



**CHIRLA**  
Coalition for Humane  
Immigrant Rights

April 15, 2019

The Honorable Monique Limón  
Chair, Assembly Committee on Banking & Finance  
State Capitol, Room 6031  
Sacramento, CA 95814

**RE: AB 376 (Stone) – Support**

Dear Chair Limón,

On behalf of the Coalition for Humane Immigrant Rights (CHIRLA), I write in support of AB 376 (Stone), the Student Borrower Bill of Rights. This bill would make California the first state in the nation to create a comprehensive set of rights for people holding student debt, by requiring student loan companies to treat borrowers fairly and giving borrowers the right to hold these companies accountable when they fail to meet basic servicing standards.

CHIRLA is California's largest immigrant rights organization with a national impact and presence. Since our establishment in 1986 we organized immigrant families, students, and workers and have advocated for policies that create just society fully inclusive of immigrants.

In California and across the nation, millions of people each year seek to continue their education after High School because they want to build a better future for themselves, their families and communities. Unfortunately, public funding cuts, rising costs of living and the residual effects of the 2008 financial crisis have made it nearly impossible for most families to avoid taking out loans to pay for school. As a result, 3.7 million Californians currently hold student debts with average balances of more than \$35,000.

Having the debt is bad enough, but when students leave school they are hit with the additional challenge of navigating a terribly complex and confusing repayment system. While making payments, a borrower's main point of contact is a loan servicer like Sallie Mae, Navient, or FedLoan Servicing. The servicer becomes the gatekeeper for everything a borrower needs to do to manage a student loan, whether it's making monthly payments, enrolling in a repayment plan, or applying for important benefits.

But as multiple state and federal investigations have shown, loan servicers are consistently getting in the way of borrowers' ability to manage their loans. **Servicers routinely lose paperwork, misapply payments, give inaccurate information, and even steer borrowers into repayment options that add to the overall cost of their loans – or worse, cause them to fall behind on payments and slide toward default.**

**Unlike mortgages or credit cards, there is no industry-wide framework at the federal level to regulate the student loan industry.** As a result, people with student loans do not have safeguards to help them get out of debt.

To address these longstanding problems, **AB 376 would create enforceable industry-wide standards** for loan servicing companies. The bill would:

- **Ban “abusive” student loan servicing practices** that take unreasonable advantage of borrowers’ confusion over loan repayment options;
- **Create minimum servicing standards** related to application of payments, paperwork retention and specialized staff training;
- **Establish a Student Borrower Advocate** within the Department of Business Oversight (DBO) responsible for reviewing complaints, gathering data and coordinating with related state agencies; and
- **Grant DBO additional “market monitoring” authorities**, to collect better data about the student loan servicing industry.

For two years now, the Trump Administration and Education Secretary Betsy DeVos have pulled back protections for student loan borrowers and enabled a dysfunctional student loan industry at every opportunity. While the federal government turns its back on students, California can and should step up to hold private companies accountable for their activities. **The Legislature must ensure that everyone can successfully reduce the burden of education debt, to promote financial security and economic justice for California communities.**

**For these reasons, we support AB 376 and urge an AYE vote.**

Sincerely,



Joseph Villela  
Director of Policy and Advocacy



Christopher Sanchez  
Policy Advocate