

BANKRUPTCY BAR ASSOCIATION NEWS

February's OCBA Brown Bag Lunch and Learn: Help with Student Loan Debt

By Danielle Merola and Alexis Leventhal

The February OCBA Brown Bag Lunch and Learn featured George Jonas and Melissa Towell of Consumer Debt Counselors, Inc. and their work aiding consumer debtors with understanding and addressing student loan debt. Consumer Debt Counselors, Inc. works closely with its clients, including bankruptcy attorneys assisting their own clients with student loan debt, to articulate the particular challenges of paying off a student loan debt, counsel a course of action to successfully address the student loan debt, implement the plan developed, and monitor the client's progress with that plan. The presenters emphasized how their company is able to work with some loan servicers to negotiate repayment plans and how this practice may be implemented by attorneys.

The hour long presentation began with an overview of the serious state of educational lending: there is more than \$1.3 trillion in outstanding debt for education loans, and only 25% of those loans are performing.

The presenters next discussed the various options available to consumers. They stressed the importance of confronting student loan debt *before* entering repayment. Particularly for federal loans, the presenters noted that many consumers do not know they are automatically put in a 10-year standard repayment plan if the consumer does not choose another option. Some of the other options that consumers may consider are longer standard repayment plans or repayment plans based on the consumer's current income. Some of the costs and benefits to consider include: consolidation, the public service loan forgiveness program, bankruptcy, forbearance, and deferment, among others. The presenters also focused on how these different options could drastically affect the total amount that a consumer pays over the life of the loan. The consequences of repayment default were covered in depth, as well as the various remedies available to rehabilitate a student loan after a default has occurred.

The presentation was well received with lots of questions following. Another great Brown Bag brought to us by the OCBA!

A recording of the Brown Bag is available at the link below with your CM/ECF password:

<https://pacer.flmb.uscourts.gov/cle/index.asp>