



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

January 24, 2023

Testimony in SUPPORT of HB 50 - Action to Collect a Private Education Loan - Required Documents

Summary: HB 50 bans the use of mass-produced documentation, also known as “robo-signing,” by requiring collectors to prove private student loan debts are valid when attempting to collect. This bill places the burden on creditors to certify that old debts are not barred by state statutes of limitations, preventing creditors from obtaining judgements against borrowers for time-barred debts. This protection will prevent creditors from obtaining court orders to garnish wages and seize assets to repay defaulted student loans that creditors cannot prove borrowers owe.

Overview: As Marylanders continue to feel the economic pain of COVID-19, one group of economically vulnerable constituents has been left out of conversations regarding relief: private student loan borrowers. These borrowers were excluded from all federal relief packages and collectively owe more than \$100 billion nationally, often at higher interest rates and with less protections than borrowers with only federal student loans.

Private student loans are often a last resort for students who have taken the maximum amount for federal loans. Because many private loans require cosigners, the financial repercussions can span generations.

Lack of oversight of private loan creditors has led to disastrous consequences for these borrowers. Similar to the subprime mortgage crisis from several years ago, economically vulnerable borrowers across the higher education landscape were targeted by predatory private lenders a decade ago and continue to struggle and fall behind on these debts. For more than two years, law enforcement officials have brought significant federal and state litigation alleging predatory lending by the largest private education lender and alleging abusive collections, robo-signing, and illegal pursuit of invalid debts by collectors, investors, and servicers. These cases expose significant, systemic flaws in the way the judicial system approaches private education loan debts, particularly in terms of wage garnishment.

Private student loan creditors are seeking judgments every day to collect on loans that they cannot prove they own. Because they lack proper documentation, these companies are lying to both borrowers and the courts, including the Maryland courts, about their legal ability to sue borrowers and obtain court orders to garnish borrowers' wages.

The National Collegiate Student Loan Trusts (NCSLT), just one of these creditors, owned more than 15,000 separate loans owed by Maryland borrowers, totalling more than \$190 million. The federal government has ordered NCSLT to pay over \$20 million for its deceptive acts in the past.

An analysis of court filings in Maryland by the Student Borrower Protection Center shows that just this one creditor, NCSLT, filed 1,334 cases against Maryland borrowers in the past five years alone. These cases disproportionately target communities of color in Maryland. More than half of the lawsuits analyzed

are against borrowers in majority-minority zip codes. And 25.9% of all lawsuits analyzed were filed in majority-minority Prince George's County, which, as the committee knows well, was the center of Maryland's foreclosure crisis a decade ago.

In addition to people of color, seniors are also disproportionately impacted by this abuse. Because borrowers of private student loans almost always require a cosigner, parents and grandparents are more frequently defaulting on private student loan debt. According to AARP, 37% of the student loan borrowers over 65 are in default. Not only is the potential to retire put at risk, but many of these seniors are also already on a fixed income and have benefits highly susceptible to wage garnishment. Since 2005, the number of seniors whose benefits were garnished as the result of a defaulted student loan has quadrupled.

Conclusion: HB 50 prevents these abuses from happening in Maryland by requiring creditors to provide specific evidence in wage garnishment lawsuits that proves that the loan is in default and that they are the creditor owed the loan. This will ensure that private loan borrowers in Maryland do not fall victim to predatory and unsubstantiated lawsuits.

This bill passed this committee unanimously last year and passed the House 109-30.

Thank you and I ask for a favorable report on HB 50.

