

When Student Loan Default Is NOT Your Fault

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In 2011, servicing of certain Federal Family Student Loan Program (FFELP) loans was transferred from the private sector to the U.S. Government as part of the “transition to 100% direct student loan lending” and something went terribly wrong—nearly 403,000* student borrowers were MISTAKENLY placed in default status. Mary Lyn Hammer has personally met with senior officials at the U.S. Department of Education (DOE) and congressional leaders, but five years later no action has been taken to correct the loan status and credit history, to relieve the borrowers from severe consequences of student loan defaults, or allow those students a chance to repay their loans with appropriate quality servicing.

Ms. Hammer published evidence of this data failure and many related events in her 312-page investigative report, [Injustice for All](#). Americans need to know about this failure and deserve an answer to the question, “*Why hasn’t this been corrected?*” Perhaps the DOE has been focused on promoting its hero role by feeding the news media more pleasant narratives; for example, how the DOE is wiping out wrong-doers in the for-profit industry in sweeping blows or how the DOE is protecting students and taxpayers from predatory schools with new proposed rules known as [Defense to Repayment](#) where loans are forgiven when the schools are forced out of business.

For five long years Hammer has urged government officials to reverse the defaults (not forgive them—just put them back into repayment status) and correct related default rates for all affected institutions. Making officials aware of this error has not yielded results and now Hammer is reaching out to the media for assistance to bring the necessary awareness to the public by reporting on this subject. Hammer said; “These mistakes are not only harmful to the students who are suffering the consequences of defaults and ruined credit—if a school has lost federal or state grant and loan funding because of these default errors and they are still in business, currently enrolled students will have limited to no options for college grants and loans. Someone you know could be suffering direct or indirect consequences of these incorrect default statuses.”

Ms. Hammer encourages students to find and contact their congressional representatives if they believe their loans were incorrectly placed in default status. (<http://www.house.gov/representatives/find/>)

* After publication of *Injustice for All*, the estimate of 403,000 affected borrowers was updated based on methodology agreed upon in Congressional meetings.

Suggested Talking Points for Interviewers

Ms. Hammer, a pioneer in student loan default management, education advocate and industry expert warns that: “Defaults come with serious repercussions—wage garnishment, not qualifying to buy a home, unending compounded interest and, with student loans, even bankruptcy may not relieve you of the debt. When someone dangles low payments or loan forgiveness in front of you while you are suffering, or if you have little to no financial credit experience, of course you may pursue what appears to be the easiest path. But you need to consider the long-term money trap you may have entered into.”

In addition, to incorrect loan statuses, Hammer wants make sure student borrowers understand the loan repayment options, for example:

- Some options increase payment length from 10 years to 20-25 years.
- How to keep from paying MORE to the government in interest than you took out in loans.
- Student loan forgiveness comes with a 1099 form (a.k.a. tax liability), or, in other words, it is like borrowing the money today and claiming it as income in 20-25 years when you are trying to send your own children to school--and the tax liability is a lump sum payment that doesn't have all of the payment options that student loans do—it is a debt with the I.R.S.

Ms. Hammer can also answer questions on:

- What do I do if I'm in default and I don't think it is my fault?
- How do I know how much to borrow for education?
- What if I am in danger of defaulting?
- Should I pay a company to help lower or consolidate your student loans?
- Should I do interest only payments?
- How can I lower my total interest paid which is the cost of the loan?
- What are the pros and cons of the repayment options?
- What do I do if I've been making additional payments to pay my loan off early and find out that the servicer has been applying the money to future payments?

Ms. Hammer is an expert resource for those who need reliable answers to complex questions about how the U.S. Government handles student loans, higher education loan regulations, what teaching accountability and financial literacy means and on education legislation.

Mary Lyn Hammer's Expanded Bio



Ms. Mary Lyn Hammer is a seasoned education advocate, and the entrepreneurial founder, president, and CEO of Champion College Services. Her belief that education is the vehicle for making dreams come true has led her into a life-long passionate fight, beginning in 1987, to rectify problems in the higher education industry to insure future participation for all students. During her career in higher education, she has touched more than 3 million students' lives through her companies and advocacy. Ms. Hammer's company Champion College Services (now in its 26th year of business) offers default prevention for federal and private student loans, job placement verification, skip tracing, consulting services, and custom surveys for students, alumni, and employers. Champion teaches students how to repay loans but does not collect money on behalf of schools.

Ms. Hammer's accomplishments include numerous state, regional, and national awards and recognitions over the years in both the higher education industry and in professional business arenas. 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 continuing effort to share her experiences and knowledge. Ms. Hammer has had several hundred articles published in numerous higher education magazines.

Her experience specific to the contents of this book includes the following:

1988–1989 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 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 appeals.

1993–1995 Hammer helped draft the *Cohort Default Rate Guide* and several revisions thereof.

1994–1998 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 Hammer worked with congressional members on school-based loan issues and cohort default rate matters. Although she opposed increasing the cohort default rate 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 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 to insure program integrity and access to quality higher education for at-risk students.

Ms. Hammer has been elected four times to the Board of Directors for the Career College Association, now known as APSCU, and she is the Charter Member, former Chairwoman for the Higher Education Allied Health Leaders (HEAL) Coalition, and has served as an Advisory Board Member for the Career Education Review. Additionally, she currently serves on the Board of Directors for the Private Career Colleges and Schools (PCCS, 3rd term) Regions XIII, IX & X and for the Northwest Career College Federation (NWCCF, 16th term), as Director of the Board for Champion for Success (a nonprofit mentoring and advocacy organization for at-risk kids), and on the Board of Directors for eMed, a medical research center for Chinese medicine.

Her ***Injustice for All*** report is written to provide us with detailed evidence on corruption in education reporting to protect the future of our country. **For more visit MaryLynHammer.com.**