

April 10, 2021

The Honorable Mark Stone
California State Assembly
State Capitol
Sacramento, CA 95814

RE: Support – AB 424 (Stone): Private Student Loan Collections Reform Act

Dear Assemblymember Stone:

On behalf of the clients of the University of California, Irvine School of Law Consumer Law Clinic (CLC), the CLC writes to express support for AB 424, the Private Student Loan Collections Reform Act. The Act will require private education lenders and loan collectors to provide specified records at a borrower's request, establish minimum evidentiary standards for private student loan collection lawsuits, and allow borrowers to pursue avenues of enforcement if a lender or collector fails to comply with provisions of this bill.

Private student loan debt collectors file lawsuits against hundreds of Californians in counties throughout the state each year. In the overwhelming majority of student loan collection cases, borrowers are not represented by an attorney, and unrepresented borrowers are far more likely than those represented by attorneys to have judgments entered against them. The protections of AB 424 will provide significant and important guardrails, particularly vital for unrepresented borrowers, by assuring that evidentiary requirements are met before the filing of new cases.

Of the hundreds of debt collection cases filed each year in California, the majority are filed by National Collegiate Student Loan Trust (NCSLT), Navient, and Sallie Mae entities. Since 2015, NCSLT alone has filed 3,850 cases against California borrowers.



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Despite action taken by the Consumer Financial Protection Bureau in 2017 documenting abuses against consumers, NCSLT continues to file cases against California consumers.¹ The UCI Consumer Law Clinic analyzed California Superior Court records of case over the last three years for the largest private student loan debt collectors that engage exclusively in collection of private student loan debt and attaches to this letter appendices showing the findings.²

Appendix A shows cases filed throughout California by county from 2018-2020. Student loan debt collection is an issue that affects urban and rural Californians, with borrowers sued in all 16 counties that comprise the data set analyzed. (Appendix A.) The CLC analyzed the filings by the largest collectors that specialize in private student loans, finding that NCSLT cases are the majority of filings. (Appendix B.) The Consumer Law Clinic analysis shows that 90% of student loan lawsuit defendants in 2018 were unrepresented, 94% in 2019, and 89% in 2020. (Appendix C.) Unrepresented consumers are vastly more likely than those represented by an attorney to have a judgment entered against them. (Appendix C.) Unrepresented borrowers generally do not know when they have evidentiary defenses to student loan collection cases, which results in entry of judgment and in settlement agreements in which the borrower agrees to repay the entire balance of the loan, often on an unaffordable payment plan.

Student borrowers who worry daily about being sued on old, defaulted private student loan debt will benefit significantly from the protections in AB 424 by ensuring that cases are not brought until the lender can prove it has the right to collect on a student loan debt. In court, unrepresented borrower defendants will have their rights protected by the evidentiary requirements that must be met before a student loan debt collector is entitled to an entry of judgment under AB 424.

We support passage of AB 424, an important bill that would ensure commonsense, much-needed protections for private student loan borrowers in California. If you have any questions, please contact me at craba@law.uci.edu.

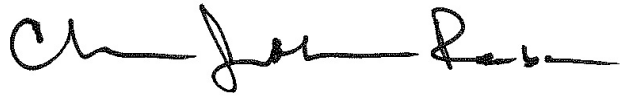
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¹ NCSLT was the target of an enforcement action and consent order by the Consumer Financial Protection Bureau in 2017, with the CFPB finding that NCSLT filed suit on cases that it couldn't prove were owed, or that it had a right to collect. See <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-national-collegiate-student-loan-trusts-transworld-systems-illegal-student-loan-debt-collection-lawsuits/>

² The analyzed data set focuses on entities that specialize in student loans and does not include collectors that also sue on non-student loan unsecured debt.

