



STUDENT BORROWER
PROTECTION CENTER

PROTECT BORROWERS

Student Loan Market

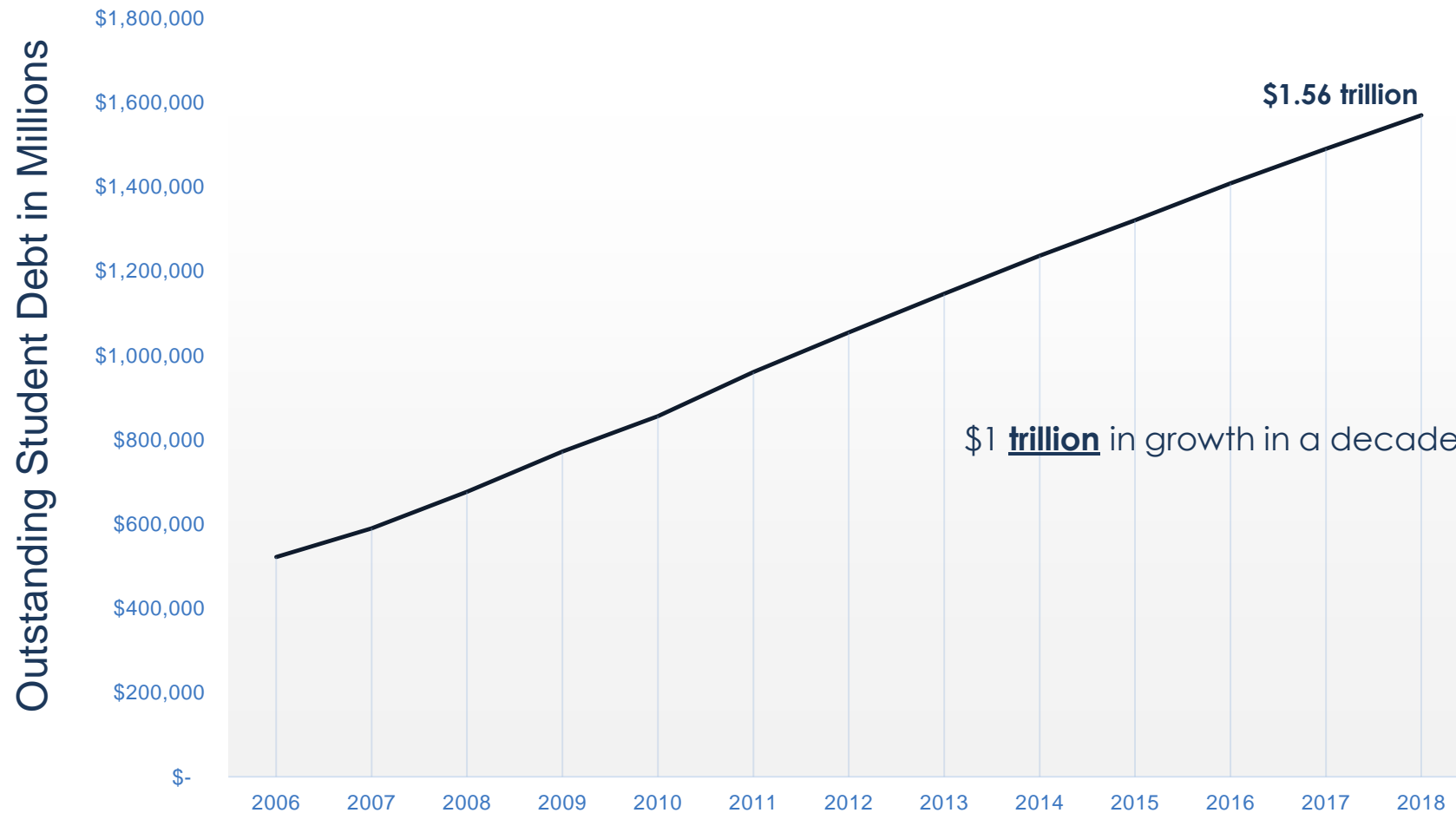
Financial Empowerment Roundtable

February 20, 2019

Presented By Bonnie Latreille

