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March 18th, 2024

The Honorable Ron Latz
Chair, Judiciary and Public Safety
Committee
3105 Minnesota Senate Building
St. Paul, MN 55155-1298

The Honorable Warren Limmer, Ranking
Minority Leader, Judiciary and Public Safety
Committee
2221 Minnesota Senate Building
St. Paul, MN 55155-1298

Re: Senate File 4735 (Amendments to Student Loan Borrower Bill of Rights)

Dear Chairman Ron Latz and Ranking Minority Leader Warren Limmer:

Pursuant to my duty under section 8.32 of the Minnesota Statutes to recommend statutory changes to protect consumers, I write in support of SF 4735, which would improve upon Minnesota's Student Loan Borrower Bill of Rights to better protect consumers and ensure compliance for student loan servicers in Minnesota.

Student loans continue to be a source of hardship and economic anxiety for Minnesotans. As of 2020, there were 775,300 student-loan borrowers in this state with an average debt over \$37,000. Over 85,000 were in delinquency. These borrowers include younger students but also parents and senior citizens. In fact, there are over 2.4 million student loan borrowers nationwide 62 and older, and the rate of Minnesota seniors owing student debt increased 46 percent between 2012 and 2017. These numbers reflect the growing cost of college and represent a serious burden on Minnesota families, who often struggle with monthly payments and growing balances that prevent them affording their lives and building a future for their families. These burdens are made worse by the byzantine set of rules applied to different loans and poor communication by servicers, collectors, and others in the industry who have too often not acted in the best interests of borrowers.

In the past several years, my office has received many complaints from Minnesotans confused by the identify of their lender, the type of loan they have, their obligations and options for repayment, and their rights when dealing with their student debt. Sometimes these problems amount to fraud. For example, my office in 2022 obtained a consent judgment against Navient for various misrepresentations, including statements that it would help borrowers find the best repayment options and falsely steering borrowers into costly forbearances. My office secured \$14 million in debt cancellation and restitution for Minnesotans as part of that lawsuit. My office also brought several cases against bad actors in the student loan industry, including nearly a dozen cases against companies fraudulently offering debt relief. These types of abusive practices are especially concerning because, unlike other businesses, student-loan servicers are not chosen by borrowers. This prevents consumers from exercising the leverage of their purchasing power and competition over better treatment. Instead, servicers are chosen by lenders that are likely to focus on costs alone and without regard for how borrowers are treated once in repayment.