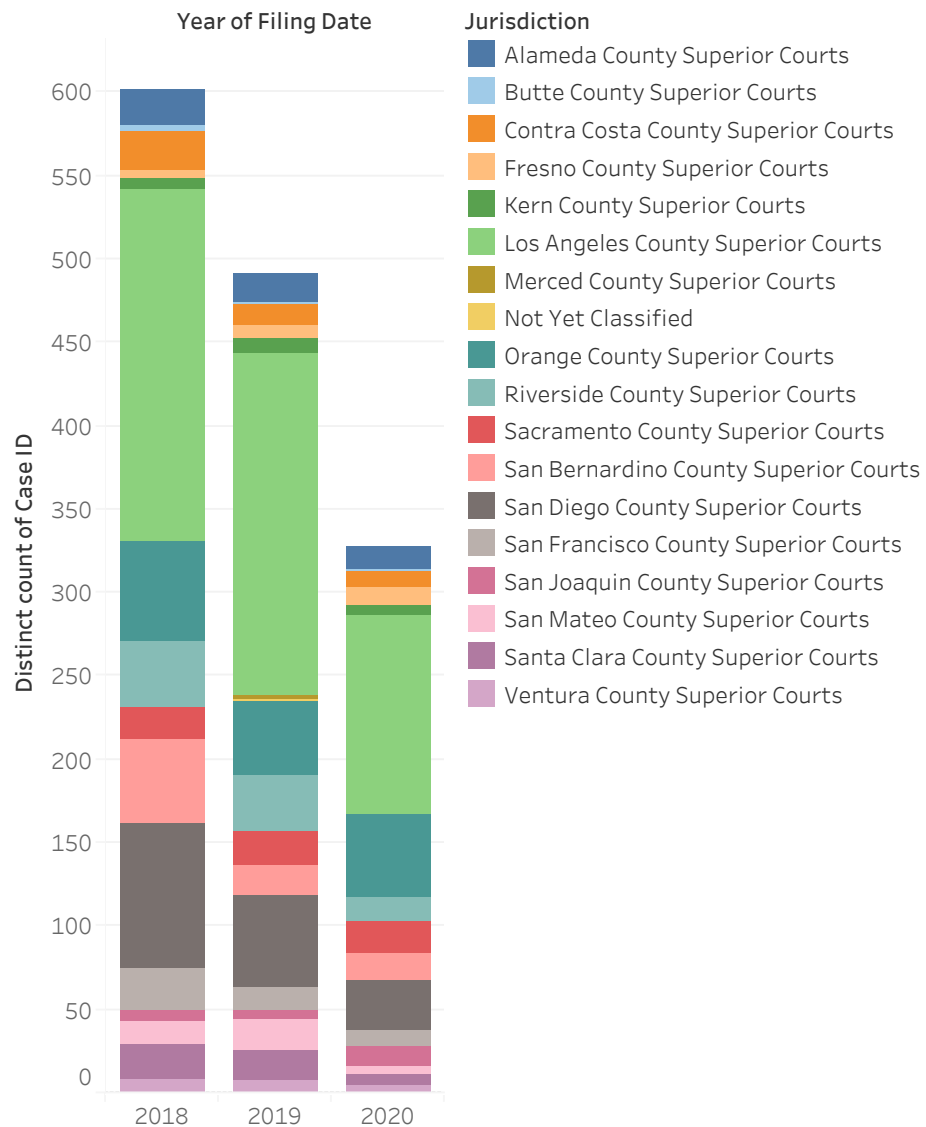
Sincerely,

A handwritten signature in black ink, appearing to read "Claire Johnson Raba". The signature is fluid and cursive, with the first name "Claire" being the most prominent.