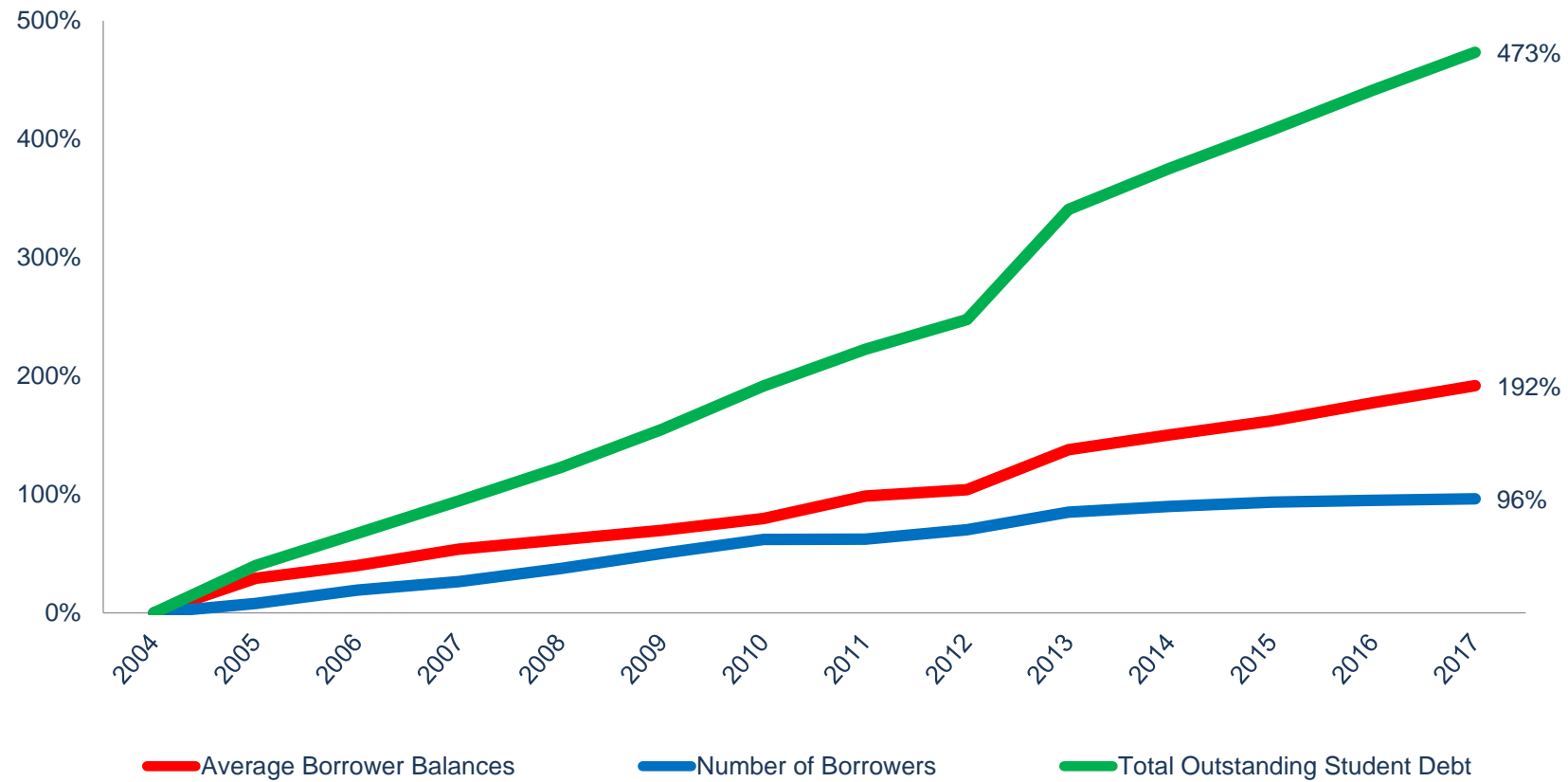
The Student Loan Market

Nationwide growth in student debt



Source: Federal Reserve Board

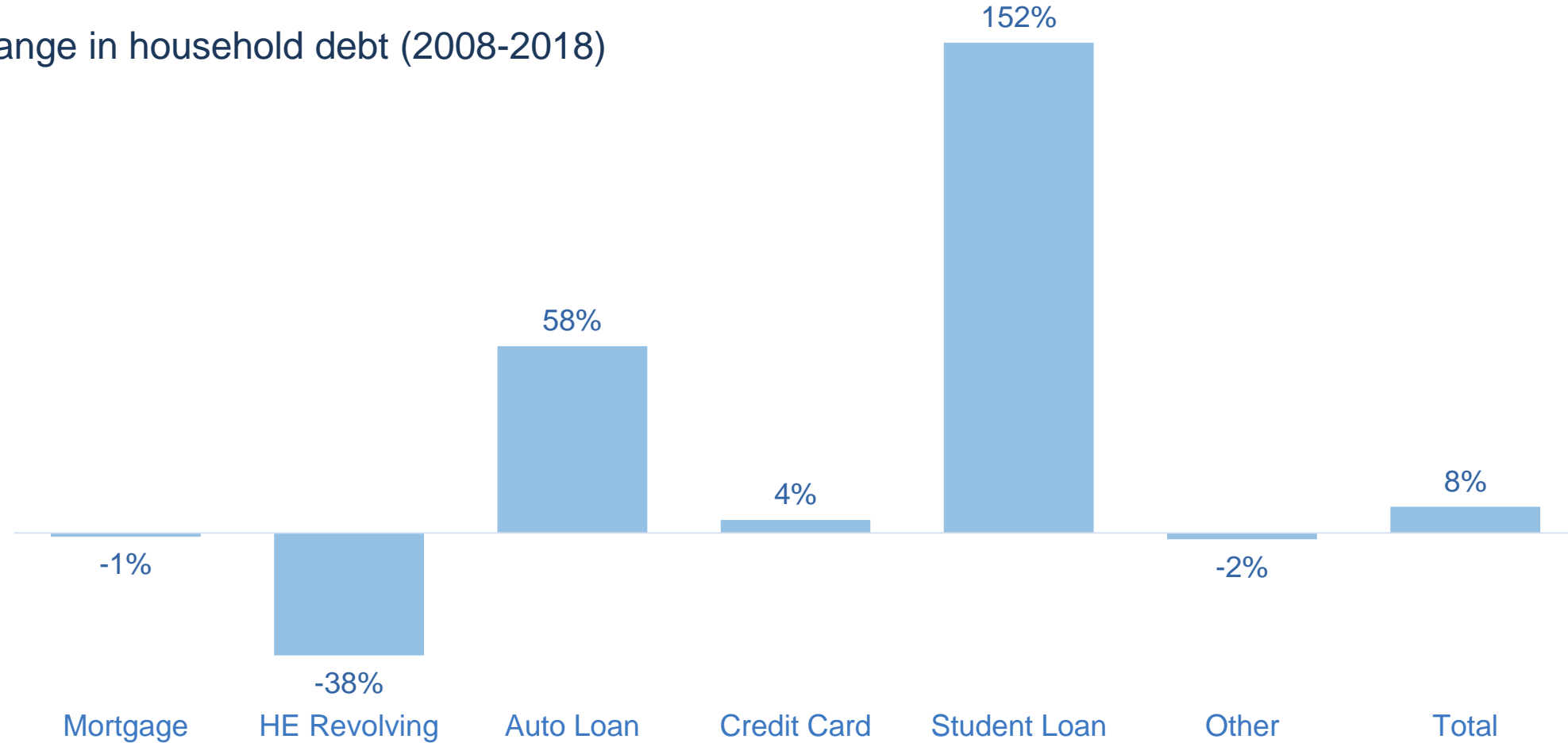
Market expanding, balances climbing



