



National Association of Federal Credit Unions
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Fred R. Becker, Jr.
President and CEO

March 22, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Re: Oppose Student Lending Reform in Budget Reconciliation Package

Dear Leader Reid and Leader McConnell

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federal credit unions, I am writing to express our concerns about, and opposition to, the Obama administration's proposal to eliminate the Federal Family Education Loan Program (FFELP). As you are aware, this proposal is attached to a budget reconciliation measure passed by the House yesterday.

While NAFCU commends lawmaker's efforts to make higher education more accessible and affordable for our college and university students, we maintain serious concerns about the impact of the President's proposal on our nation's credit unions.

As member-owned not-for-profit cooperatives, credit unions have a unique and special relationship with their members. In the current economic environment, many Americans have found it difficult to get credit for a number of purposes, including higher education, and have turned to their credit unions for assistance. Credit union members appreciate the one-on-one service and support that credit unions provide them with their loans and helping them navigate through the process. We have concerns that the President's proposal to move to an all Direct Loan program could create new challenges for credit union members to get the aid they need to attend schools in the United States. Credit union members seeking a student loan often get a personalized service tailored to help meet their needs. Unfortunately, if this bill passes, that will be no more. The President's proposal stands to eliminate this focus on helping the individual in favor of a more impersonalized approach.

We believe that any effort to change the student loan program requires careful consideration about what the true impact will be on our nation's credit unions and their 92 million members who turn to them for financial services everyday. We believe that the student lending reform proposal should be decided on its own merits and not as part of the budget reconciliation measure.

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We urge the Senate to reject efforts to pass student loan reform as part of a reconciliation effort and to ultimately reject the current student loan reform proposal as it stands.

Should you have any questions or require any additional information please do not hesitate to contact myself or Brad Thaler, NAFCU's Director of Legislative Affairs, at 703-522-4770.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Becker, Jr.', written in a cursive style.

Fred R. Becker, Jr.
President and CEO

cc: Members of the United States Senate