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Judiciary Committee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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Testimony in SUPPORT of HB 26 - Action to Collect a Private Education Loan - Required Documents

Summary: HB 26 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 and 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 of 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 seek 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, just one of these creditors, owned more than 15,000 separate loans owed by Maryland borrowers, totaling 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. Further, 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 already on a fixed income and have benefits highly susceptible to wage garnishment. Since 2005, the amount of seniors whose benefits were garnished as the result of a defaulted student loan has quadrupled.

Conclusion: HB 26 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.

Thank you and I ask for a favorable report on HB 26.

Appropriations Committee Member NCSLT Cases by District

Chair Maggie McIntosh—District 43, Baltimore City

Zip Code	Cases 2015-2020	Cases 2020
21201	8	0
21202	6	0
21210	0	0
21211	7	0
21212	3	0
21213	0	0
21214	1	0
21217	9	0
21218	3	0
21234	32	2
21239	3	1
21251	0	0
Total	**72**	**3**

Vice Chair Mark Chang—District 32, Anne Arundel County

Zip Code	Cases 2015-2020	Cases 2020
20701	0	0
20724	5	0
20755	2	0
20794	1	0
21061	15	0
21076	9	2
21077	0	0
21090	2	0
21108	4	0
21113	3	2
21122	22	0

21144	10	0
21225	4	5
21240	0	0
Total	**77**	**9**

Delegate Gabriel Acevero—District 39, Montgomery County

Zip Code	Cases 2015-2020	Cases 2020
20841	0	0
20871	4	4
20874	12	1
20876	5	0
20877	10	0
20878	7	0
20879	8	0
20880	0	0
20882	0	0
20886	7	1
Total	**53**	**6**

Delegate Ben Barnes—District 21, Anne Arundel and Prince George's Counties

Zip Code	Cases 2015-2020	Cases 2020
20705	3	0
20707	6	0
20708	1	0
20724	5	0
20737	2	0
20740	2	0
20742	0	0
20755	2	0
20770	8	0

20782	8	0
20783	5	1
20903	4	0
20904	36	1
21054	0	0
21113	3	2
21144	10	0
Total	**95**	**4**

Delegate Wendell Beitzel—District 1A, Garrett and Allegany Counties

Zip Code	Cases 2015-2020	Cases 2020
21502	3	0
21520	0	0
21521	0	0
21522	0	0
21523	0	0
21531	0	0
21532	0	0
21536	1	0
21538	0	0
21539	0	0
21540	0	0
21541	0	0
21550	2	0
21557	0	0
21561	0	0
21562	0	0
Total	**6**	**0**

Delegate Tony Bridges—District 41, Baltimore City

Zip Code	Cases 2015-2020	Cases 2020
21207	4	0
21208	2	0
21209	0	0
21210	0	0
21211	7	0
21212	3	0
21215	13	1
21216	3	0
21218	3	0
21229	9	0
Total	**44**	**1**

Delegate Catherine Forbes—District 42A, Baltimore County

Zip Code	Cases 2015-2020	Cases 2020
21204	5	0
21212	3	0
21239	3	1
21252	0	0
21286	2	3
Total	**13**	**4**

Delegate Jefferson Ghrist—District 36, Kent, Queen Anne's, Cecil, and Caroline Counties

Zip Code	2015-2020 Cases	2020 Cases
21607	0	0
21610	0	0
21617	0	0
21619	0	0
21620	2	0

21623	0	0
21628	0	0
21629	0	0
21632	1	0
21635	0	0
21636	0	0
21638	0	0
21639	0	0
21640	0	0
21641	0	0
21644	0	0
21645	0	0
21649	0	0
21650	0	0
21651	0	0
21655	0	0
21657	0	0
21658	0	0
21660	4	0
21661	0	0
21666	0	0
21667	0	0
21668	0	0
21678	0	0
21901	2	0
21912	0	0
21913	0	0
21915	3	0
21919	0	0
21921	6	0
21930	0	0

Total	**18**	**0**

Delegate Keith Haynes—District 44A, Baltimore City

Zip Code	2015-2020 Cases	2020 Cases
21216	3	0
21217	9	0
21223	1	0
21228	6	4
21229	9	0
Total	**28**	**4**

Delegate Shaneka Henson—District 30A, Anne Arundel County

Zip Code	2015-2020 Cases	2020 Cases
21012	1	0
21037	13	2
21401	5	0
21402	0	0
21403	5	0
21409	0	0
Total	**24**	**2**