Source: Federal Reserve Bank of New York

Increasing burden on household balance sheets

Change in household debt (2008-2018)

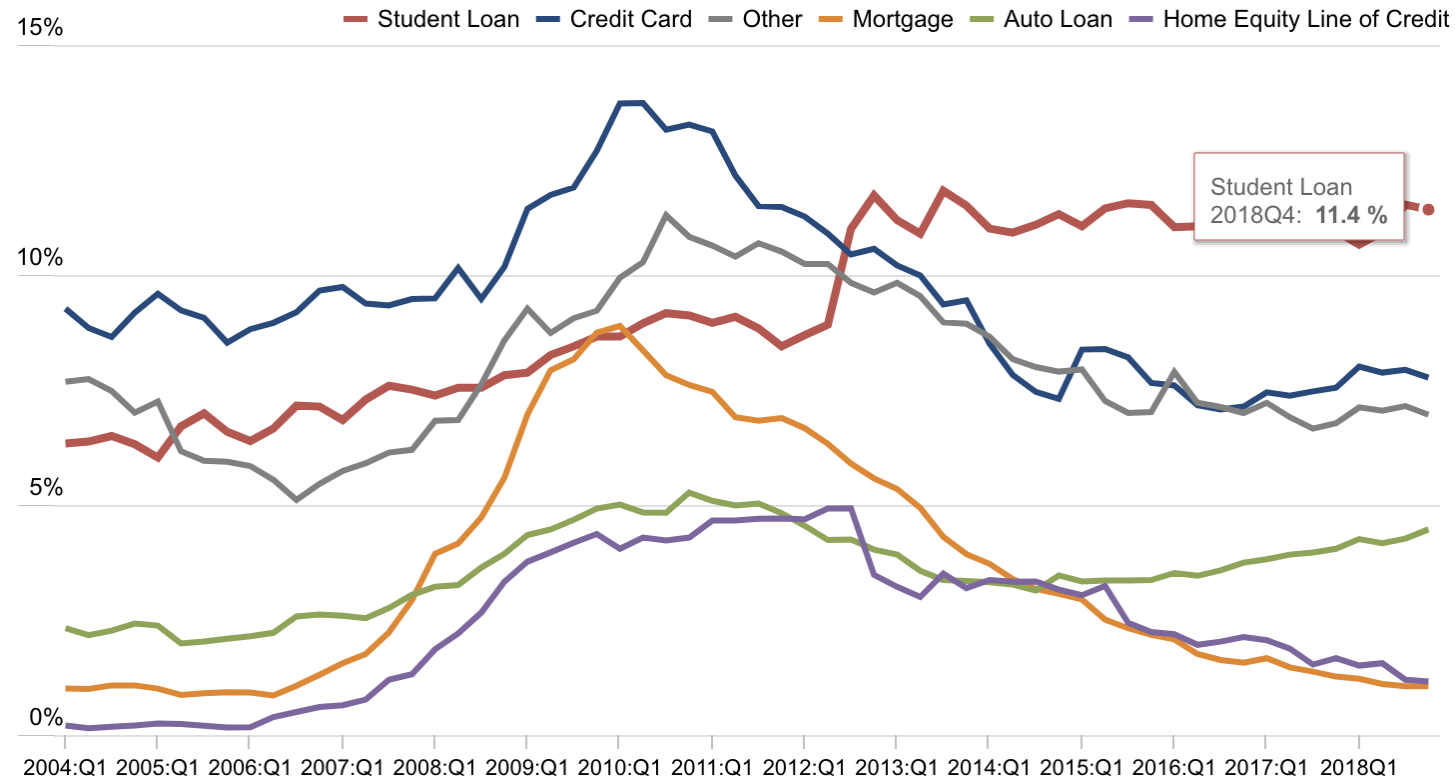


Source: Federal Reserve Bank of New York (2018 Q4)

