

November 4, 2003

The Honorable Richard J. Durbin
United States Senate
332 Dirksen Senate Office Building
Washington, DC 20515

RE: S. 1753

Dear Senator Durbin:

On behalf of the higher education associations listed below, I am writing to thank you for your efforts to ensure that student loan lenders provide complete student loan repayment histories to credit bureaus.

Under current law, the Department of Education requires lenders in the federal student loan program to report information about student loan defaults to credit bureaus. However, lenders are not required to provide positive information about repayment and some have declined to do so voluntarily. Moreover, if a lender does not provide student loan information to all major credit bureaus, students may find themselves in an undesirable position when they apply for credit. When this happens, it means that all negative information about repayment is provided while positive information is withheld. The result is that some borrowers have credit scores that do not provide a complete picture of a borrower's credit information.

The impact of these practices can be severe. A recent *Washington Post* article reported that one student loan borrower faced a "credit score" that was 40 points lower than it should have been. This meant that the interest rate on the borrower's mortgage was 1.5 percent higher than would otherwise have been the case. For this borrower, it meant a monthly mortgage payment that was \$200 higher as a result of non-reporting.

We understand that your interest in this issue has already resulted in a change in practice by the student loan industry and that it will, therefore, be unnecessary for you to offer your amendment. We applaud the voluntary

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change in practice as it will mean that many recent college graduates will face lower interest rates when they shop for mortgages, credit cards, and auto loans. These students—and all of us who care about ensuring that federal student loans be as favorable as possible to student borrowers—are in your debt. Thank you again for your leadership.

Sincerely,

David Ward
President

DW/cms

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of Jesuit Colleges and Universities
Council of Graduate Schools
Hispanic Association of Colleges & Universities
National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges
State PIRGs' Higher Education Project
U.S. Student Association