



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

March 30, 2021

**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, 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 percent of the student loan borrowers over 65 are in default. Not only is the potential to retire put at risk, 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.

## Judicial Proceedings Committee Member NCSLT Cases by District

### Chair William Smith—District 20, Montgomery County

Zip Codes	2015-2020 Cases	2020 Cases
20705	3	0
20901	8	0
20903	4	0
20904	36	1
20910	12	0
20912	7	0
<b>Total</b>	<b>70</b>	<b>1</b>

### Vice Chair Jeff Waldstreicher—District 18, Montgomery County

Zip Codes	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
<b>Total</b>	<b>53</b>	<b>6</b>

### Senator Jack Bailey—District 29, Calvert and St. Mary's Counties

Zip Codes	2015-2020 Cases	2020 Cases
20606	0	0

20609	0	0
20618	0	0
20619	0	0
20620	0	0
20621	0	0
20622	0	0
20624	0	0
20626	1	0
20628	0	0
20629	0	0
20630	0	0
20634	0	0
20636	0	0
20650	0	0
20653	1	0
20657	8	0
20659	4	1
20660	0	0
20667	0	0
20670	0	0
20674	0	0
20680	0	0
20684	0	0
20686	0	0
20687	0	0
20688	0	0
20690	0	0
20692	0	0
<b>Total</b>	<b>14</b>	<b>1</b>

**Senator Jill Carter—District 41, Baltimore City**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
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
<b>Total</b>	<b>44</b>	<b>1</b>

**Senator Robert Cassilly—District 34, Harford County**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
21001	3	0
21005	0	0
21009	14	0
21010	0	0
21014	4	0
21015	2	0
21017	1	0
21040	2	0
21078	2	0
21085	5	2
21130	0	0
<b>Total</b>	<b>33</b>	<b>2</b>

**Senator Shelly Hettleman—District 11, Baltimore County**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
21030	4	0
21031	0	0
21093	2	0
21117	27	3
21133	19	3
21136	8	2
21153	0	0
21204	5	0
21208	2	0
21209	0	0
21210	0	0
21212	3	0
21215	13	1
<b>Total</b>	<b>70</b>	<b>8</b>

**Senator Michael Hough—District 4, Frederick and Carroll Counties**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
20842	0	0
20871	4	4
21157	8	0
21701	6	0
21702	11	0
21704	2	0
21710	2	0
21716	2	0
21718	0	0
21719	0	0
21727	0	0

21754	0	0
21755	0	0
21757	0	0
21758	0	0
21762	0	0
21769	0	0
21770	2	1
21771	2	1
21773	0	0
21774	3	0
21776	0	0
21778	0	0
21780	0	0
21783	1	0
21787	0	0
21788	3	0
21791	0	0
21793	0	0
21797	0	0
21798	0	0
<b>Total</b>	<b>46</b>	<b>6</b>

**Senator Michael Jackson—Prince George’s, Calvert, and Charles Counties**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
20601	9	0
20607	3	0
20608	0	0
20612	0	0
20613	1	0
20615	0	0

20623	4	0
20637	0	0
20639	1	0
20657	8	0
20676	0	0
20678	7	0
20685	1	0
20689	0	0
20714	1	0
20732	0	0
20735	9	0
20736	1	0
20754	0	0
20758	0	0
20772	40	0
<b>Total</b>	<b>85</b>	<b>0</b>

**Senator Susan Lee—District 16, Montgomery County**

<b>Zip Codes</b>	<b>2015-2020 Cases</b>	<b>2020 Cases</b>
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
<b>Total</b>	<b>6</b>	<b>2</b>



**Senator Charles Sydnor—District 44, Baltimore City and Baltimore County**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
21043	4	0
21207	4	0
21208	2	0
21215	13	1
21216	3	0
21217	9	0
21223	1	0
21228	6	4
21229	9	0
21244	11	0
<b>Total</b>	<b>62</b>	<b>5</b>

**Senator Chris West—District 42, Baltimore County**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>	<b>Cases 2020</b>
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
21239	3	1
21252	0	0
21286	3	3
<b>Total</b>	<b>76</b>	<b>9</b>