NCLST Cases by Member County

* Numbers not available at district level due to 2023 redistricting changes

Chair Ben Barnes–District 21, Prince George’s/Anne Arundel County

Zip Code	Cases
20772	40
20774	35
20706	31
20744	25
20747	25
20743	21
20716	18
20785	15
20745	11
20784	9
20735	9
20782	8
20770	8
20721	8
20720	8
20748	7
20783	6
20707	6
20710	5
20746	4
20623	4
20715	3
20705	3
20607	3
20740	2
20737	2
20712	2
20722	1
20708	1
20613	1
21122	22
21061	15
21037	14
21076	10

21144	10
21114	7
21403	5
21401	5
21060	5
20724	5
21113	4
21108	4
21146	3
21090	2
20778	2
20755	2
21032	1
21012	1
20714	1
Total	439

Vice Chair Mark S. Chang–District 32, Anne Arundel

Zip Code	Cases
21122	22
21061	15
21037	14
21076	10
21144	10
21114	7
21403	5
21401	5
21060	5
20724	5
21113	4
21108	4
21146	3
21090	2
20778	2
20755	2
21032	1
21012	1
20714	1

Total	118
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Delegate Gabriel Acevero–District 39, Montgomery County

Zip Code	Cases
20904	37
20906	20
20874	13
20902	13
20910	12
20866	10
20877	10
20886	9
20901	8
20879	8
20871	7
20912	7
20878	7
20852	6
20905	6
20876	5
20853	5
20903	4
20851	3
20850	3
20872	2
20854	1
20911	1
20875	1
20860	1
20832	1
20817	1
20815	1
Total	202

Delegate Carl Anderton Jr.--District 38B, Wicomico County

Zip Code	Cases
21801	8
21804	6

21875	2
21826	2
Total	18

Delegate Tony Bridges–District 41, Baltimore City

Zip Code	Cases
21133	24
21215	14
21224	13
21206	10
21229	9
21217	9
21201	8
21202	6
21225	5
21239	5
21218	3
21216	3
21212	3
21223	1
21214	1
Total	114

Delegate Mark Edleson–District 46, Baltimore City

Zip Code	Cases
21133	24
21215	14
21224	13
21206	10
21229	9
21217	9
21201	8
21202	6
21225	5
21239	5
21218	3
21216	3
21212	3

21223	1
21214	1
Total	114

Delegate Catherine M. Forbes–District 43B, Baltimore County

Zip Code	Cases
21117	31
21244	11
21136	10
21236	10
21237	9
21220	8
21228	7
21211	7
21286	6
21120	6
21221	6
21204	5
21207	4
21030	4
21227	3
21152	3
21208	2
21093	2
21128	1
21250	1
21156	1
Total	137

Delegate Jefferson L. Ghrist–District 36, Kent, Queen Anne’s, Cecil, Caroline County

Zip Code	Cases
21620	2
21666	1
21921	6
21915	3
21901	2
21660	4
21632	1

Total	19
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Delegate Shaneka Henson–District 30A, Anne Arundel County

Zip Code	Cases
21122	22
21061	15
21037	14
21076	10
21144	10
21114	7
21403	5
21401	5
21060	5
20724	5
21113	4
21108	4
21146	3
21090	2
20778	2
20755	2
21032	1
21012	1
20714	1
Total	118

Delegate Kevin M. Harris–District 27A, Charles County/Prince George’s County

Zip Code	Cases
20601	9
20602	5
20695	2
20603	2
20685	1
20662	1
20772	40
20774	35
20706	31
20744	25
20747	25

20743	21
20716	18
20785	15
20745	11
20784	9
20735	9
20782	8
20770	8
20721	8
20720	8
20748	7
20783	6
20707	6
20710	5
20746	4
20623	4
20715	3
20705	3
20607	3
20740	2
20737	2
20712	2
20722	1
20708	1
20613	1
Total	341

Delegate Jim Hinebaugh Jr.--District 1A, Garrett/Allegany County

Zip Code	Cases
21550	2
21536	1
21502	3
21532	2
21560	1
Total	9

Delegate Julian Ivey--District 47A, Prince George's County

Zip Code	Cases
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20772	40
20774	35
20706	31
20744	25
20747	25
20743	21
20716	18
20785	15
20745	11
20784	9
20735	9
20782	8
20770	8
20721	8
20720	8
20748	7
20783	6
20707	6
20710	5
20746	4
20623	4
20715	3
20705	3
20607	3
20740	2
20737	2
20712	2
20722	1
20708	1
20613	1
Total	321