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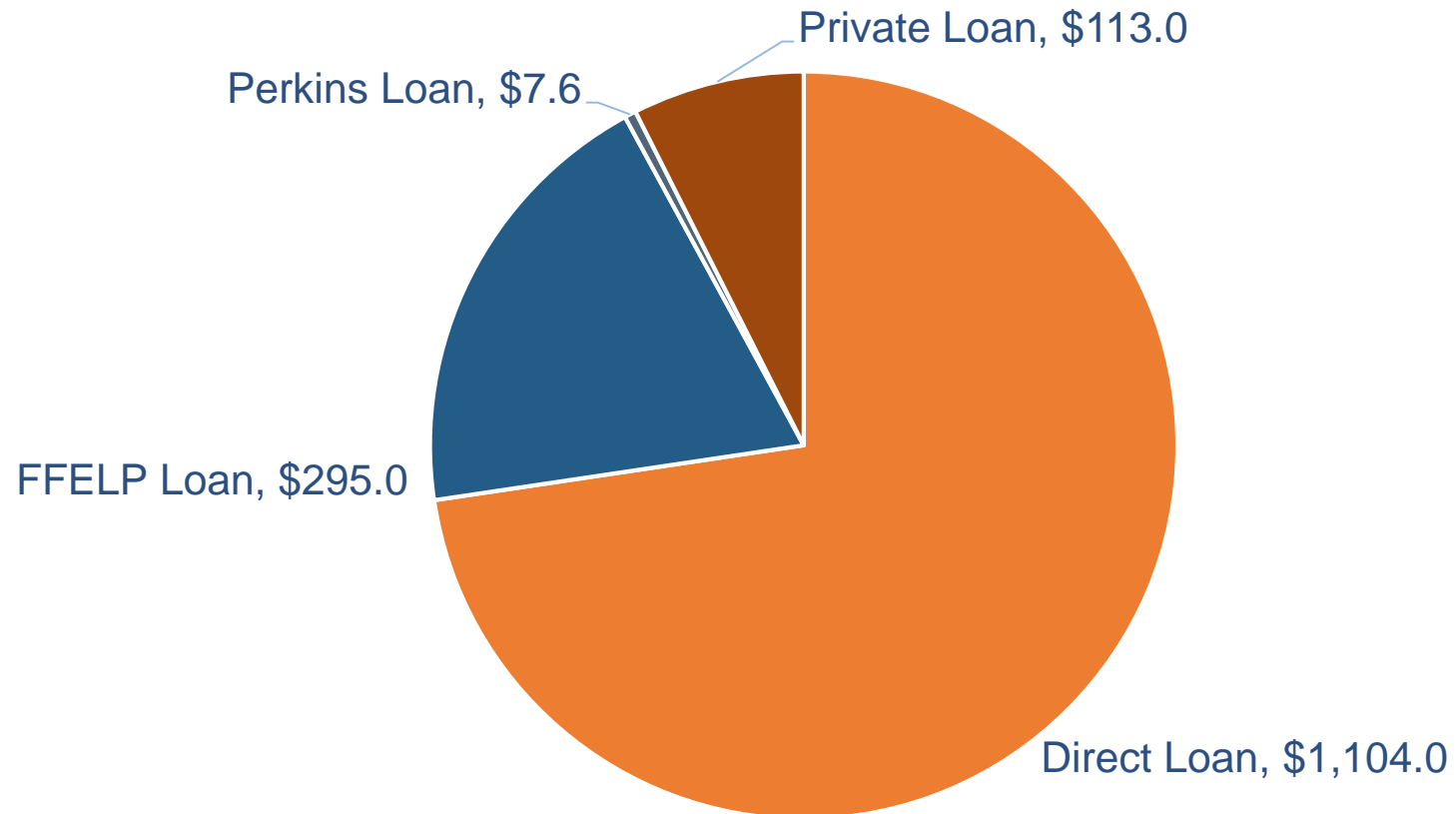
Student loan delinquency rates remain stubbornly high

