



2018 AG REQUEST LEGISLATION

STUDENT LOAN BILL OF RIGHTS

PROBLEM

Hundreds of thousands of Washingtonians owe more than \$24.4 billion in student loan debt. Student debt affects every demographic of Washingtonians. Washingtonians over 60 owe \$2 billion in student loans. Student loans have the highest delinquency rate of any form of household debt. Nationally, only 37 percent of borrowers are current on their loans and making progress reducing the principal.

BACKGROUND

Since 2013, hundreds of Washington consumers have filed complaints with the Washington State Attorney General's Office about their student loan servicers. Complaints include a failure to provide information about free resources, conflicting or inconsistent information about borrower accounts, a failure to notify the consumer when a loan is transferred to a different servicer, a failure to respond to requests for information, and misapplication or nonapplication of payments.

The Connecticut Legislature unanimously passed a Student Loan Bill of Rights in 2015 to support student loan borrowers. California, the District of Columbia and Illinois have since followed.

LEGISLATION (HB 1440/SB 6029)

HB 1440/SB 6029 will create standards that serve as a baseline for servicer compliance in working with borrowers. Washingtonians will be guaranteed that servicers must:

1. Respond to requests for information promptly, in writing, and maintain a record of that communication;
2. Credit payments within one business day;
3. Provide borrowers notice when a loan transfers between servicers; and
4. Refund fees assessed to the borrower from servicer error.

HB 1440/SB 6029 will assist student loan borrowers by establishing a student loan advocate to serve as a central resource to receive and resolve complaints, compile and analyze data, and provide outreach and education. The student loan advocate will also work with the Attorney General's Office and the Department of Financial Institutions to resolve borrower complaints.

SUPPORTED BY

Columbia Legal Services, Northwest Justice Project, Washington Student Achievement Council, Washington Student Association, AFT, AARP, Nurses Association, Independent Colleges of WA, WA Federation of State Employees, Workforce Training & Education Coordination Board, Association of WA Business, Statewide Poverty Action Network, University of Washington Tacoma, Associated students of Eastern Washington University, Northwest Justice Project, Washington Education Association, Associated Students of Western Washington University, Associated Students of the University of Washington, Associated Students of Washington State University.



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