



STATEMENT OF LAUREN ASHER,
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Borrowers with Private Student Loans Could Get Bankruptcy Relief Hearing Today on New Legislation to Address the Issue

“We strongly support new efforts on Capitol Hill to treat private student loan borrowers more fairly in bankruptcy. Private student loans are not discharged even when borrowers meet the strict criteria for bankruptcy, while lenders who knowingly make unaffordable loans can simply write off the debt. Last week Senator Dick Durbin and Representative Steve Cohen introduced legislation (S. 3219 and H.R. 5043) to treat private student loans like credit cards and other similar consumer debt, rather than like criminal fines and unpaid child support.

“Today the House Judiciary Subcommittee on Commercial and Administrative Law, chaired by Rep. Cohen, holds a [hearing](#) on H.R. 5043, the *Private Student Loan Bankruptcy Fairness Act of 2010*. This bill is [supported by a broad coalition](#) of groups representing students, consumers, and colleges, as well as civil rights and public policy organizations.

“Private student loans are not guaranteed or subsidized by the government in any way, and they are one of the riskiest, most expensive ways to pay for college. Like credit cards, these loans typically have variable interest rates that are higher for those who can least afford them. They also lack the important consumer protections and flexible repayment options of federal student loans. Yet, under current law, private student loans are treated much more harshly in bankruptcy than credit cards and other similar consumer debt.

“Struggling borrowers have virtually no way to make private loan debt more manageable because lenders can simply refuse to negotiate affordable terms. People who borrowed for college and played by the rules deserve basic consumer protections and fair treatment when they hit hard times.”

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For more information about private student loans, including research and policy proposals, go to <http://projectonstudentdebt.org/privateloans.vp.html>.

An independent, nonprofit organization, the Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. The Institute's Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.projectonstudentdebt.org and www.ticas.org.