Percent of Total Balance Outstanding 90+ Days Delinquent
by Loan Type



Source: Federal Reserve Bank of New York

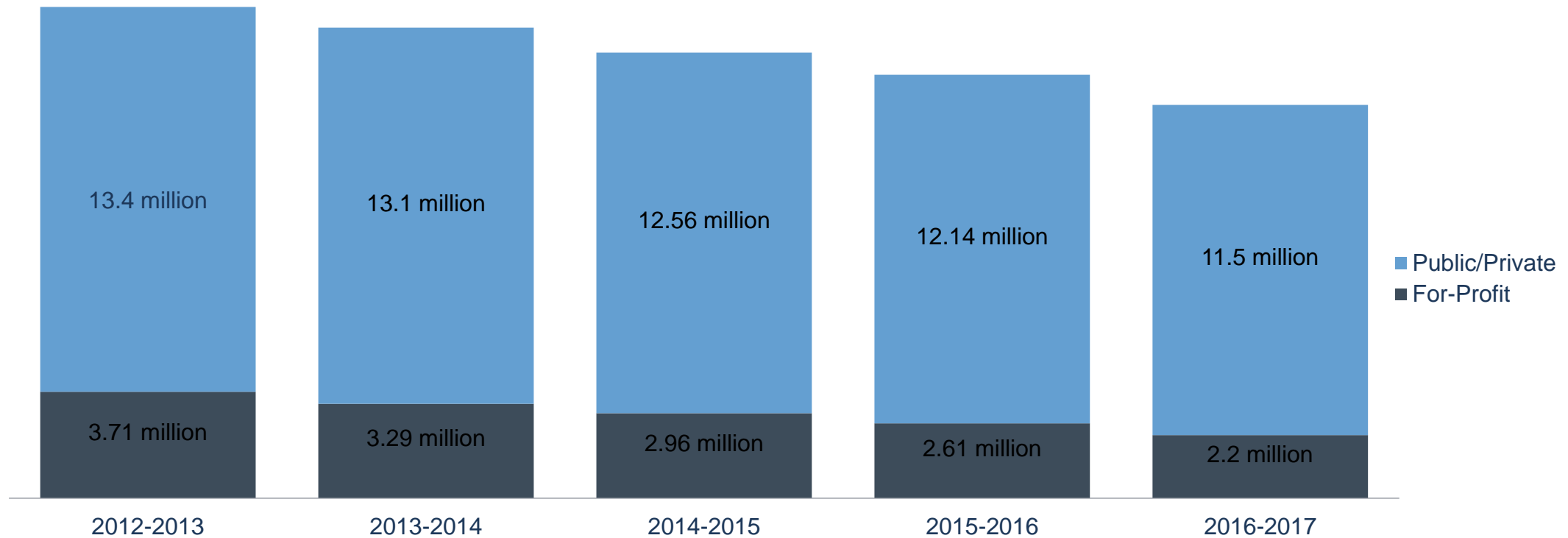
Share of student loan market, in billions



Source: Federal Reserve Board; US Dept. of Education (2016)

For-Profit Schools are only a small part of the market

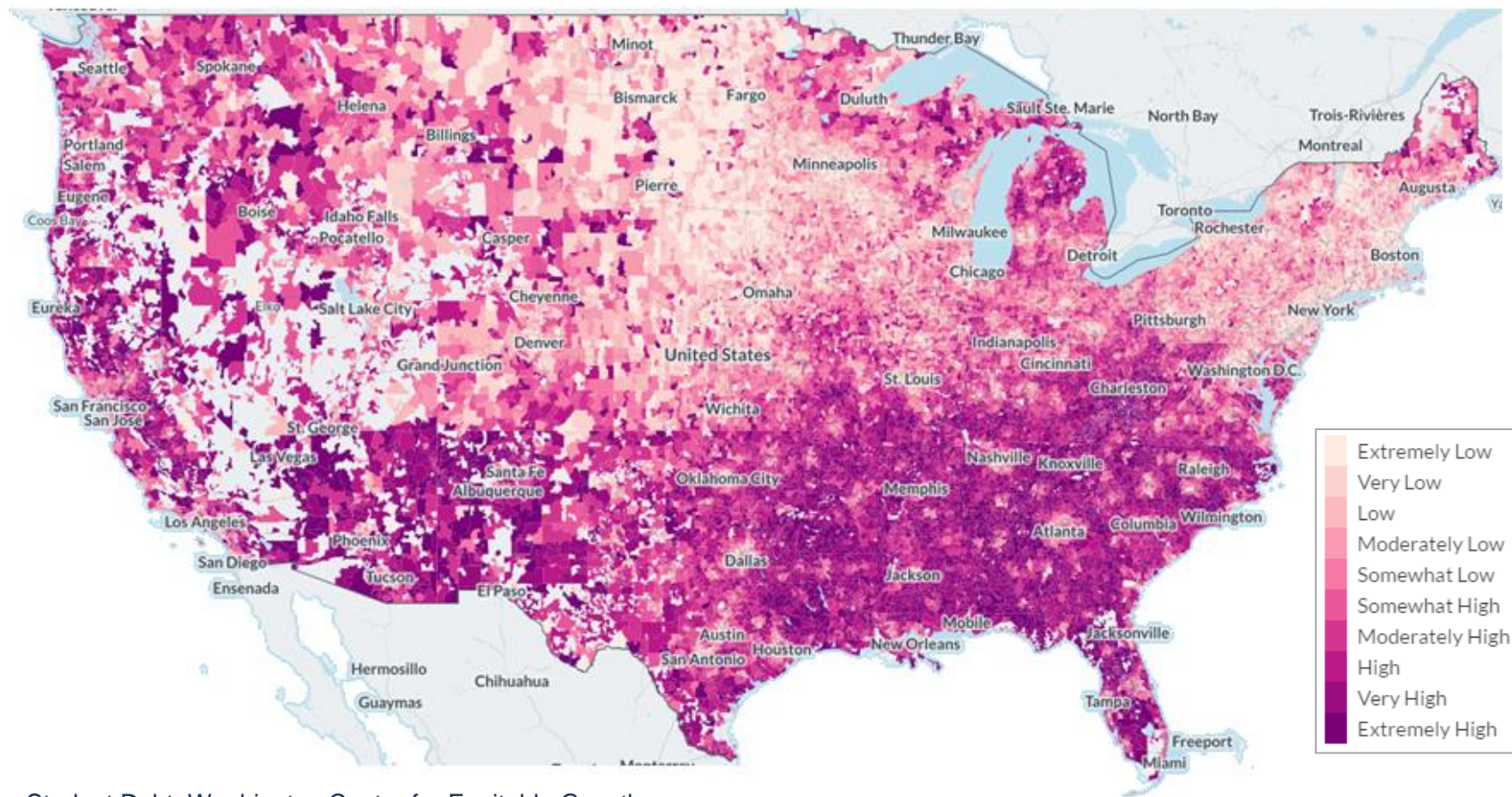
Direct Loan Originations by School Sector