Delegate Trent Kittleman—District 9A, Carroll and Howard Counties

Zip Code	2015-2020 Cases	2020 Cases
20723	11	0
20759	0	0
20777	0	0
20833	0	0
20866	9	1
20868	0	0

21029	0	0
21036	0	0
21042	0	0
21043	4	0
21104	0	0
21163	0	0
21723	0	0
21737	1	0
21738	2	0
21771	2	1
21784	11	0
21794	0	0
21797	0	0
Total	**40**	**2**

Delegate Marc Korman—District 16, Montgomery County

Zip Code	2015-2020 Cases	2020 Cases
20812	0	0
20814	0	0
20815	1	0
20816	0	0
20817	1	0
20818	0	0
20852	2	2
20854	2	0
20895	0	0
Total	**6**	**2**

Delegate Carol Krimm—District 3A, Frederick County

Zip Code	2015-2020 Cases	2020 Cases

21701	6	0
21702	11	0
21703	4	0
21704	2	0
21705	0	0
21754	0	0
21774	3	0
Total	**26**	**0**

Delegate Jazz Lewis—District 24, Prince George's County

Zip Code	2015-2020 Cases	2020 Cases
20706	31	0
20720	8	0
20721	8	0
20743	21	0
20746	4	0
20747	25	0
20748	5	1
20769	0	0
20774	35	0
20785	14	1
Total	**151**	**2**

Delegate Nino Mangione—District 42B, Baltimore County

Zip Code	2015-2020 Cases	2020 Cases
21013	0	0
21030	4	0
21031	0	0
21053	0	0
21057	0	0

21074	0	0
21082	0	0
21093	2	0
21102	9	0
21111	0	0
21120	4	1
21131	0	0
21136	8	2
21152	3	0
21155	0	0
21204	5	0
21212	3	0
21234	32	2
21286	2	3
Total	**72**	**8**

Delegate Mike McKay—District 1C, Allegany and Washington Counties

Zip Code	2015-2020 Cases	2020 Cases
21502	3	0
21530	0	0
21555	0	0
21711	0	0
21722	1	0
21740	12	0
21750	0	0
21766	0	0
21781	0	0
21795	0	0
Total	**16**	**0**

Delegate Ric Metzgar—District 6, Baltimore County

Zip Code	2015-2020 Cases	2020 Cases
21052	0	0
21219	0	0
21220	8	0
21221	6	0
21222	0	0
21224	13	0
21237	9	0
Total	**36**	**0**

Delegate Reid Novotny—District 9A, Carroll and Howard Counties

Zip Code	2015-2020 Cases	2020 Cases
20723	11	0
20759	0	0
20777	0	0
20833	0	0
20866	9	1
20868	0	0
21029	0	0
21036	0	0
21042	0	0
21043	4	0
21104	0	0
21163	0	0
21723	0	0
21737	1	0
21738	2	0
21771	2	1
21784	11	0

21794	0	0
21797	0	0
Total	**40**	**2**

Delegate Susie Proctor—District 27A, Charles and Prince George's Counties

Zip Code	2015-2020 Cases	2020 Cases
20601	9	0
20607	3	0
20608	0	0
20612	0	0
20613	1	0
20637	0	0
20735	9	0
Total	**22**	**0**

Delegate Kirill Reznik—District 39, Montgomery County

Zip Code	Cases 2015-2020	Cases 2020
20841	0	0
20871	4	4
20874	12	1
20876	5	0
20877	10	0
20878	7	0
20879	8	0
20880	0	0
20882	0	0
20886	7	1
Total	**53**	**6**

Delegate Jared Solomon—District 18, Montgomery County

Zip Code	2015-2020 Cases	2020 Cases
20814	0	0
20815	1	0
20851	2	3
20852	2	2
20853	5	0
20895	0	0
20896	0	0
20902	11	1
20906	20	0
20910	12	0
Total	**53**	**6**

Delegate Geraldine Valentino-Smith—District 23A, Prince George's County

Zip Code	2015-2020 Cases	2020 Cases
20705	3	0
20708	1	0
20715	3	0
20720	8	0
Total	**15**	**0**

Delegate Pat Young—District 44B, Baltimore County

Zip Codes	2015-2020 Cases	2020 Cases
21043	4	0
21207	4	0
21208	2	0
21215	13	1
21228	6	4
21229	9	0

21244	11	0
Total	**49**	**5**