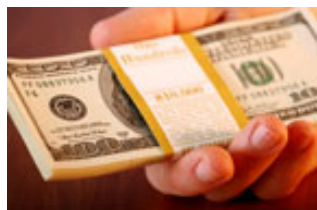


Cuomo bulldozer still at the job

By Gitanjali Hazarika



The student loan industry suddenly finds itself fighting for life when the final Senate-Cuomo blitzkrieg erupted out of the Capitol Hill in front of them. The business of providing student loans is perhaps the most threatened these days.

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. Earlier, while testifying before the Senate Committee on Banking, Housing and Urban Affairs, Cuomo said that he hopes to examine what criteria the lenders use in underwriting of these loans, and if they infringe civil rights statutes. He also said that the Federal regulators were "asleep at the switch" while abuses occurred in the student lending system. This is also the reason why Cuomo's AG office had to step in. Stating it to be "a moral issue," Cuomo said that 90% of all the 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 financial aid system, the government has "victimized" the students and their families.

The hearing was called by Chairman Christopher J. Dodd to examine the role of private student lending in financial aid system. The Congress must act to ensure that consumers can make informed student loan decisions, said Senator Dodd, who chairs the Senate Banking Committee. "We must not allow young, unsophisticated borrowers and their families to be subjected to practices that deny them the ability to obtain credit on fair, transparent, and reasonable terms," he reiterated.

Post hearing, in another major move, Cuomo and the Committee sent a joint letter to the nation's 20 largest student lenders, demanding information on how these lenders set rates and fees on student loans. The deadline set for the lenders to provide the information has been set until the end of the next week. The information will include "college, college location, graduation rate, historic default rate, gender, age, parental income, credit history, and any other factors used or considered in underwriting determinations." Again, as part of a growing investigation into possible discrimination in student lending, the House Education Committee has also made a similar request to five prominent student lenders. This has been done in order to ascertain if these lenders were discriminatory in their offers to students at predominately minority colleges.

Incidentally, Cuomo's nationwide investigation into the student loan industry has resulted in 25 schools and five loan providers agreeing to abide by Cuomo's Code of Conduct. Again, with schools, top money lenders, and universities reimbursing to settle scores with the Attorney General's office, the response to this move is also not very unpredictable.

Senate Banking Committee Chairman And New York Attorney General Call On
www.r8ny.com/node/12402

Demands for Loan Information
topics.nytimes.com/top/reference/timestopics/subjects/s/student_loans/index.html

Dodd, Cuomo Call on 20 Lenders To Detail Underwriting Criteria
www.bloomberg.com/apps/news?pid=conewsstory&refer=conews&tkr=JPM:US&sid=a61b8hXSj8fo