and comment on accurate costs for implementation.

GENERAL COMMENT #3: FAIR, EQUITABLE, REASONABLE REGULATIONS AND APPLICABLE TO ALL SCHOOLS

We ***know*** that there are good schools and bad schools in ***every*** sector of higher education. The tax filing status of a school does not indicate good or bad behavior. ***Every school should have equal oversight so that every student is protected.***

If federal regulations would be considered unfair, inequitable, and unreasonable for public and private institutions to comply with, then those regulations should not apply *only* to proprietary institutions. In contrast, if quality standards and oversight are fair, equitable, and reasonable for all institutions, then these regulations are most likely appropriate and should therefore be applied to all institutions.

GENERAL COMMENT #4: ADDITIONAL ITEMS FOR CONSIDERATION TO PROTECT STUDENT BORROWERS

While we acknowledge the Department's efforts to address numerous issues to protect students and the federal fiscal interest, there are several areas that were not included in **Docket ID ED-2015-OPE-0103** that would also protect students and the federal fiscal interest. Since the purpose of these regulations is to protect students, we believe that inclusion of these items is needed and appropriate.

MANDATORY APPLICATION OF STUDENT LOAN PAYMENTS

Several loan servicers for the federal student loan programs (both FFELP and FDSLP) have been applying "additional" payment amounts to future payments as defined in the amortization schedule instead of applying them toward principal reduction. Not only is this practice illegal in many states, the servicers have made it very difficult for the borrowers to correct these payment applications.

The solution to protect borrowers trying to pay their loans off early is to specify the way payments should be applied. Unless specifically directed otherwise, payments should be applied in the following order:

1. Late fees
2. Accrued and unpaid interest (***not*** future interest that has not accrued)
3. Principal

If payments are applied to future payments as defined in an amortization schedule or otherwise, they should be backed out and reapplied as described above. Because many borrowers have not been educated about this practice, we believe that servicers should be mandated through the Department's revised servicing guidelines and contracts to make these corrections even if the borrower has not requested the payments to be properly reapplied.

CORRECT THE DEFAULTS RESULTING FROM IMPROPER SERVICING DURING AND AFTER LOAN TRANSFERS

The Department has failed to address the borrower defense for those student and parent federal student loan borrowers who inadvertently went into default status as a result of portfolio transfer problems and loan servicing issues during and since the transition to 100% federal direct lending that began on July 1, 2010. The situations addressed herein outline circumstances that incorrectly placed federal student loan borrowers into default status. The Department should reverse the incorrect default status and put affected loans back into good standing; rectify adverse financial consequences wherever possible; correct the borrower's credit record by removing adverse reporting to the major credit bureaus; and correct relevant cohort default rates (CDR) at the institutional level (iCDR) and programmatic level (pCDR).

Loans affected by this include but are not limited to the following:

1) Those Federal Family Education Loan Program (FFELP) student loans that were purchased by or transferred to the US DOE and subsequently placed into default status for the following US DOE loan holder portfolios shall be removed from default status within 60 days of publication; shall be placed in current repayment status with the federal loan servicer that already services the borrower's current loans, if applicable; shall be given a credit towards principal reduction for all interest, penalties, and collection fees that should never have been assessed; and shall have negative credit information removed from the borrower's credit history.

    - 2009-2010 LPCP with an FY 2009 iCDR of **54.3%** (1,294 borrowers in default)
    - ABCP CONDUIT 09-10 with an FY 2009 iCDR of **59.8%** (26,774 borrowers in default)
    - ABCP CONDUIT 09-10 with an FY 2010 iCDR of **56.7%** (25,443 borrowers in default)
    - ABCP CONDUIT 09-10 with an FY 2011 iCDR of **58.6%** (14,455 borrowers in default)
    - ABCP CONDUIT 09-10 with an FY 2012 iCDR of **56.0%** (3,916 borrowers in default)
    - Any subsequent student loan defaults for the ABCP CONDUIT 09-10 loan portfolio

2) Those student and parent federal student loan borrowers who had at least one loan in good standing for a period of at least 60 consecutive days during the FY 2009 3-year iCDR or any subsequent iCDR servicing year and who also had at least one defaulted loan in the same period shall have all applicable loans removed from default status within 60 days of publication; shall be placed in current repayment status with the federal loan servicer(s) that already services the borrower's loans, if applicable; shall be given a credit towards principal reduction for all interest, penalties, and collection fees that should never have been assessed; and shall have negative credit information removed from the borrower's credit history. This includes both FFELP and Federal Direct Student Loans in general as well as those included in the following loan holder portfolios in particular:

    - 2007-2008 STPP with an FY 2009 iCDR of **27.1%** (19,598 total borrowers in default)
    - 2008-2009 LPCP with an FY 2009 iCDR of **21.2%** (148,171 borrowers in default)
    - 2008-2009 LPCP with an FY 2010 iCDR of **18.2%** (148,636 borrowers in default)
    - FDSL Program with an estimated FY 2011 iCDR of **30.4%** (238,812 borrowers in default)
    - FDSL Program with an estimated FY 2012 iCDR of **15.9%** (424,976 borrowers in default)

3) Those student and parent federal student loan borrowers who were included in loan portfolio transfers and had loans go into default as a result of incomplete or inappropriate loan servicing beginning on July 1, 2010, shall have the right to apply for a borrower defense claim to immediately relieve them of the burdens of default and rehabilitate their loans without the normal course of action.

    a) Borrowers can request such claim through any federal student loan servicer or third-party collection company.
    b) Applicable federal loan servicers and collectors are to provide copies of all loan servicing history for all relevant accounts within 30 days of the borrower's request;
    c) Should illegible or incomplete records be provided from the date the borrower's first disbursement was made through the date of the claim, the borrower shall be presumed innocent of the student loan default and will be removed from default status within 60 days of the claim date; shall be placed in current repayment status with the federal loan servicer that already services his or her loans, if applicable; shall be given a credit towards principal reduction for all interest, penalties, and collection fees that should never have been assessed; and shall have negative credit information removed from the borrower's credit history. This includes both FFELP and Federal Direct Student Loans.

4) Those federal student loans removed from default for any circumstance outlined in sections 1-3 above shall also be removed from the cohort default rates (CDR) for institution eligibility (iCDRs) and program eligibility (pCDRs) for the relevant institution(s). Based on these loan default adjustments, if an institution no longer faces loss of eligibility at an institutional or programmatic level or faces any other adverse action, those applicable sanctions and actions shall be removed and the corrected status shall be backdated to the date the institution became ineligible based on the inappropriate CDRs. The estimated numbers of adversely affected borrowers to be removed from default are as follows:

Fiscal Year	Name of US DOE Portfolio (FDSLP Est. Based on iCDR Data)	Portfolio CDR	National iCDR	# Borrowers in Default	Est. # Borrowers to Be Removed from Default
FY 2009	2007-2008 STPP	27.1%	13.4%	19,598	9,835
	2008-2009 LPCP	21.2%		148,171	54,516
	2009-2010 LPCP	54.3%		1,294	1,294
	ABCP CONDUIT 09-10	59.8%		26,774	26,774
FY 2010	2009-2010 LPCP	18.2%	14.7%	148,636	28,594
	ABCP CONDUIT 09-10	56.7%		25,443	25,433
FY 2011	ABCP CONDUIT 09-10	58.6%	13.7%	14,455	14,445
	FDSLP (Estimated Direct Loans)	30.4%		238,812	131,189
FY 2012	ABCP CONDUIT 09-10	56.0%	11.8%	3,916	3,916
	FDSLP (Estimated Direct Loans)	15.9%		424,976	106,912
Total Estimated Defaulted Borrowers (based on available data)				**1,052,075**	**402,918**

The borrowers included in those US DOE loan portfolios with default rates in excess of 50% are "presumed innocent" so all of these loans will be placed back into current repayment status. While there is risk that some of these borrowers may go back into default, there is a higher probability that they will have learned from the experience of being in default and will place greater importance on not going into default again.

For borrowers included in those US DOE loan portfolios with default rates in excess of the national average based on the iCDR (PEPS300) data, we have estimated the difference as the number of borrowers who should be placed back into current repayment status.

These estimates are based on available data. There may additional claims for subsequent non-public CDRs.

We believe that these corrections will be scored as a cost savings under federal budget methodology because fees and associated costs for defaulted loans are higher than fees for collecting loans in repayment; many of these borrowers have loans with more than one collection or servicing company so by moving them all to one servicer duplicate fees will be eliminated; and the correction for positive credit scores and the elimination of financial burdens for these borrowers will stimulate the economy by hundreds of thousands of people as they find financial stability.

