



STATEMENT OF PAULINE ABERNATHY
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Statement on Senate Passage of Financial Reform Bill

“The Senate deserves praise today for passing an historic financial reform bill that will go a long way toward protecting consumers – including students – from deceptive and predatory financial products and practices. The Senate bill creates a Consumer Financial Protection Bureau (CFPB) with the mission of watching out for the interests of consumers in the financial market place. We urge Congress to move quickly to develop a final bill that combines the strengths of the bills passed by the Senate and House.

“The Senate bill gives the CFPB rule-writing authority over all private student loans, and includes a Private Student Loan Ombudsman to advocate on behalf of borrowers. However, the CFPB may not have any enforcement authority over the largest private student lender, Sallie Mae, or over predatory loans made by large for-profit colleges.

“The House voted to give the Consumer Financial Protection Agency full authority over all private student loans, including enforcement. The House bill also requires private student lenders to confirm with the school that the borrower is eligible to borrow the requested amount and has been notified of any untapped federal loan eligibility. This common-sense policy has been [endorsed](#) by lenders, financial aid administrators and advocates for students and consumers, and should be included in the final bill.

“We urge the conferees to combine the best of the House and Senate bills to finally rein in the “wild west” of the private student loan market. The Senate bill’s passage was a key step in the right direction.”

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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.