

Statement of National Consumer Law Center's Persis Yu Regarding Report on U.S. Department of Education's Sweetheart Deal for Loan Servicers

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BOSTON - The following statement is by **Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance Project** in response to the new report by the U.S. Department of Education's Office of Inspector General, *Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans*.

"The U.S. Department of Education's Inspector General report released today reveals a massive failure by the Department of Education to oversee its student loan servicers. As 44 million student loan borrowers work hard to feed their families, pay their rent, or get by from paycheck to paycheck, this Administration has given hundreds of millions of dollars to servicers while turning a blind eye to their costly and abusive practices.

"The Inspector General's damning revelations that the Department of Education failed to track all instances of non-compliance or to hold servicers accountable for errors demonstrates its lack of commitment to protecting student loan borrowers. Unfortunately, this revelation is consistent with the Department's prior actions, which have repeatedly put the interests of big business ahead of the interests of student loan borrowers.

"In this past year, Department of Education has justified its aggressive steps to shield student loan servicers from liability by claiming that it rigorously oversees its servicers. This report from the Inspector General demonstrates that claim is false."