



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

January 26, 2022

**Testimony in SUPPORT of HB 128 - Debt Settlement Services – Student Education Loan Debt Relief – Disclosures and Prohibitions**

**Summary:** HB 128 adds student educational loans to the Maryland Debt Settlement Services Act, ensuring that for-profit companies cannot falsely advertise themselves as student debt relief services associated with the US Department of Education. This change will protect Maryland’s most economically vulnerable citizens from deceptive practices that further harm their economic well-being.

**Overview:** Student loan payments, which are currently on pause due to the pandemic, are scheduled to resume on May 1, 2022. According to the Student Debt Crisis Center, [89% of borrowers](#) were not financially prepared to resume payments in February, and 21% of borrowers would *never* be financially ready to resume repayments.

Combined with a lack of information about the free services already available to borrowers, this financial anxiety creates an environment that allows predatory for-profit companies falsely advertising themselves as student loan relief companies to thrive.

These companies often falsely advertise themselves solely as loan relief services (and not the for-profit companies they are) and then charge for services borrowers could obtain for free from their loan servicer. In some instances, the companies advise their clients to take illegal actions to reduce their payments. These companies prey on borrowers who are already economically vulnerable, subjecting them to high initial costs and repeated monthly fees for services that do not provide the relief they claim to offer.

Maryland law currently regulates other types of debt relief services; HB 128 simply adds student educational loans to the Maryland Debt Settlement Services Act. The bill requires companies advertising themselves as student loan relief services to clearly state that they are a private company not affiliated with the US Department of Education on both their service agreements and advertisements.

It also prohibits these companies from:

1. Advising a consumer to stop communicating with their student loan service provider
2. Accessing or obtaining a consumer’s student aid information in violation of federal law

**Conclusion:** Maryland’s most economically vulnerable citizens are at risk of losing even more money to predatory companies falsely advertising themselves as debt relief services. By adding student loans to the MD Debt Settlement Services Act, HB 128 helps protect these citizens from further deceptive practices.

Thank you and I ask for a favorable report on HB 128.