



## **Please support the Student Loan Borrower Bill of Rights In the Final Economic Development Bill**

Thursday January 7th, 2021

Dear Governor Baker,

On behalf of student leaders in the Commonwealth, we urge you to sign the *Act enabling partnerships*, H5250 which includes the Student Loan Borrower Bill of Rights.

The **Student Loan Borrower Bill of Rights** would require student loan borrowers to be licensed at the state level, prohibit servicers from engaging in predatory, unfair, and unlawful practices, and establish a Student Loan Ombudsman in the Attorney General's office to resolve complaints and help borrowers navigate their repayment options.

### **Student Loan Borrower Bill of Rights**

The cost of college tuition has skyrocketed and ever-increasing numbers of students and their families are driven to seek student loans to pay for it. Data collected by the Institute for College Access and Success shows that in Massachusetts last year, nearly two-thirds of students in an undergraduate program graduated with student debt. This debt amounted to \$32,000 thousand dollars per student on average. Consequently, Massachusetts students have the 7th highest average student debt in the nation, according to the Institute. The level of debt is also skyrocketing, according to the Student Borrower Protection Center, student debt in Massachusetts has shot up 107% in the 10 years between 2007 and 2017. In Massachusetts we have 855,500 student loan borrowers with a collective \$33 billion in outstanding debt. Nationally, there is \$1.5 trillion in outstanding student loan debt.

Some student loan servicers take advantage of student borrowers by using predatory lending methods that are illegal or unfair, charging exorbitant fees, misrepresenting their products to students, botching paper work, failing to properly process paper work or misleading them into opting for more expensive options. Further, servicers often fail to inform or properly administer income-based repayment options or programs to relieve debt in exchange for working on public service – a program borrowers are legally entitled to. When students can't pay, they may threaten, coerce or harass the borrowers. According to the Consumer Financial Protection Bureau (CFPB), almost two-thirds of the complaints filed by student borrowers last year were related to problems with loan servicing.

Despite the size of the industry, the history of complaints, and the massive size of both the debt and number of borrowers – we have very little consumer protections in place. In fact, under the current Federal Administration, the Consumer Financial Protection Bureau has significantly reduced their oversight and role in this area, leaving borrowers vulnerable and without necessary protection from the unfair practices by the loan servicers exposed by the CFPB.

### **The Student Loan Borrower Bill of Rights will protect student borrowers by:**

1. Requiring the Division of Banks to license all student loan servicers, holding them accountable for deceptive practices under state law.
2. Establishing a Student Loan Ombudsman office that will receive, review and assist in resolving complaints. This office will be critical in spotting and evaluating unfair and deceptive trends and practices, enabling regulators to act to protect borrowers. The office will also educate borrowers.
3. Requiring the Ombudsman to release annual reports on conduct, complaints, resolutions, and trends in student loan servicing practices. In addition to recommendations to improve the lending process and protect borrowers, the annual report will also include information from the Division of Banks on complaints, resolutions and recommendations on how to improve oversight of industry.

Similar bills have been passed in CT, IL, CA, WA, NY, CO and Washington D.C.

Now more than ever, it is critical that we defend students from unscrupulous loan servicers. The need for state oversight could not be more urgent. Please sign the Economic Development bill into law.

Sincerely,

Aaron J. Dorshow	Clark University	Global Peace President
Adedolapo Adeniyi	Boston University	Inner Strength Gospel Choir (ISGC) Treasurer
Adele Secrest	UMass Amherst	Plant based nutrition club President
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Audrey Bergeron	UMass Lowell	Women's Club Rugby Captain and President
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Carol Liu	UMass Amherst	Taiwanese and Chinese Students' Association Public Relations Officer
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Grace Krzanik	MA College Of Liberal Arts	Dance Club member
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