COMMENTS TO NPRM SPECIFIC ISSUES

PROPRIETARY INSTITUTION LOAN REPAYMENT WARNING (§668.41(h))

Limiting reporting of repayment rates to proprietary institutions does not provide important necessary information to students to make informed decisions on where they attend college. Many programs of study offered at proprietary institutions are also offered at private and public institutions. Without the availability of comparable information, students will be making uninformed decisions because the potential earnings of like programs is similar no matter what sector of education is delivering those programs. If the goal of these regulations is to protect students, then students should have access to this information for ALL institutions.

For example: Using 2-year Private, Not-for-profit institutions' average loan debt of $13,356 at 3.9% interest and the average adjusted gross income of $16,756 (based upon earnings information provided by the Department in the FY 2012 informational gainful employment final data) for a single person living in Arizona, the following information resulted on the Department's repayment calculator (see attached.) (https://www.studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action#section1):

Original Loan Amount: $16,756

Estimated Monthly Payments: $0 in the beginning up to $123

Repayment Period: 240 months (up from 120 months)

Total Estimated Amount Paid by Borrower: $10,968

Total Estimated Amount Forgiven: $12,800

As you can see, the borrowers in the private not-for-profit model would also see a repayment rate that is "equal to or below zero percent" based on the large number of borrowers entering the PAYE repayment program. If this information is relevant to students considering enrollment at a for-profit institution, it is also relevant for those students considering enrollment at a nonprofit institution.

We believe that it is relevant to state for the record that the information available on this Department's website has significantly changed in the last two years from its original information that was collected for my testimony about loan repayment programs submitted to the Department of Education on October 23, 2014 (attached).

The original information for this model as seen in this screenshot differed from today's information as follows:

Estimated Monthly Payments: $0 in the beginning up to $83

Total Estimated Amount Paid by Borrower: $7,040

Total Estimated Amount Forgiven: $16,734

Repayment Plan	Repayment Period	Monthly Payment Initial to Final Amounts	Projected Loan Forgiveness	Total Interest Paid	Total Amount Paid
Standard*	120 months	$135 to $135	$0	$2,795	$16,151
Graduated*	120 months	$75 to $226	$0	$3,486	$16,841
Pay As You Earn**	240 months	$0 to $83	$16,734	$7,040	$7,040
Income-Based Repayment (IBR)**	300 months	$0 to $135	$6,985	$12,321	$18,692
Income-Contingent Repayment (ICR)**	240 months	$69 to $103	$0	$6,494	$19,850

NOTE: The Department originally had the "average loan balance" posted in several categories where today it is posted by sector with only 2-year and 4-year average loan balances available. The average loan balance information in today's 2-year private not-for-profit model matches the information in the 2-year private less-than-2-year model that I used in my October 23, 2014 testimony. More details about this are available in "Chapter 8: The Impact" of my special investigative report, *Injustice for All*, available at MaryLynHammer.com.

The following documents the different information provided by the Department that students are basing their financial decisions upon. It is alarming to know that schools and servicers like Champion are driving students to the Department's websites and the information has significantly changed, making us wonder which information is correct if any of it is correct.

Example: **AGI:** $16,756 **Student Loan Debt:** $13,356 **Interest Rate:** 3.9%	**Information Provided by the Department in October 2014**	**Information Provided by the Department in July 2016**
Estimated Monthly Payments:	$0 to $83	$0 in the beginning up to $123
Total Estimated Amount Paid by Borrower	$7,040	$10,968
Total Estimated Amount Forgiven	$16,734	$12,800

This also supports the fact that the Department's budget estimates have not only been inaccurate for responding to NPRM's but have also been inaccurate for students trying to make informed decisions about repayment choices and institutions they should attend.

CONSUMER WARNING (§668.41(h)(7)(i))

We applaud the Department for proposing to conduct consumer testing to help improve the effectiveness of the warning language for repayment rates.

We caution the Department from using language as suggested "for illustrative purposes" because it is misleading in nature as stated in the NPRM as follows:

- *U.S. Department of Education Warning: A majority of borrowers at this school are not likely to repay their loans.*
- *U.S. Department of Education Warning: A majority of borrowers at this school have difficulties repaying their loans.*
- *U.S. Department of Education Warning: A majority of borrowers who attended this school owe more on their student loans five years after leaving school than they originally borrowed.*

"A majority" implies more than 50% of students. The fact is that a majority of students repay their student loans and for institutions where they don't, Title IV participation is eliminated when the school default rate exceeds 40% or three consecutive years over 30%. Statements that contain "a majority" should only apply to references with verifiable data that proves more than 50% is accurate.

