

August 4, 2020

The Honorable James Inhofe
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Chairman Inhofe:

On behalf of the American Bankers Association¹ (ABA), I write to express our strong opposition to two private student loan amendments adopted by the House during debate on the National Defense Authorization Act (NDAA). If enacted, these non-defense, non-germane provisions would seriously and adversely change the private student loan marketplace and limit the availability of non-government backed credit available to students and their families seeking to finance post-secondary education. We urge you to reject these amendments during the House-Senate conference.

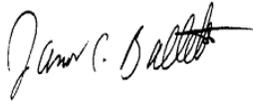
While well-intentioned, amendment Number 843, offered by Representative Alma Adams (D-NC), would allow a bank's private student loan borrowers to stop making payments until September 30, 2021. Private student loans are not government guaranteed, and the amendment provides no compensation for this period, lasting more than a year. The other amendment, Number 840, offered by Representative Madeleine Dean (D-PA), provides authorization for the Treasury Secretary to provide every private student loan borrower with a lump payment of \$10,000 or the balance of their loan (whichever is less), without requiring documentation of need. It also requires all private lenders to retroactively change their contracts to offer income-derived repayment, which is usually 10-20 percent of a borrower's discretionary monthly income and can mean a borrower pays as little as zero dollars per month, indefinitely, without providing funding for such forgiveness. Both amendments are financially infeasible and could lead banks to exit the private student loan market, limiting student access to much-needed loan capital, when family savings and federal loans combined do not meet the total cost to attend college.

¹ The American Bankers Association is the voice of the nation's \$20.3 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$15.8 trillion in deposits and extend nearly \$11 trillion in loans.

These amendments are also significant changes to banking policy, and a troubling precedent of government interference in already executed private contracts. Major policy shifts should be considered by the relevant congressional committees, which has not happened here.

We urge you to reject these unrelated provisions.

Sincerely,



James C. Ballentine

cc: The Honorable Mike Crapo
Chairman
U.S. Senate Banking, Housing and Urban Affairs Committee

The Honorable Lamar Alexander
Chairman
U.S. Senate Health, Education, Labor and Pensions Committee