Source: US Dept. of Education

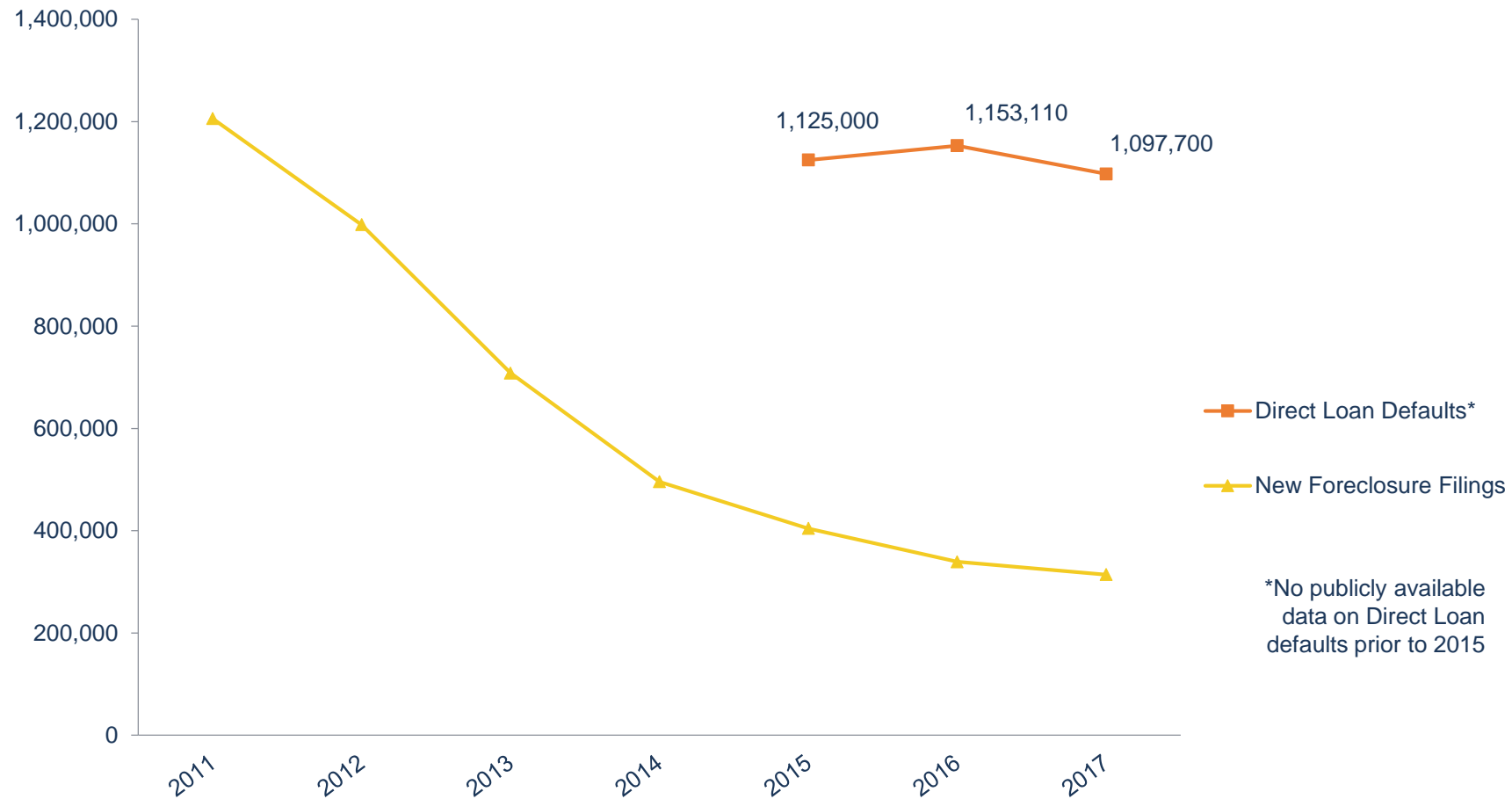
Academic year

Student loan default rates across the country



Source: Mapping Student Debt, Washington Center for Equitable Growth

Student loan defaults and home foreclosures



Source: New York Fed Consumer Credit Panel/Equifax; FSA Data Center
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The Role of Student Loan Servicers

Duties of servicers

A loan servicer will help you manage the repayment of your federal student loans—for free.
– Dept. of Education

- Apply payments across borrower's account
- Enroll borrower in alternative repayment plans (income-driven repayment, graduated, etc.)
- Report payment data to credit bureaus
- Send monthly bills
- Advise borrowers about repayment options
- Track eligibility for loan forgiveness
- Process loan discharge requests



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But servicers are failing...

