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Graduate School Loans Testimonials

Tia M. Atlanta, GA

"Graduate School Loans helped me consolidate all of the student loans that I had to take out in order to earn my graduate degree in engineering. Now I make one payment a month for all of them – and it costs me a lot less!"

STUDY SHOWS COLLEGE GRADUATES ARE MORE RELIGIOUS - BROOKE HEATH

A recent study indicates that college graduates in the United States are more likely to attend houses of worship or maintain religious practices and beliefs than people who never attended colleges or universities.

The study, entitled "Losing My Religion," was conducted by sociologists at the University of Texas at Austin. The researchers found that young adults who attended four years of college or received degrees considered religion to be an important aspect of their lives, whereas their non-degree-seeking counterparts were more likely to have turned away from their faith or abandoned it altogether, according to a press release from the University of Texas at Austin.

"Many people assume college is public enemy number one for religion," said Mark Regnerus, assistant professor of sociology. "But we found young adults who don't experience college are far more likely to turn away from religion."

Regnerus also commented that campus culture has evolved, which may explain the surprising results of the study. According to the press release

NEW LEGISLATION INTRODUCED TO FORGIVE PRIVATE STUDENT LOANS UPON BANKRUPTCY - BROOKE HEATH

This week, legislation was introduced by Illinois Senator Dick Durbin (D) that would allow private student loans to be forgiven upon bankruptcy. Currently, neither private nor federal student loans will be discharged for a borrower who files for bankruptcy, with the rare exception of extreme hardship.

Private student loans, also known as alternative loans, offer students an option other than federal student loans, which are backed by the federal government. Private loans are borrowed through private institutions but are not administered by the Federal Family Education Loan (FFEL) Program.

While private loans can be beneficial to students

from the school, he said the focus of today's higher education has shifted away from liberal arts and been redirected to professional programs. Regnerus thinks that this shift has sheltered students from being subjected to philosophical questions and debates that challenge students' beliefs. And when their beliefs are challenged, they have campus religious organizations and peers with similar beliefs to back them up and offer support.

Jeremy Uecker, University of Texas at Austin graduate student and lead author of the study noted, "Religion and spirituality are becoming more accepted in higher education, both in intellectual circles and in campus life. Religious students are encountering a much less hostile environment than in years past."

The data the sociologists analyzed was from the National Longitudinal Study of Adolescent Health. This data tracked more than 10,000 Americans from adolescence through young adulthood.

Further information on this study can be found in the June issue of the journal *Social Forces*.

who find that federal loans cannot cover all of the costs involved with obtaining an education, they can also be a financial burden to repay. This is because private loans usually have very high interest rates and fees. According to Higher Education Washington, Inc.'s *NewsLine*, some private loans have been reported to have variable interest rates of 15% or higher. Also, unlike federal student loans, private loans usually have higher loan limits, and there are no public regulations governing the terms and costs associated with private student loans, as there are with federal loans.

"Private student loans are incredible money-makers for loan companies, and students end up

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saddled with sky-high interest rates and mountains of debt," said Senator Durbin. He continued, "I don't think many 17- or 18-year-old students realize the long-term impact of their loan decisions. Some of these private student loan repayment schedules—with double-digit interest rates—can follow a student borrower from graduation to the grave."

According to a press release on the senator's website, the sector of private student loans is the fastest growing and most profitable in the student loan industry. The press release also said that in 2006, private loans accounted for around 20% of total student loan borrowing, compared to only 5% 10 years ago.

Prior to a change in 2005, the bankruptcy code allowed borrowers to discharge private student loans but not federal student loans. However, the 2005 modification prohibits private student loans from being forgiven upon bankruptcy. This provision protects the private lending industry's investments.

Senator Durbin's legislation would reverse the 2005 change to the bankruptcy law, ensuring that private student loans would again be discharged upon filing for bankruptcy. According to the senator's website, this would place private student loan lenders in the same position as all other private creditors.