Claire Johnson Raba
Clinical Teaching Fellow
University of California, Irvine School of Law
Consumer Law Clinic

APPENDIX A

Case by County 2108-2020

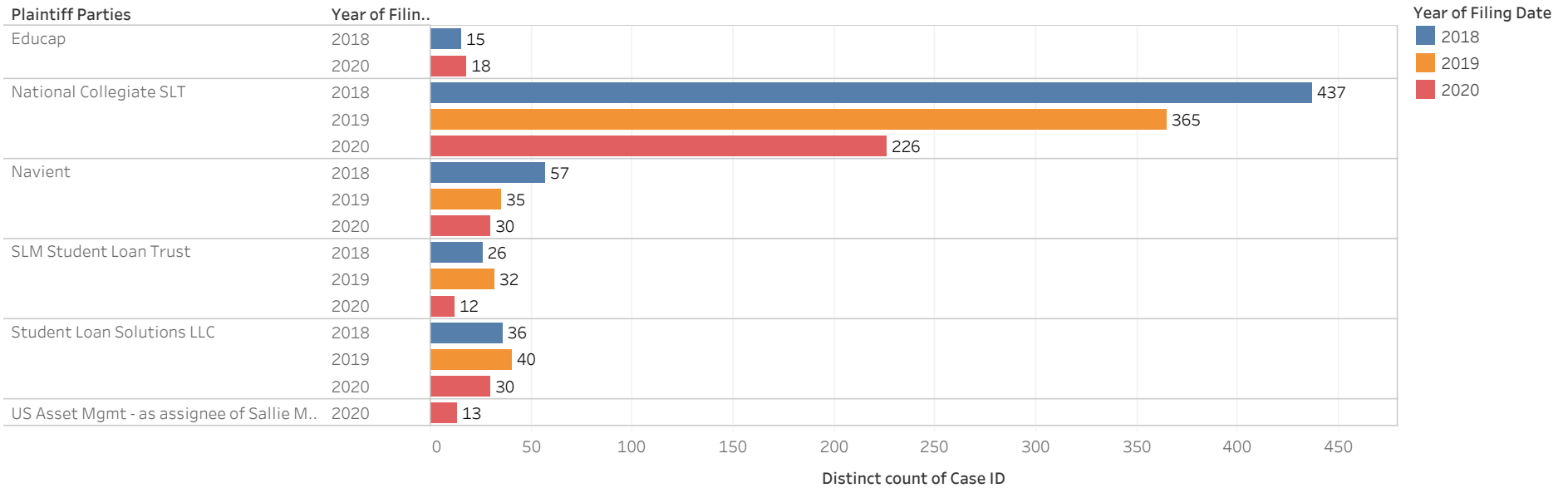


Jurisdiction	Year of Filing Date		
	2018	2019	2020
Alameda County Superior ..	21	17	13
Butte County Superior Co..	3	1	1
Contra Costa County Supe..	24	12	9
Fresno County Superior C..	4	8	12
Kern County Superior Cou..	7	10	5
Los Angeles County Super..	211	205	120
Merced County Superior C..		2	
Orange County Superior C..	60	44	50
Riverside County Superior..	40	34	14
Sacramento County Super..	19	20	19
San Bernardino County Su..	51	18	16
San Diego County Superio..	87	56	31
San Francisco County Sup..	24	13	9
San Joaquin County Super..	7	6	12
San Mateo County Superi..	14	18	5
Santa Clara County Superi..	21	18	6
Ventura County Superior ..	8	8	5

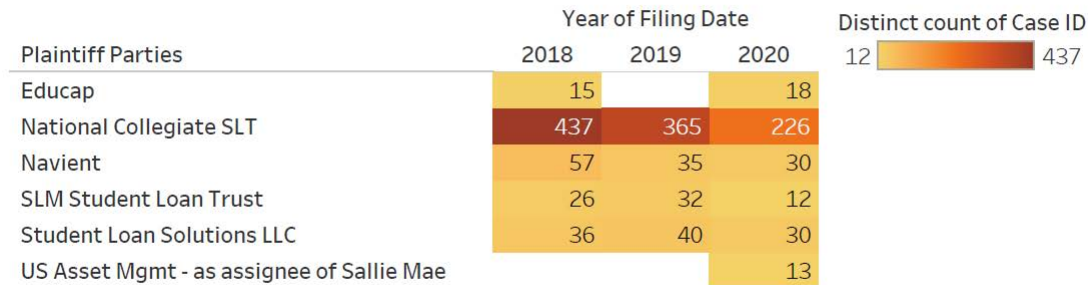
Data source: California Superior Court via UniCourt
 Data analysis and visualization: UCI Consumer Law Clinic