UPI

Report: Student loan servicers mishandle paperwork, discourage alternative payment plans

AP | July 8, 2015, 8:05 AM

The New York Times DealBook Business & Policy

Student Loan Company Accused of Mismanaging Debt Forgiveness Program

Report: Troops still facing hassles with student loans

Examiner

'Widespread failure to give eye overhaul of \$1.5 trillion market'

Student Loan Debt A Growing Problem in California

REUTERS World Business Markets Politics TV

U.S. JUNE 22, 2017 / 5:10 PM / 8 MONTHS AGO

Servicing issues may hamper U.S. student-loan forgiveness for thousands

The New York Times <https://nyti.ms/1VnlgPx>

STUDENT LOANS

Loan Servicers Faulted for Some Student Loan Problems

Your Money Adviser

Forbes / Investing / #LifeHacks

JUN 23, 2017 @ 08:02 AM 11,719 EDITOR'S PICK

Student Loan Complaints Skyrocket 325%

HUFFPOST

Student Loan Servicers

The Washington Post

Grade Point

The number of people defaulting on federal student loans is climbing

Thousands of Grads File Complaints About Dealing With Private Student Loan Companies

Regulator Says

NOT GETTING ANY EASIER

Student Loan Servicing Issues Contribute To Older Borrowers' Defaults

The New York Times <https://nyti.ms/1NuMnUh>

BUSINESS DAY

A Student Loan System Stacked Against the Borrower

Fair Game

Student loan borrowers, herded into default, relentless collector: the U.S.

Lawsuits across the country

California v. Navient

Washington v. Navient

Massachusetts v. PHEAA

CFPB v. Navient

Illinois v. Navient

Massachusetts v. ACS

AFT v. Navient

Mississippi v. Navient

Pennsylvania v. Navient

New York v. ACS

Dept. of Education Inspector General – Servicers lack oversight

“Nearly 92 percent... [of FSA monthly call review reports] included at least 1 instance of the servicer representative not sufficiently informing borrowers about available repayment options.”

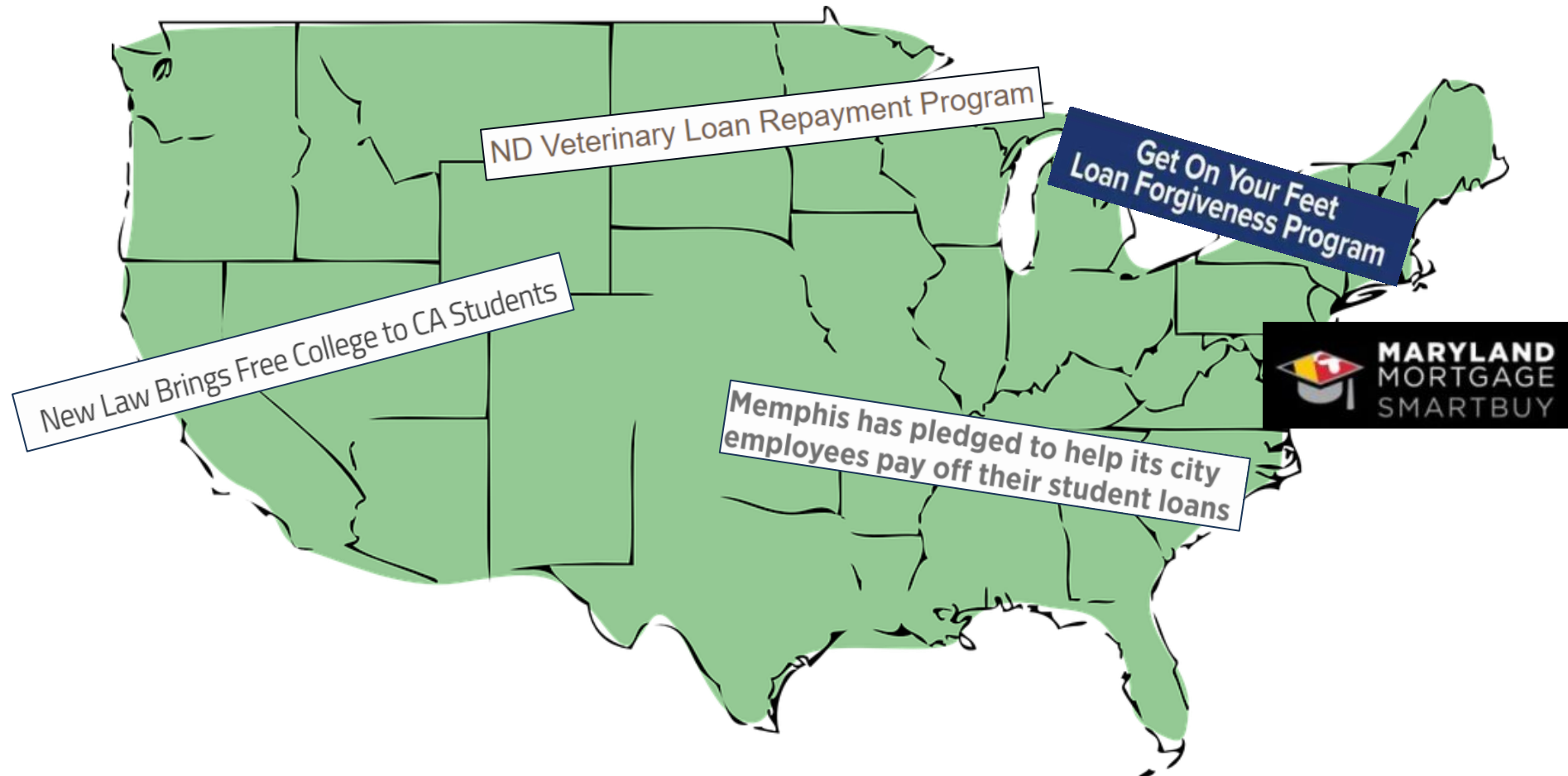
“Through September 30, 2017, 61 percent . . . [of] reports on FSA’s oversight activities identified instances of servicer noncompliance with Federal loan servicing requirements. These reports disclosed noncompliance by all nine servicers...”