NEWS IN BRIEF

CUOMO, LENDERS TESTIFY BEFORE U.S. LAWMAKERS

New York Attorney General Andrew M. Cuomo, who rang the bell on student loans abuses and exposed universities and lenders' links, now plans to widen his probe. He hopes to examine what criteria the lenders use in underwriting these loans and find if they infringe civil rights statutes. While testifying before the Senate Committee on Banking, Housing and Urban Affairs, Cuomo said that the federal regulators were "asleep at the switch" while abuses occurred in the student lending system.

This is also why Cuomo's AG office had to step in. Stating it to be "a moral issue," Cuomo said that 90% of all students select their lenders from their college's preferred-lender lists. He also said that on the private loan side the perks and revenue sharing agreements were "rampant." Cuomo said that by not providing adequate financial aid and not framing policies for the financial aid system, the government has "victimized" the students and their families.

Barry W. Goulding, senior vice president, testified for Sallie Mae and said that lenders consider the borrower students' institutions while determining the interest rate, fees, and other terms of loans they extend to students. The hearing was called by Chairman Christopher J. Dodd to examine the role of private student lending in the financial aid system.

WISCONSIN UNIVERSITY'S NEW STUDENT LOANS RULES

The University of Wisconsin is reviewing a new proposal to bar the student lenders from bribing with gifts and payments

in exchange for students. The proposal is up for approval this week. The university wants to reassure those students seeking loans that it has their best interests in mind, notwithstanding the industry currently mired in controversy. It would also set out how university employees and companies can evade improper relationships.

The UW System Board of Regents controls 26 different four- and two-year colleges, and its students took out a record \$592.7 million in loans in 2005.

The UW plan has provided that employees can serve on advisory committees but cannot be rewarded. The school can keep a list of preferred lenders with a minimum of three companies. In case of the student loan companies notifying students that they are not required to choose those listed, they will have to undergo a strict selection process. The plan also includes asking schools to disallow lenders to operate call centers to assist students with financial aid queries.

TWO NEW APPOINTMENTS AT ELM RESOURCES

ELM Resources, the only not-for-profit mutual benefit corporation serving the student loan industry, announced two new appointments to the management team. They are Alice Boyd, appointed as the chief resource officer (CRO) and vice president of human resources and training, and Eric Chang, who has joined as director of marketing.

As CRO and VP of human resources and training, Boyd's role will include motivating the HR department to create a strong team. She will also continue to direct all training on ELM Net and the ELM National Disbursement Network for

schools, lenders, guarantors, and service agencies.

Chang, with more than a decade of experience in marketing of communications and products, will make strategic marketing plans for the company. ELM provides a common, non-proprietary, and open data exchange and disbursement system that effortlessly builds links between schools, lenders, and the guarantors.

REAUTHORIZE HIGHER EDUCATION ACT, SPELLINGS URGES CONGRESS

Inaugurating the first of five regional higher education summits, Secretary Spellings urges Congress to enact a comprehensive Higher Education Act (HEA) reauthorization bill to improve college access, affordability, and accountability for all citizens. She says that higher education reauthorization must be more “comprehensive” than current law, which she feels will be able to “fix what’s broken.” The summit aims to bring stakeholders and policy makers together to discuss not only the Commission on the Future of Higher Education’s recommendations, but also to assess progress and assign specific responsibilities and action for the future.

The five regional summits will focus on five key

recommendations from the commission’s report. Another priority of the summit is to streamline the free federal student aid (FAFSA) application system. Referring to the financial aid system as being “redundant, confusing, Byzantine, and broken,” she says the new law should concentrate on access and accountability as well as on paying for college. The existing law is focused mainly on money-and how to spend it-Spellings added, saying that college prep programs aligned with rigorous standards should be included in the law. She also wants Pell Grants to be available year-round, in part to help adult students, who may have jobs and families, take courses whenever their schedules permit.

LAWRENCE WARDER NAMED ACTING COO OF FSA

U.S. Education Department Chief Financial Officer Lawrence Warder has been designated as new acting chief operating officer of Federal Student Aid (FSA), effective June 1. Warder has nearly four decades of experience in management consulting and has extensive expertise in financial issues. He joined the department in July 2006.

Created in 1998 by Congress as a performance-based organization, the FSA delivers approximately \$77 billion of financial aid each year to more than 10 million students and their families.