

March 19, 2019

Senate Committee on Judiciary
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Chair Prozanski, Vice Chair Thatcher, and Members of the Committee,

On behalf of Neighborhood Partnerships, I am writing to ask your support of AB 279, which will require that servicers of student loans be licensed to do business in Oregon.

Neighborhood Partnerships is a statewide organization that works through program management and advocacy to help create opportunity for Oregonians with low incomes by increasing access to safe, stable, and affordable housing and financial well-being. We are part of the Oregon Stop the Debt Trap Alliance, and as such, did some information gathering about what Oregonians with low incomes who were working with our partner organizations were experiencing as barriers to their financial success. We heard that student loan debt is a major barrier to financial stability, and that access to reliable and accurate information about debt repayment is limited.

Student loan debt affects more than half of Oregon college graduates. Student loan debt is a struggle for many to pay back, but our communities of color are particularly hard hit by student debt. Student loan debt is also not only a young person's issue. Older borrowers, age 50 and over, are the fastest growing group with student debt. Student loan debt is holding people back from building financial security, owning homes, and saving for retirement.

We also know that predatory behavior is all too common in our for-profit educational system and in student loan servicing. For that reason, we support Oregon taking action to establish strong substantive standards of behavior for servicers, including setting affirmative duties for documentation, and evaluation of eligibility for relief. Well known and documented abusive practices should also be prohibited, such as mis-application of payments.

Oregon law should also ensure that any company servicing a student loan in Oregon is covered by the substantive portion of the law. The state should have oversight of companies engaged in student loan activity, even if they do not fall under the licensing requirement.

Finally, we would like to see Oregon law provide for enforcement through supervision, not just response to complaints. Borrowers may not feel empowered to complain, or be aware of the fact that they have been poorly served.

Thank you for your service on behalf of Oregonians. And thank you for considering this necessary step forward towards protection for the many thousands of Oregonians managing their student debt.

A handwritten signature in black ink, appearing to read 'CDG' with a horizontal line extending from the end.

Carlos David Garcia, Director of Economic Opportunity
Neighborhood Partnerships