“[After identifying noncompliance], rarely did FSA require the servicer to conduct a full file review. FSA also rarely penalized servicers for recurring noncompliance.”

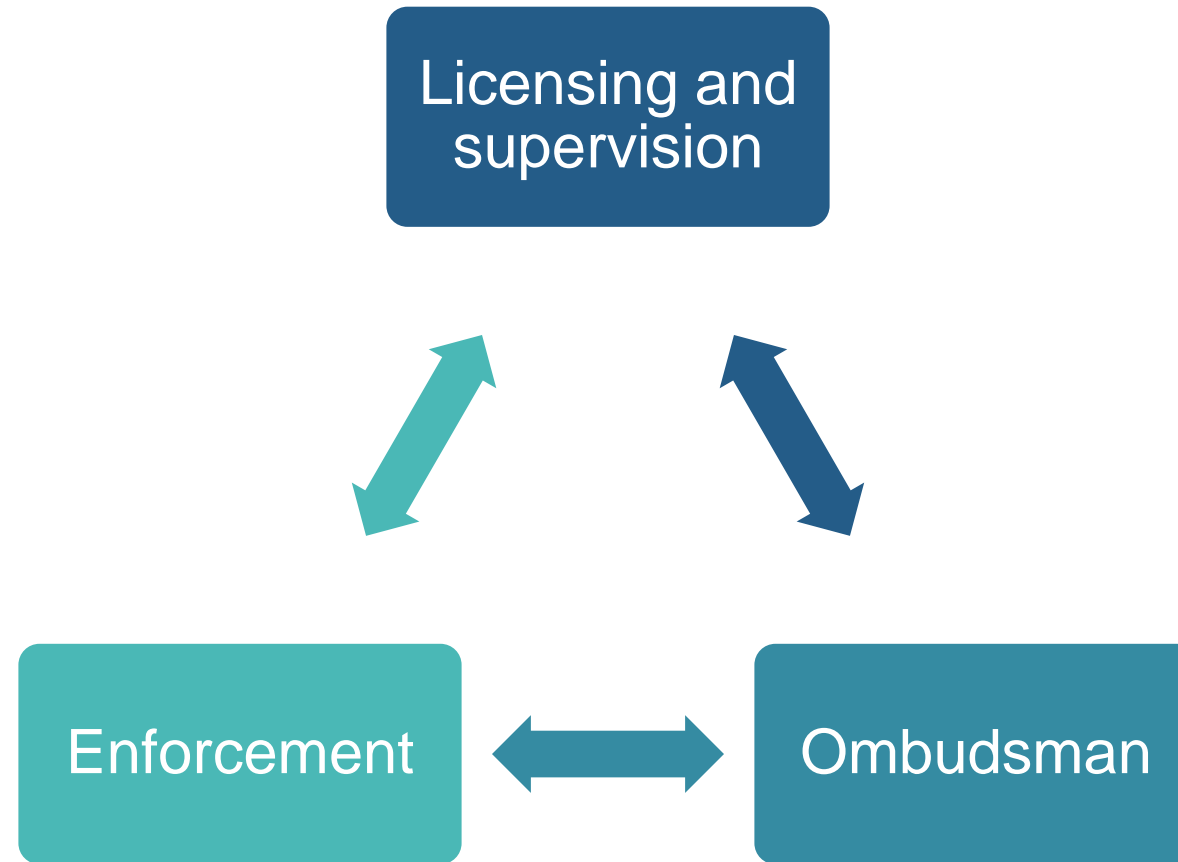
The Role of States

*We could change the cost of college tomorrow.
It wouldn't change the fate of 44 million
Americans crippled by student debt today.*

States mitigating the burden of student debt



States mitigating the burden of servicing failures



Thank You



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