



National Association of Consumer Advocates

**Testimony to the House Appropriations Committee
HB 111 – Action to Collect a Private Education Loan – Required
Documents
Position: Favorable**

January 14, 2022

Maggie McIntosh, Chair
House Appropriations Committee
Room 121, House Office Building
Annapolis, MD 21401
cc: Members, House Appropriations Committee

Honorable Chair McIntosh and Members of the Committee:

The National Association of Consumer Advocates is a nonprofit corporation whose members are private and public sector attorneys, legal services attorneys, law professors, and law students whose primary focus involves the protection and representation of consumers. NACA's mission is to promote justice for all consumers by maintaining a forum for information-sharing among consumer advocates across the country and by serving as a voice for its members and consumers in the ongoing struggle to curb unfair or abusive business practices that affect consumers. In pursuit of this mission, NACA advocates for student loan protections for consumers and families.

I litigate private and federal student loan issues on behalf of Maryland consumers. We have experienced the following issues with private student loans in Maryland: cases filed past the statute of limitations; cases filed without supporting documents; litigation brought by companies the students do not recognize; instances where the student has desperately tried to pay or settle the cases for over two years, but has not been able to communicate with the lender; incomplete payment histories; suspicious "forbearances" and other devices that artificially age the loans; filings against uncollectible and disabled individuals who have even managed to get their federal debt administratively discharged; loan balances with nearly double the principal balance added as capitalized interest; co-signers who have not received any communications from lenders at any point prior to litigation; and more.

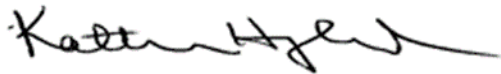
This is an area ripe with debt collection abuses. I have filed cases against student loan servicers and debt collectors for sending out false and misleading communications about the debt, and for passing files along to third-party debt

collectors when the cases became stale. I am currently litigating a matter in the U.S. District Court of Maryland in which the student loan company has sued dozens of Marylanders on debts they initially took out with Bank of America more than 10 years ago. The lender cannot produce the original contract documents, did not properly compute loan balances, and made false and misleading claims in the state court documents.

Marylanders need stronger protections in this growing area of litigation. In 2020, the largest filer of private student loan cases in Maryland, the National Collegiate Student Loan Trust, opened 163 new cases in 15 counties, and over 500 cases in the past three years. We have also seen a rise in cases filed by companies who purchase student loan portfolios for the sole purpose of litigation. Historically, the Maryland legislature has responded by strengthening consumer protections when a rising trend in litigation demonstrates potential for abuses by out-of-state debt collectors. So too here, we need more specific requirements in litigation for private student lenders.

Consumers and their families need stronger student loan protections. HB 111 will provide these necessary protections. For this reason, we strongly urge a favorable report.

Sincerely,



Kathleen P. Hyland, Esq.
Maryland State Chair, NACA