Many students have unsubsidized loans that accrue interest during and after they are enrolled in school; therefore, many students have student loan debt in excess of the original loan amount when they reach five years after leaving school.

Also, a negative amortization schedule that is an approved repayment schedule option developed by the Department itself does not mean that "a majority of students" are not likely to pay their loans or will have difficulties paying their loans. The Department's stated purpose for these repayment schedules is to give borrowers options so that they can successfully pay their student loans.

Many traditional and non-traditional students choose student loan repayment schedules that put them into negative amortization that results in repayment rate that is "equal to or below zero percent" for the first few years after graduating from college while they are building experience in their field of study that will likely lead to higher earnings.

We caution the Department against requiring institutions to publish statements that are misleading or don't represent all of the factors that affect student loan repayment rates, especially those that are not within the control of the institution like Department designed and approved repayment schedules that put students into negative amortization.

DEATH DISCHARGES (§674.61(a), §682.402(b)(2), §685.212(a), AND §686.42(a))

We support the allowance for death discharges to be granted based on an accurate and complete original or certified copy of a death certificate that is scanned and submitted electronically or sent by facsimile transmission, or verification of a borrower's, student's or TEACH Grant recipient's death through an authoritative Federal or State electronic database that is approved for use by the Secretary.

MISREPRESENTATION (§668.71 AND §685.222(d)(2))

We do not support the overly broad and undefined language proposed for defining "misrepresentation". The Secretary's discretion in determining misrepresentation under the proposed regulations is not clear enough for consistent application and is too subjective to prevent discrimination against certain schools, sectors, or student groups (those seeking specific education or training). The proposed regulations do not require processes that have traditionally been used in cases of fraud where it had to be proven that those accused of fraud "intended" the harm, where the accuser had to suffer damages, and where defined due process actions had to be performed by an unbiased entity or group.

We are concerned that Department employees who are ***not*** experienced contract or business law attorneys will be making legal interpretations that adversely affect the colleges before the colleges even have a chance to defend themselves.

These proposed regulations will result in widespread legal and constitutional challenges that do not help students, but only prop up the plaintiff and defense bar and will result in a new cottage industry of attorneys.

FINANCIAL RESPONSIBILITY AND TRIGGERING EVENTS (§668.171)

We do not agree with the Department's plan to potentially impose numerous letters of credit based on multiple, individual triggering events. Several events as defined may be related and, if counted separately, may for schools into an unstable financial situation that causes school closures instead of preserving quality education that students deserve of their institutions. This proposed language has the potential of bankrupting hundreds of schools if the Secretary's authority and unilateral decisions are not well-managed.

INTEREST CAPITALIZATION (§682.202(b)(1), §682.405 AND §682.410(b)(4))

We support the prohibition of capitalizing interest when a guarantee agency or FFELP Lender sells a rehabilitated loan and when a loan is rehabilitated.

We support the prohibition of capitalizing interest when the collections process has been suspended because a student is filing for a closed school discharge and when a student is filing for a "defense to repayment" discharge.

We do not support the prohibition of capitalizing interest when collection on a loan resumes because a student fails to submit appropriate documentation within the allowable time for a defense to repayment discharge. This proposed might allow students to file false claims in order to prevent capitalization of interest when they are not able to pay on their student loans.

BORROWER DEFENSES—GENERAL § 685.222

We do not support the proposed changes to these regulations. We believe that the proposed regulatory language is too broad and subjective and that it will lead to discrimination against certain schools, sectors, and students.

We believe that the existing definitions protect students to an appropriate degree and, if properly enforced, would ensure quality recruiting and education practices.

AGREEMENTS BETWEEN AN ELIGIBLE SCHOOL AND THE SECRETARY FOR PARTICIPATION IN THE DIRECT LOAN PROGRAM §685.300(b)(11), (d)

We disagree with the prohibition for allowing schools to require students to pursue borrower defense complaints or grievances through an internal institutional process before the student presents the complaint to an accrediting agency or government agency.

This, in essence, is like prohibiting marriage counseling before someone files for divorce or prohibiting an employer from working with an unhappy employee before the employee files an EEOC claim. Not only does this keep an institution from being able to rectify the situation in a timely manner, it will also lead to extraordinary costs for the student, the school, and the taxpayers.

