

November 13, 2013



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Rohit Chopra
Student Loan Ombudsman
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Mr. Chopra:

Sallie Mae recently told its investors that changes in its servicing platform have resulted in private education loan borrowers being wrongly placed in delinquency status. We urge the Consumer Financial Protection Bureau (CFPB) to investigate this issue to ensure that affected borrowers are made whole and determine whether it affected both private and federal loan borrowers and what steps are needed to prevent such problems in the future.

Having a student loan reported as in delinquency status can have a devastating impact on a borrower. The assessment of late fees and other penalties may make it difficult for struggling private loan borrowers to get back to current status and can result in significantly increased costs over the life of the loan. Additionally, a borrower's credit can be negatively affected, which can limit access to credit and increase rates associated with borrowing. These effects, even in error, may be difficult and time consuming to reverse.

While the CFPB's complaints database has provided meaningful relief for some private loan borrowers, the lack of mandatory relief options and other borrower protections will continue to limit borrower solutions.

These and other recent occurrences highlight the need for greater oversight of private and federal loan servicing. As you know, as a result of poor performance in the servicing of federal loans, Sallie Mae's share of federal loan volume has been reduced.¹ We urge the CFPB to use its authority to enforce laws and servicing standards and to provide rigorous oversight over education loan lenders and servicers.

Sincerely,

Joseph Mais
Senior Policy Analyst

¹ See Federal Student Aid's Information for Financial Aid Professionals (IFAP) website. *Loan Servicing Information – Customer Service Performance Results and Allocation Information*. Posted, August 27, 2013. <http://ifap.ed.gov/eannouncements/082713LoanServInfoCSVPerfResultsAndAllocInfo.html>.