



Maryland Consumer Rights Coalition

**Testimony to the House Appropriations Committee**  
**HB 26: Action to Collect a Private Education Loan - Required Documents**  
**Position: Favorable**

January 20, 2021

Delegate Maggie McIntosh, Chair  
House Appropriations Committee  
Room 121, House Office Building  
Annapolis, Maryland 21401  
Cc: Members, Appropriations Committee

Honorable Chair McIntosh and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of HB 26.

MCRC works on issues related to college affordability, student loan debt, and debt collection. Student borrowers who face financial hardship may become delinquent or default on their debt. When borrowers fall behind on their student loans, this debt may be passed on to a debt collector.

In 2018, the average student loan debt owed in Maryland was \$29,178<sup>1</sup> and the median amount of student loan debt in collection was \$9,483.<sup>2</sup> Although creditors often lack documentation to prove they have the legal right to pursue private student loan debt, they continue to seek wage garnishment orders in court.

An analysis of court filings in Maryland shows that just one creditor, NCSLT, filed 1,257 cases

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<sup>1</sup> <https://ticas.org/wp-content/uploads/2019/09/classof2018.pdf>

<sup>2</sup> [https://www.nclc.org/images/pdf/debt\\_collection/fact-sheets/Maryland.pdf](https://www.nclc.org/images/pdf/debt_collection/fact-sheets/Maryland.pdf)



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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 more than 25 percent of all lawsuits analyzed were filed in Prince George's County.

The growth of student loan debt indicates that consumer protections must be enacted to prohibit predatory practices and debt collection tactics in the student lending industry.

HB 26 strengthens protections for student borrowers by banning the use of mass-produced documentation, also known as "robo-signing" and prohibiting creditors from obtaining judgments against borrowers without accurate documentation. We need to make sure that student borrowers are protected from abusive debt collection tactics.

For these reasons, we support HB 26 and urge a favorable report.

Best,

Marceline White  
Executive Director