



Maryland Consumer Rights Coalition

Testimony to the House Appropriations Committee
HB111: Action to Collect a Private Education Loan - Required Documents
Position: Favorable

January 18, 2022

The Honorable Maggie McIntosh, Chair
Appropriations Committee
Room 121, HOB
Annapolis, MD 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 HB111.

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 2021, the average student loan debt owed in Maryland was \$43,219 and the amount of student borrowers in delinquency was \$115,201.¹ In the United States, women owe the majority of the outstanding \$1.7 trillion dollars in student loans and Black women carry about 20% more student debt than white women do.²

Although creditors often lack documentation to prove they have the legal right to pursue private student loan debt, they have continued to seek wage garnishment orders in court, even throughout the COVID-19 pandemic.

¹ <https://educationdata.org/student-loan-debt-by-state>

²

<https://www.cnbc.com/2021/06/14/black-women-owe-22percent-more-in-student-debt-then-white-women-on-average.html>



An analysis of court filings in Maryland shows that just one creditor, NCSLT, filed more than 1,330 cases against Maryland borrowers in the past six years alone.³ 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% 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.

HB111 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. Maryland has a history of requiring better documentation for debt collection as Attorney General Frosh has advocated for and passed legislation prohibiting student loan servicers from engaging in any unfair, abusive, or deceptive trade practice.⁴ HB111 provides protections for student borrowers that are in line with these laws and will help ensure that student borrowers are protected from abusive debt collection tactics.

For these reasons, we support HB111 and urge a favorable report.

Best,
Marceline White
Executive Director

3

<https://protectborrowers.org/md-pslcollections/#:~:text=Across%20all%20Maryland%20counties%2C%20NCSLT,in%20the%20past%20six%20years.&text=These%20abuses%20aren't%20unique,court%20from%20coast%20to%20coast.>

⁴ https://mgaleg.maryland.gov/2019RS/chapters_noln/Ch_546_hb0594T.pdf