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Memo

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Dated: July 23, 2007

To: Members of the United States Senate

From: Floyd E. Stoner, Executive Director, Congressional Relations & Public Policy

RE: Opposition to Brown Amendment to S. 1642, the Higher Education Amendments of 2007

I am writing on behalf of the American Bankers Association to express our strong opposition to the amendment being offered by Senator Sherrod Brown (D-OH) to S. 1642, the Higher Education Amendments of 2007, being considered today by the Senate.

The Brown amendment would establish a government-sponsored supplemental student loan program which would compete directly with the private market for student loans. This program would be able to borrow at government rates and would provide for a separate disclosure regime.

The lower borrowing costs faced by the government and the separate disclosure regime, outside of the Truth in Lending Act disclosures required of private lenders, would give this federal program many advantages over the private market, forcing them from the marketplace. Students would be harmed, as the competition, innovation, and services provided by the private market would be supplanted by a standardized federal program.

We strongly urge you to oppose the Brown amendment, as it would harm, not benefit, student borrowers.