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I Called 4 Companies for Advice on My Student Debt. This Is What I Learned.

Dan Bauman

5–6 minutes

Companies that peddle student-loan debt-relief services insist that they are rescuing borrowers from red ink and red tape. But what's their pitch to prospective customers?

I called four of the companies to find out. I didn't mention *The Chronicle*, but I told them, accurately, that I am a recent college graduate and an intern in the private sector, and that I owe \$27,000 in federal student loans.

What I heard was a common script performed again and again by the “student loan specialists.” It was a script that contained some holes.

Within the first five minutes of each call, the customer-service representative described his or her employer’s tight relationship with the federal government. “Mary,” at Broadsword Student Advantage, told me that her company was “tied to the Department of Education.” And “Angelee,” from Student Loan Relief Inc., said her company worked closely with both the government and loan servicers to ensure that the loan consolidation was a smooth one.

When I asked if I could consolidate my loans at no cost, the

representatives said I was welcome to try. They also told me that the process was very complex, and that the Education Department wasn't likely to help out. Even worse, they said, if I made the slightest error on my application, it could cost me big money. Three representatives likened themselves to tax preparers.

"The best example I can think of is H&R Block," said "Howard," of National Student Loan Solutions Inc. "H & R Block handles filing taxes. We take care of your paperwork and processing and monitoring."

Angelee echoed that theme: "You can do it for free, just like you could do your taxes for free. We do what tax attorneys do. We know the tricks to get the highest amount of loan forgiveness."

To the uninitiated, those arguments might sound valid. But unlike the federal tax code, student-loan consolidation is straightforward: Complete a [three-page application](#), send it to a servicer, and see if you qualify. And unlike a mistake on your tax return, if you are denied because of an error on the application, you can reapply the next day.

What's more, while many companies use the prospect of loan forgiveness to entice borrowers to call, they don't tell the whole story. The application for public-service loan forgiveness, the most

relevant program for many debtors, is just [two pages](#) long.

Long and Short of It

Borrowers who contact the companies are typically long on debt and short on information.

Richard Neapolitan, a former customer-service associate for a debt-relief firm, says most of the clients he spoke with had learned of the service from a television commercial or the company's website.

After these conversations, I can see why some borrowers put faith in the promises of lower monthly payments and a reduced debt burden. [One ad](#) from a debt-relief company recounts the story of a borrower (played by an actress) who was able to lower her monthly payments to \$5 a month.

For every \$5-a-month story, though, many other borrowers end up with only slightly lower payments but significant fees: The costs I was quoted for filling out loan-consolidation paperwork included one-time payments of \$595 at National Student Loan Solutions and \$295 to \$995 at Student Loan Help Center.

Student Loan Relief said it would charge \$46 a month for 300 months to monitor my income and resubmit documents annually to ensure that I continued to qualify for my loan-repayment rates. (That would total \$13,800 over the next quarter century—and equal about half of my original student-loan debt)

All of those fees would be in addition to the actual loan payments.

Student-loan consolidation itself is not the best solution for everyone, and may result in some borrowers' paying more in the

long term. Extended-repayment plans mean lower monthly payments but higher costs over the long run, as interest accumulates. Consolidation isn't a decision to make quickly—but that's precisely what the student-debt representatives were pushing.

The most accurate information on student-loan debt relief can be found at a college financial-aid office or at studentaid.ed.gov. And it's free.