



PRESS RELEASE

Attorney General Frosh Joins Multistate Letter Opposing the U.S. Department of Education’s Rollback of Student Loan Servicing Reforms

BALTIMORE, MD (April 24, 2017) – Maryland Attorney General Brian E. Frosh today joined a multistate letter calling out the U.S. Department of Education for abdicating its responsibility to millions of student loan borrowers and their families across the country by revoking critical reforms designed to help students avoid default and curtail loan servicer misconduct.

The multistate letter – co-sponsored by Massachusetts Attorney General Maura Healey and Illinois Attorney General Lisa Madigan, and joined by 19 attorneys general and the Office of Consumer Protection of Hawaii – was sent today to Education Secretary Betsy DeVos in opposition to the Department’s recent [rollback of guidance](#) intended to protect student loan borrowers and reform the student loan servicing industry.

“A generation of Marylanders are struggling to pay back student loan debt, and their loan servicers make it even more difficult by failing to put better transparency and accountability practices into place,” said Attorney General Frosh. “By allowing loan servicers to continue this unfair practice, the U.S. Department of Education has essentially given loan servicers a free pass to harm more Maryland students and taxpayers – many of whom are doing their best to pay back student loan debt.”

[The guidance](#), issued by the Department of Education last year, centered on helping borrowers get accurate information about their loans and repayment options, ensuring the consistency of service provided by student loan servicers, increasing servicer accountability, and enhancing transparency. Critically, these reforms aimed to improve borrowers’ access to affordable loan repayment plans designed to help borrowers in distress avoid default. But the Department’s action earlier this month has instead left student loan borrowers vulnerable to poor practices and abuses that the servicing reforms were intended to prevent.

According to the letter, borrowers struggle under the weight of their student loan debt and federal student loan default rates are on the rise. In 2015, the CFPB estimated that more than 25 percent of student loan borrowers were delinquent or in default on a student loan.

“Many such borrowers would benefit greatly from entering income-driven repayment plans but are prevented from doing so by student loan servicer misconduct and misinformation,” the letter states.

Joining today's [letter](#) are the attorneys general of Massachusetts, Illinois, California, Connecticut, Hawaii, Iowa, Kentucky, Maine, Maryland, Minnesota, Mississippi, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and the District of Columbia, as well as the Executive Director of the Office of Consumer Protection of Hawaii.