

Lenders announce better student loan rates

by UPI

WASHINGTON - Three major U.S. lenders -- Sallie Mae, Nelnet and College Loan Corp. -- announced they plan to up student loan discounts to offset industry competition.

However, some claim the shift to better rates on student loans is meant to deflect criticism over recent allegations that students were forced to pay higher rates due to deals giving cash and other rewards to colleges that promote the lenders, USA Today reported Wednesday.

"As the public turns its eye to the student loan market, the lenders are trying to appear competitive," says Luke Swarthout, a consumer advocate at the U.S. Public Interest Research Group.

The announcements also come as Congress is considering measures to cut subsidies for federally backed loans as more and more U.S. students fall into extensive debt because loans to finance their education.

However, lenders warn that such action would only raise costs for students.

"There's no doubt a subsidy cut ... is going to mean higher-cost loans to students," said Tom Joyce, a spokesman for Sallie Mae.

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