LAW SCHOOL LOANS
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America's Top Law School Lender

Volume 3, Issue 20
May 17, 2007

NEWSLETTER

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Law School Loans

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Law School Loans Testimonials

Shawn C. Says:

"If it weren't for Law School Loans I would not have the house I live in now. With all the money that I saved by consolidating my loans with Law School Loans, I had a good down payment for my house. I would like to tell Law School Loans thanks for all their hard work!"

HOUSE VOTES IN FAVOR OF STUDENT LOAN SUNSHINE ACT - BROOKE HEATH

This week, the House of Representatives voted in favor of the Student Loan Sunshine Act (H.R. 890). In a landslide vote of 414-3, the act was passed in an effort to end dishonest alliances between colleges and student lenders.

According to Higher Education Washington, Inc.'s *NewsLine*, only Republican Representatives Jeff Flake of Arizona, Ron Paul of Texas, and Lynn Westmoreland of Georgia opposed the act.

The Student Loan Sunshine Act will prevent conflicts of interest among student lenders and colleges and universities across the country by requiring schools and lenders to adhere to specific codes of conduct and guidelines.

This act, according to the House of Representatives' Committee on Education and Labor, will shield students and parents from unethical practices by:

- banning all gifts, participation on advisory boards, and revenue-sharing agreements between lenders and schools;
- requiring institutions to disclose all relationships with lenders;
- allowing "preferred-lender lists" only on campuses that create their lists with students' best interests in mind;
- allowing students access to all lenders of their choice, including those not on the preferred-lender lists;
- banning staffing of school financial aid offices by lenders;
- ensuring that schools process all loans from all lenders;
- giving students full information when taking out and repaying loans; and

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EDWARDS ANNOUNCES NEW PLAN TO ELIMINATE FFEL - BROOKE HEATH

Recently, U.S. Senator John Edwards (D-NC) publicized his new plan that would require all students to borrow directly from the Department of Education. The prospective presidential candidate hopes to eliminate the Federal Family Education Lending (FFEL) Program in order to make college more affordable for more students.

According to Higher Education Washington, Inc.'s *NewsLine*, Senator Edwards states that his plan to get rid of federal subsidies for banks that provide student loans would leave almost $6 billion per year that would make college more attainable.

Senator Edwards said, "Banks that make student loans receive large federal subsidies and a guarantee against default. However, millions of students have borrowed directly from the U.S. Department of Education, receiving loans that have very similar terms but are far less expensive for taxpayers."

According to the fact sheet on the senator's website, "overhauling the student loan program" is just one of the initiatives that Edwards hopes to implement with his College Opportunity Agenda. Other initiatives include:

- creating a national "College for Everyone" initiative.
- lowering the costs of college.
- simplifying the Free Application for Federal Student Aid (FAFSA).
- giving students the tools they need to apply for college and aid.
- helping students better prepare for college.

"In America, every child should be able to go as far as his God-given talents and hard work will take him," Edwards said. "As the first in my family to go to college, I know that our system of public education should be our sturdiest ladder of opportunity."

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To comment to the editor, Carleen Trapp, call 626.243.1881.

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He continued, "The chance to go to college meant everything in my life, and I want every young person to have the same chance. Unfortunately, for too many families, this chance is out of reach. College for Everyone will open the door to a higher education for millions of young people so they have the opportunity to realize the American Dream. Every young person who is willing to work hard should have the chance to get an education and get ahead."

Fellow senator and presidential hopeful Barack Obama (D-IL) announced that he too has created a proposal to eliminate federal subsidies for banks that provide student loans. He plans to outline his plan this week for reporters via conference call.

According to Higher Education Washington, Inc.'s *NewsLine*, Senator Obama released a statement saying, "The system needs to be fixed. We shouldn't be providing billions in taxpayer-funded giveaways to private banks. We should be providing an affordable, accessible college education to every American."

House Votes in Favor of Student Loan Continued from page 1

- protecting students from aggressive marketing practices.

New York Attorney General Andrew M. Cuomo, who has initiated much of the investigation into relationships between lenders and institutions, was pleased with the House's vote.

He said, "The U.S. House of Representatives has taken the next step in closing the book on corruption in the student loan industry. Elected leaders on both sides of the aisle have demonstrated a true commitment to protecting America's students and parents from deceptive practices and conflicts of interest which are rampant in the student loan industry."

NEWS IN BRIEF

NY ADOPTS STUDENT LOAN CORRUPTION-REDUCTION LEGISLATION

The New York Legislature unanimously approved and adopted the Student Lending Accountability, Transparency, and Enforcement (SLATE) Act of 2007. It was introduced on April 16 by legislative leaders Joseph L. Bruno and Sheldon Silver at the insistence of New York Attorney General Andrew M. Cuomo. The landmark legislation, which is the first of its kind, codifies Cuomo's "College Loan Code of Conduct," which will be used to settle cases involving lenders and institutions. It also halts the practice of colleges receiving gifts from lenders in exchange for directing potential customers to them. The bill aims to protect students and their families from exploitation resulting from conflicts of interest in the $85 billion-per-year student loan industry. The New York Legislature has become the first legislature to offer a solution to the student loan scandal that has affected millions of students across the country. Cuomo, praising the passage of the act, said it would give New Yorkers "confidence in knowing that state law will be on their side in dealing with the college loan industry."

EDUCATION DEPARTMENT LOAN OFFICIAL RESIGNS

Theresa Shaw, chief operating officer for the Federal Student Aid Office, is calling it quits as the probe into student-lender misconduct intensifies. Shaw has been at the helm since 2002, heading the department that administers federal student aid programs. For some time, she has been drawing flak for the office's alleged lax oversight of the $85 billion student loan industry. Members of Congress and other critics allege that the federal department's officials in charge of overseeing the student loan industry had ties that resulted in conflicts of interest. In a statement, the department said that Shaw informed Secretary of Education Margaret Spellings last February that she would be quitting, but not until June 1. Shaw also headed student loan official Matteo Fontana's office. Both Shaw and Fontana earlier worked for student loan giant Sallie Mae. Fontana came under fire when stocks in a student loan company worth at least $100,000 were found in his name.

COOPER APPOINTED DEPUTY DIRECTOR OF STUDENT FINANCIAL ASSISTANCE

Michelle Asha Cooper has been appointed as the deputy director of the Advisory Committee on Student Financial Assistance. Cooper, a senior staff member, most recently served as director of policy research and has been on the advisory committee for three years. She received the National Education Association's Excellence in the Academy New Scholar Award in 2003. Cooper is, at present, conducting research on early information about and affordability of college textbooks as well as exploring the viability of federal EFC simplification.

SPELLINGS QUESTIONED REGARDING STUDENT-LENDING SCANDAL

At a recent hearing, U.S. Secretary of Education Margaret Spellings was questioned by George Miller, Chairman of the Committee on Education and Labor, about the alleged inaction

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and slow response time of her agency with regard to student-lending controversies. She was grilled about a 2003 notice sent by the Education Department's inspector general asking the department to look into kickbacks provided to college financial aid officers. The secretary defended herself, saying that programs related to student lending were monitored vigorously and that regulations would soon be proposed that would require a minimum of three lenders on a school's preferred-lender list, along with explanations of why they were chosen. She also discussed the establishment of a task force for investigating private student loans and proposals that would enable students to borrow from any lender.