APPENDIX B

Case Filings by Plaintiff (filed > 10 cases)

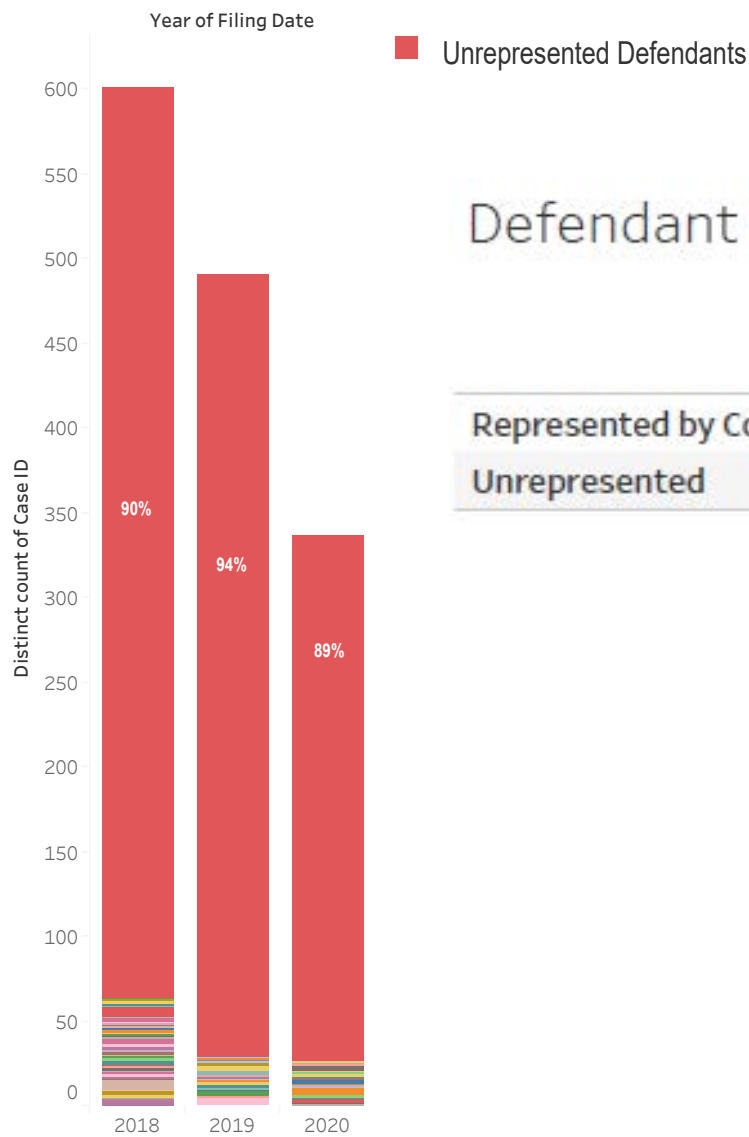


Case by Plaintiff (filed > 10 cases) summary



Data source: California Superior Court via UniCourt
 Data analysis and visualization: UCI Consumer Law Clinic

Unrepresented
Defendants 2018-2020
filings



Defendant Counsel

	Year of Filing Date		
	2018	2019	2020
Represented by Counsel	64	29	26
Unrepresented	537	462	311

Case Status	Year of Filing Date / Defendant Attorneys					
	2018		2019		2020	
	Represented	Unrepresented	Represented	Unrepresented	Represented	Unrepresented
Consolidated/Transferred/Stayed	7	15		2		1
Disposed - Dismissed	9	97		44	4	12
Disposed - Judgment Entered	1	64		45		4
Disposed - Judgment Stayed		1				
Disposed - Other Disposed	3	28		13		4
Not Classified By Court - Presumed Pending	8	95	2	76	5	74
Other	7	58	9	59	7	22
Pending	29	179	18	223	10	194