A more appropriate approach is to allow the school a reasonable amount of time to correct the situation before escalating it to a costly process such as the one proposed by these regulations that could adversely affect students, schools and taxpayers.

ENCLOSURES:

- 20141023 Champion College Services Testimony - PAYE Expansion - Docket ID ED-2014-OPE-0124 (low res).pdf
- 20150619 Enzi Dodaro Letter.pdf
- 20160723 Private Nonprofit 2-year Repayment Model.pdf

BIOGRAPHY OF MARY LYN HAMMER

Ms. Mary Lyn Hammer's belief that *education is the vehicle for making dreams come true* has led her in a passionate fight, beginning in 1987, rectifying problems in the higher education industry to insure future participation for all students.

During her career in higher education, Ms. Hammer has touched more than 3 million students' lives through her companies and a nation of students through her advocacy work in higher education.

Ms. Hammer has worked closely with Congressional Representatives and key staff at the U.S. Department of Education on many issues over her 28+ year career in the higher education industry to insure program integrity and access to low income students.

Ms. Hammer's experience specific to the contents of this evidence include the following:

- **1988-1989** Ms. Hammer turned evidence over to Congress and the U.S. Department of Education (USDOE) and testified numerous times regarding a student lending corruption ring in California that put several companies out of business and cost the government an estimated $750 million to rectify.
- **1989** Her innovative *"Hands On" Default Management Program* was recognized by the USDOE for its remarkable results and was used as the basis for default management in what became known as "Appendix D". Ms. Hammer was active in aiding the USDOE in drafting this regulatory language for default management that was mandatory for high default rate schools from 1989 until 1996 and still exists today in rewritten regulations under "Subpart M" and "Subpart N".
- **1990-1993** As part of several laws affecting higher education and cohort default rates, Ms. Hammer helped draft statutory and regulatory language for cohort default rate (CDR) appeals.
- **1993-1995** She helped draft the *Cohort Default Rate Guide* and several revisions over the years.
- **1994-1998** Ms. Hammer worked with Congressional members on school-based loan issues and cohort default rate matters that became statutory language in the 1998 reauthorization of the Higher Education Act of 1965.
- **1999** She served as an alternate negotiator for school-based loan issues in the 1999 Negotiated Rulemaking.
- **2000** She served as a primary negotiator for school-based loan issues in the 2000 Negotiated Rulemaking. The original default management regulations under "Appendix D" were rewritten into "Subpart M" in addition to other loan issues.
- **2002-2008** Ms. Hammer worked with Congressional members on school-based loan issues and cohort default rate matters. Although she was opposed to increasing the cohort default rate (CDR) definition, she was instrumental in correcting what was originally written as a 4-year CDR definition to a 3-year CDR definition and helped draft the increased threshold and appeal rights for sanctions under the new definition.
- **2009** She served as a primary negotiator for Loan Issues - Team 2 and provided expert witness testimony for Team 1 Loan Issues. Default management regulations were written into "Subpart N" for the 3-year CDR definition along with conforming language for appeals in addition to other loan issues.
- **1988-to Date** Ms. Hammer has testified many times at Congressional and USDOE hearings and has worked closely with Congressional members, education committee professional staff, and key staff at the USDOE on many issues during her career in higher education to insure program integrity and access to quality higher education for at-risk students. ***Why? Because Mary Lyn Hammer was an at-risk student herself.***

Ms. Hammer is the Owner, Founder, President and CEO of *Champion College Services, Inc.* Champion offers default prevention for Federal and private student loans, job placement verification, skip tracing, consulting services, and custom surveys for students, alumni, and employers. She specializes in staff training, program development, and default prevention operations. She has participated in training sessions and workshops for numerous state, provincial, regional, national, and private associations in both the U.S. and Canada in a continued effort to share her experiences and knowledge.

Her accomplishments include numerous state, regional, and national awards and recognitions over the years in both the higher education industry and in professional business arenas. Ms. Hammer has served on as a board member for numerous education associations, coalitions and groups. She has had hundreds of articles published in numerous higher education magazines over the years. She is an avid supporter of the Imagine America Foundation, a provider of need-based college scholarships.

Mary Lyn Hammer, Founder, President & CEO

Champion College Services, Inc. – Quality Default Prevention and Services for Over 26 Years

Champion Empowerment Institute, LLC – Life Skills and College Success Training

Champion for Success, Inc., a nonprofit corporation – Mentoring Youth from High School through College

Camp Champion – Where Nature and Teamwork Cultivates Champions!