



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

January 18, 2022

**Testimony in SUPPORT of HB 111 - Action to Collect a Private Education Loan - Required Documents**

**Summary:** HB 111 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, 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. 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 111 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 130-3.

Thank you and I ask for a favorable report on HB 111.

## Appropriations Committee Member NCSLT Cases by District

### Chair Maggie McIntosh—District 43, Baltimore City

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

### Vice Chair Mark Chang—District 32, Anne Arundel County

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

21144	10
21225	4
21240	0
<b>Total</b>	<b>77</b>

**Delegate Gabriel Acevero—District 39, Montgomery County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20841	0
20871	4
20874	12
20876	5
20877	10
20878	7
20879	8
20880	0
20882	0
20886	7
<b>Total</b>	<b>53</b>

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

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

20782	8
20783	5
20903	4
20904	36
21054	0
21113	3
21144	10
<b>Total</b>	<b>95</b>

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

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

**Delegate Tony Bridges—District 41, Baltimore City**

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

**Delegate Catherine Forbes—District 42A, Baltimore County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
21204	5
21212	3
21239	3
21252	0
21286	2
<b>Total</b>	<b>13</b>

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

<b>Zip Code</b>	<b>Cases 2015-2020</b>
21607	0
21610	0
21617	0
21619	0
21620	2

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

<b>Total</b>	<b>18</b>
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**Delegate Shaneka Henson—District 30A, Anne Arundel County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
21012	1
21037	13
21401	5
21402	0
21403	5
21409	0
<b>Total</b>	<b>24</b>

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

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



21784	11
21794	0
21797	0
<b>Total</b>	<b>40</b>

**Delegate Marc Korman—District 16, Montgomery County**

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

**Delegate Carol Krimm—District 3A, Frederick County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
21701	6
21702	11
21703	4
21704	2
21705	0
21754	0
21774	3
<b>Total</b>	<b>26</b>

**Delegate Jazz Lewis—District 24, Prince George’s County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20706	31
20720	8
20721	8
20743	21
20746	4
20747	25
20748	5
20769	0
20774	35
20785	14
<b>Total</b>	<b>151</b>

**Delegate Nino Mangione—District 42B, Baltimore County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
21013	0
21030	4
21031	0
21053	0
21057	0
21074	0
21082	0
21093	2
21102	9
21111	0
21120	4
21131	0
21136	8
21152	3
21155	0

21204	5
21212	3
21234	32
21286	2
<b>Total</b>	<b>72</b>

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

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

**Delegate Ric Metzgar—District 6, Baltimore County**

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

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

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20723	11
20759	0
20777	0
20833	0
20866	9
20868	0
21029	0
21036	0
21042	0
21043	4
21104	0
21163	0
21723	0
21737	1
21738	2
21771	2
21784	11
21794	0
21797	0
<b>Total</b>	<b>40</b>

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

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20601	9
20607	3
20608	0
20612	0

20613	1
20637	0
20735	9
<b>Total</b>	<b>22</b>

**Delegate Kirill Reznik—District 39, Montgomery County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20841	0
20871	4
20874	12
20876	5
20877	10
20878	7
20879	8
20880	0
20882	0
20886	7
<b>Total</b>	<b>53</b>

**Delegate Stephanie Smith—District 45, Baltimore City**

<b>Zip Code</b>	<b>2015-2020</b>
21201	8
21202	6
21205	0
21206	10
21213	0
21214	1
21218	3
21231	0
21234	35

21236	10
21237	9
<b>Total</b>	<b>82</b>

**Delegate Jared Solomon—District 18, Montgomery County**

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20814	0
20815	1
20851	2
20852	2
20853	5
20895	0
20896	0
20902	11
20906	20
20910	12
<b>Total</b>	<b>53</b>

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

<b>Zip Code</b>	<b>Cases 2015-2020</b>
20705	3
20708	1
20715	3
20720	8
<b>Total</b>	<b>15</b>

**Delegate Pat Young—District 44B, Baltimore County**

<b>Zip Codes</b>	<b>Cases 2015-2020</b>
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21043	4
21207	4
21208	2
21215	13
21228	6
21229	9
21244	11
<b>Total</b>	<b>49</b>