Delegate Marc Korman–District 16, Montgomery County

Zip Code	Cases
20904	37
20906	20
20874	13
20902	13
20910	12

20866	10
20877	10
20886	9
20901	8
20879	8
20871	7
20912	7
20878	7
20852	6
20905	6
20876	5
20853	5
20903	4
20851	3
20850	3
20872	2
20854	1
20911	1
20875	1
20860	1
20832	1
20817	1
20815	1
Total	202

Delegate Jazz Lewis–District 24, Prince George’s County

Zip Code	Cases
20772	40
20774	35
20706	31
20744	25
20747	25
20743	21
20716	18
20785	15
20745	11
20784	9
20735	9
20782	8

20770	8
20721	8
20720	8
20748	7
20783	6
20707	6
20710	5
20746	4
20623	4
20715	3
20705	3
20607	3
20740	2
20737	2
20712	2
20722	1
20708	1
20613	1
Total	321

Delegate Nino Mangione–District 42A, Baltimore County

Zip Code	Cases
21117	31
21244	11
21136	10
21236	10
21237	9
21220	8
21228	7
21211	7
21286	6
21120	6
21221	6
21204	5
21207	4
21030	4
21227	3
21152	3
21208	2

21093	2
21128	1
21250	1
21156	1
Total	137

Delegate Altheia McCaskill–District 44B, Baltimore County

Zip Code	Cases
21117	31
21244	11
21136	10
21236	10
21237	9
21220	8
21228	7
21211	7
21286	6
21120	6
21221	6
21204	5
21207	4
21030	4
21227	3
21152	3
21208	2
21093	2
21128	1
21250	1
21156	1
Total	137

Delegate Susan K. McComas–District 34B, Harford County

Zip Code	Cases
21009	14
21085	8
21161	4
21014	4
21084	3

21001	3
21154	2
21078	2
21050	2
21040	2
21015	2
21017	1
Total	47

Delegate Ric Metzgar–District 6, Baltimore County

Zip Code	Cases
21117	31
21244	11
21136	10
21236	10
21237	9
21220	8
21228	7
21211	7
21286	6
21120	6
21221	6
21204	5
21207	4
21030	4
21227	3
21152	3
21208	2
21093	2
21128	1
21250	1
21156	1
Total	137

Delegate Kirill Reznik–District 39, Montgomery County

Zip Code	Cases
20904	37
20906	20

20874	13
20902	13
20910	12
20866	10
20877	10
20886	9
20901	8
20879	8
20871	7
20912	7
20878	7
20852	6
20905	6
20876	5
20853	5
20903	4
20851	3
20850	3
20872	2
20854	1
20911	1
20875	1
20860	1
20832	1
20817	1
20815	1
Total	202

Delegate Emily Shetty–District 18, Montgomery County

Zip Code	Cases
20904	37
20906	20
20874	13
20902	13
20910	12
20866	10
20877	10
20886	9
20901	8

20879	8
20871	7
20912	7
20878	7
20852	6
20905	6
20876	5
20853	5
20903	4
20851	3
20850	3
20872	2
20854	1
20911	1
20875	1
20860	1
20832	1
20817	1
20815	1
Total	202

Delegate Stephanie Smith–District 45, Baltimore City

Zip Code	Cases
21133	24
21215	14
21224	13
21206	10
21229	9
21217	9
21201	8
21202	6
21225	5
21239	5
21218	3
21216	3
21212	3
21223	1
21214	1

Total	114
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Delegate Jared Solomon–District 18, Montgomery County

Zip Code	Cases
20904	37
20906	20
20874	13
20902	13
20910	12
20866	10
20877	10
20886	9
20901	8
20879	8
20871	7
20912	7
20878	7
20852	6
20905	6
20876	5
20853	5
20903	4
20851	3
20850	3
20872	2
20854	1
20911	1
20875	1
20860	1
20832	1
20817	1
20815	1
Total	202

Delegate Joshua J. Stonko–District 42C, Carroll County

Zip Code	Cases
21784	11
21102	9

21158	8
21157	8
Total	36

Delegate Courtney Watson–District 9B, Howard County

Zip Code	Cases
21046	15
21044	13
21045	12
20723	11
21043	4
21765	2
21738	2
21075	2
21737	1
20794	1
Total	63