



OFFICERS

Kevin Weeks, President

FCAA
434-939-6006
kweeks@fcaa.org

Cindy Seremek, Treasurer

American Financial Solutions
206-374-8844
cseremek@myfinancialgoals.org

Tracey Macomber, Secretary

American Consumer Credit Counseling
617-559-5711
tmacomber@consumercredit.com

Todd Emerson, Vice President

Springboard
951-781-0114
atemerson@credit.org

David Richardson, Vice President

Take Charge America
623-266-6216
drichardson@takechargeamerica.org

BOARD OF TRUSTEES

Christopher Viale, Chair

Cambridge Credit Counseling Corp.
413-821-6919
cviale@cambridgecredit.org

William Richards Cluny

Family Financial Education Foundation
307-789-2010
wrc@ffef.org

Sam Hohman

Credit Advisors Foundation
402-393-3100
shohman@creditadvisors.org

Todd Ossenfort

Pioneer Credit Counseling
605-716-1199
todd@pioneercredit.com

Melissa Pearson

Debt Reduction Services
208-378-0200
mpearson@debtredutionservices.org

Kevin P. Porter

Alliance Credit Counseling, Inc.
704-943-0321
kevin@knowdebt.org

Shari A. Bedker, Executive Director

434-939-6006
sbedker@fcaa.org

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Topic: Current Student Loan Crisis in the U.S. and the non-profit counseling sector

The Student Loan crisis in the U.S continues to impact all parts of our society on many levels. While levels of student loan debt remain the main focus in the media, the crisis is even deeper than that. The cost of higher education as well as the lack of any real independent education provided to students and their families before entering into student loan debt continues to exasperate this issue.

The unfortunate current Student Loan Debtor faces an enormous amount of confusing information dealing with their debt as well. The DOE and Servicer policies can make it difficult to navigate the array of options to help these unfortunate debtors. These polices can result in borrowers paying more fees, prolong payments and even cause default.

These uninformed struggling debtors are also bombarded with “offers for services” aimed at helping them. Unfortunately, many of these so called services are nothing more than money making schemes by predatory companies taking advantage of uneducated consumers at a time when they are most vulnerable. These “services” offer to enroll people in programs that are all too often the wrong solution for a significant fee. The debtor does not understand their financial situation any better than before they were “sold” on such a “service if these counseling services are not provided along with the proper solutions. The proper solution can only be provided after an extensive counseling and budgeting session provided by Accredited Student Loan Counselors.. The CFPB and various States are actively looking at the fraudulent companies and filing suit but they continue to proliferate the landscape.

Our member agencies are aware of all of these issues and as a group we are striving to create awareness that real holistic help is available for people in need.

Our group of non-profit financial counseling agencies banded together and created the first web site , www.studentloancounselors.org ; geared to giving consumers unbiased information about their situation. The site provides all the information needed to understand their debts. The site also provides easy access to any of our member agencies who provide legitimate holistic non-profit counseling via trained and certified counselors.

We urge Congress to pursue loan program reforms that ease financial burdens, that make modifications more feasible and to consider new restructuring options and appropriate counseling assistance. FCAA urges Congress to consider the authorization of Hardship “**Student Loan Debt Management Plans (SLDMP)**” that could reduce or waive interest and provide for principal reductions for more debtors as well.

Non-profit Credit Counseling agencies have proven to be effective in providing financial education and certification on various topics currently required by the EOUST for bankruptcy filings as well as HUD for Reverse Mortgage qualification. The Non-profit Credit Counseling sector is a trusted resource for consumers on matters involving financial literacy at every level. Agencies work closely not only with consumers facing bankruptcy and reverse mortgage issues but also with all aspects of housing issues, credit issues, debt issues and general financial literacy.

Non-profit credit counseling agencies have been at the forefront of helping needy consumers with unsecured debts via “Debt Management Plans” for many years. Agencies have assisted literally millions of consumers with traditional “DMP’s” and these types of plans are a perfect fit for the current student loan debt crisis.

A “**Student Loan Debt Management Plan (SLDMP)**” could easily utilize an existing infrastructure with hundreds of non-profit agencies throughout the US ready to assist with thousands of counselors available. These agencies all have the ability to utilize their existing expertise, technology and processes to assist NOW. Agencies are already regulated by the IRS, licensed in all States, compliant with HUD and follow the EOUST requirements for counseling and education.

There are many ideas being floated to assist current student loan debtors but the solution is already available and ready to be implemented. The proposed solution has already helped millions of Americans with their unsecured debts and is available now for student loan debtors as well. With the proper legislative initiative a “Student Loan Debt Management Plan” could be a reality virtually overnight. Real help is available to these debtors now but Congress must act accordingly.

The FCAA and its member agencies are committed to work with any and all parties interested in assisting consumers in need. Our members maintain trained and certified counselors who can offer real help to people who desperately need it. Beyond just providing counseling to borrowers about their options, the counselors advocate for the consumer as an independent third party, and work with them to implement the best solution.

We look forward to continuing our efforts in this vitally important area.

Sincerely

Kevin R. Weeks
President