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UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK

_____)	
DIANE GIBBONS, et al.,)	
)	
Plaintiffs,)	
)	
v.)	94 Civ. 5212 (AR)
)	
RICHARD RILEY, et al.)	
_____)	

STIPULATED EXTENSION OF TIME FOR
DEFENDANTS TO RESPOND TO COMPLAINT

The parties hereby stipulate to an extension of time until April 3, 1995, for defendants to respond to the Complaint. In support of this stipulation the parties state the following:

1. Defendants' response to the complaint is due to be filed by January 31, 1995.
2. The parties are currently engaged in discussions in an attempt to resolve this matter without further litigation.
3. The Department of Education ("ED") passes on to debtors collection fees that contractors charge ED for their collection efforts, should such efforts be successful.
4. By March 6, 1995, defendants will present plaintiffs with a proposal for establishing a method to ensure that ED passes on their contractors' contingent fees in amounts not greater than 25% of the amount collected through services of the contractor and applied to principal and interest.
5. By March 15, 1995, defendants will have in place a temporary system whereby ED passes on to all debtors who have defaulted on their guaranteed student loans -- regardless of

whether the debtor's contract caps such rates -- ED's contractors' contingent fees in amounts not greater than 25% of the amount collected through services of the contractor and applied to principal and interest.

6. Defendants will charge collection fees pursuant to the temporary system described in ¶5 until such time that the permanent system to be described by the March 6, 1995, proposal is established and functioning.

7. Defendants' response to the Complaint will be due April 3, 1995.

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SO ORDERED.

Allyne Rose
U.S. DISTRICT JUDGE

CERTIFICATE OF SERVICE

I hereby certify that Stipulated Extension of Time for Defendants to Respond to Complaint was served upon counsel listed below by first-class mail on January 30, 1995.

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