



1300 I Street
P.O. Box 944266
Sacramento, CA 94244-2550

Telephone: 916-210-6033
anthony.lew@doj.ca.gov

August 17, 2020

The Honorable Mark Stone
California State Assembly
State Capitol, Room 3146
Sacramento, CA 95814

RE: Assembly Bill 376 (Stone): Student Loan Servicing – SUPPORT

Dear Assemblymember Stone:

The Attorney General's Office (AGO) is pleased to support Assembly Bill 376 (AB 376), a bill that establishes a Student Borrower Bill of Rights. AB 376 ensures California student borrowers are protected from abusive loan servicing practices and that they can take action if servicers violate their basic protections. This important piece of legislation will make California the first in the nation to offer comprehensive consumer protections to student loan borrowers, allowing them to focus on making the most of a meaningful education.

Across America, our students are facing a student loan debt crisis. They owe more than \$1.5 trillion in outstanding debt. Federal student loan debt has reached \$123 billion in California alone. AB 376 strikes at the heart of this crisis by prohibiting a student loan servicer from engaging in abusive practices when servicing a loan within California, establishing new standards and requirements for student loan servicers in California, and creating a California Student Borrower Advocate, among other things. These measures are necessary to grant California students the ability to combat predatory practices and climb out of crushing debt.

Attorney General Becerra shares your concerns that the current status quo is failing our citizens. More than one in four Californians in repayment on their federal student loans is in delinquency or default. Poor loan servicing is at the core of this problem. The AGO has worked hard to protect our students from unscrupulous businesses, including:

- Filing a lawsuit against Navient Corporation and its subsidiaries for misconduct in student-loan servicing and debt collection,
- Securing more than \$118 million in debt relief for former students of Corinthian Colleges,

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- Litigating against Ashford University and its parent company, Bridgepoint Education, over illegal marketing and debt collection practices,
- Fighting to protect the Gainful Employment and Borrower Defense rules, and suing the U.S. Department of Education to obtain student loan debt relief for additional Corinthian student-borrowers.

The Attorney General shares the bill's goal of ensuring that organizations that take advantage of California's student borrowers are held accountable.

The Attorney General supports AB 376, an important consumer protection bill for California's students and applauds you for your leadership on this matter. If you have any questions, please contact me at (916) 210-6033 or Anthony.Lew@doj.ca.gov.

Sincerely,



ANTHONY LEW
Deputy Attorney General
Office of Legislative Affairs

For XAVIER BECERRA
Attorney General