



Maryland Consumer Rights Coalition

Federal Updates

November 2, 2018

AG Frosh & others fight for defrauded students

Thanks to Attorney General Brian Frosh for joining 19 other Attorneys General to demand that Secretary DeVos and the Department of Education to discharge \$400 million in student loans from borrowers who attended predatory for-profit schools like Corinthian College and did not transfer to another school after the schools' closures.

In Maryland, approximately 1,900 students are eligible for loan cancellation who attended Corinthian College or its affiliates, including Everest Institute, Everest College, Everest University, Heald College, and WyoTech.

The full letter is available [here](#).

Know someone who attended one of those schools? Reach out to jen@marylandconsumers.org to learn more about their options.

Student Loan Servicing: Problems with Servicers = Problems for Borrowers

As student loan debt soars past the \$1.5 trillion mark, a new report documents the hardships that borrowers encounter trying to payback these loans as well as the problems they encounter with student loan servicers like Navient. *Buried in Debt*, the report by Summer and Student Debt Crisis found that:

- 60% of borrowers reported that their loan servicer has given them “confusing” or “unhelpful” advice about their loans;
- 25% of the survey respondents had confronted a surprise, additional fee from their servicing company;
- 57% had experienced unexpected demands after a sudden change in the loan servicer; and
- 42% had trouble negotiating a change to the repayment plan when they had financial hardships.

Read the full report [here](#)



Teachers Union Sues Student-Loan Servicer Navient

Members of the American Federation of Teachers (AFT), the second-largest union in the U.S., sued student loan servicing giant, Navient, for deceptive and misleading practices related to the public student loan forgiveness program. The lawsuit charges that Navient failed to inform borrowers of public service loan forgiveness, misled people into believing they were on track for the forgiveness, and even steered potentially eligible borrowers away from the consumer protection. Read more about the lawsuit [here](#).

In 2018, MCRC and coalition partners tried to regulate student loan servicers in Maryland to prevent the kinds of abuses documented by AFT. The legislation to increase protections for student borrowers and regulate servicers like Navient failed in the last two days before the final day of session. However, Maryland did establish a student loan ombudsman to collect complaints and serve as a liaison to student loan borrowers and servicers. To find out how to file a complaint with the Maryland Student Loan Ombudsman, click [here](#).

CFPB Expected to Rewrite Payday Lending Rule, Gutting the Heart of the Regulation

The Consumer Financial Protection Bureau (CFPB) announced plans to release proposed revisions to the landmark Payday Lending Rule in January 2019. The CFPB announcement suggests the revisions will focus on the rule's Ability-to-Repay (ATR) provisions which are the heart of the bill's protections.

The ATR requires lenders to ensure that a borrower can afford to repay the loan before approving someone for the funds. As a wealth of research has demonstrated, without a strong ATR rule, payday loan borrowers are frequently mired in a debt-trap, unable to pay off the principle, and frequently borrowing 4-6 additional payday loans to try to pay off the first. This churning of loans, and mounting debt of the borrower are part of the payday lending industry's business plan – and why the CFPB's rule and its ATR provision are so critical.

Maryland has a rate cap of 33% for small dollar consumer loans so payday lending is illegal in our state. If someone has taken out a payday loan online, they can reach out to the Commissioner of Financial Regulation's office and complain [here](#).

Read more about the CFPB's plans [here](#).