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Student Borrowers Bill Passes N.C. House Committee Unanimously

Widespread Bipartisan Support for Bill of Rights

RALEIGH, N.C. — Today, the N.C. House **Committee on Education – Universities** voted unanimously in favor of [HB 707](#), the **North Carolina Student Borrowers’ Bill of Rights** at a 10 am hearing. HB 707 was introduced by Representative Rachel Hunt, Representative Mitchel Setzer and Representative Jon Hardister to hold student loan servicers accountable and improve practices that are often harmful to student loan borrowers. Representative Hardister is the chair of the Education-Universities Committee. The bill has 32 co-sponsors and over [40 organizations support the legislation](#). It goes next to the House Banking Committee.

“We thank Chair Hardister for his work on this bill and the committee for their support. And we thank co-sponsors Representative Hunt and Representative Setzer for introducing this important legislation. Student borrowers are suffering greatly, with a disproportionate impact on those most vulnerable,” said **Director of North Carolina Policy at the Center for Responsible Lending Rochelle Sparko**. “These families must be assured a fair shot at managing their debt with the assurance of responsible servicer practices, so that the promise of higher education has a hope of being realized. And all North Carolinians will benefit from this legislation. To put our state’s economy back on a healthy path, we need a suite of commonsense reforms addressing the flawed systems that hold us all back.”

The legislation is designed to help the [1.3 million North Carolinian borrowers](#) who owe a collective \$48 billion manage their debt and free up their resources for economy-boosting activities, such as home purchases. The bill mirrors similar loan servicing reforms for the mortgage loan industry passed by the legislature following the 2008 housing crisis.

In 2019, North Carolinians with student debt owed an average of \$36,000, with heavy burden falling on large swaths of state residents including middle-aged borrowers, older borrowers, Black and brown borrowers, rural borrowers and low-income borrowers. This debt follows borrowers for decades after college, preventing them from being able to participate in the economy – with 41 percent of borrowers reporting that debt has forced them to put off retirement savings and major purchases like cars or homes.

Even before the economic fallout from the COVID-19 pandemic, nearly one in five North Carolinian student loan borrowers were in severe delinquency, having made no payments for 90 days or more.

Roughly half of those borrowers are eligible for income-based repayment plans under which they could afford to make on-time payments, but servicers often fail to put them into those programs and instead place them in forbearance, which adds to their debt burden in the long term.

Servicers also frequently allocate payments improperly, increasing the total debt and interest. Some borrowers end up with a higher balance than what they borrowed, even after months of payments.

“For two years, I had to choose between my rent and student debt payments and health insurance, and I ended up going without healthcare for that time. I support the Student Borrowers’ Bill of Rights because I went so long without real support from my servicer, and without knowing I should have and could have been in an income-repayment program that would have been better for my situation,” said **Trey Roberts, a Raleigh student loan borrower** previously. “Student debt is a racial equity issue as well. Almost half of black graduates owe more on undergraduate student loans four years after graduation than they did when they received their degree, compared to 17% of white graduates.”

“I work with students as a college counselor and I know how crippling student debt can be,” said **North Carolina Representative Rachel Hunt** previously. “Debt means people can't move out of their parents’ homes, they can't be approved to rent their own apartments and they can't start their own small businesses. Student debt holds our economy back for all of North Carolina. Even if you don't have student loan debt, you will be helped by student loan borrowers having more protections. It would make an enormous impact on the lives of all North Carolinians.”

A [poll](#) of NC student loan borrowers released in December found that 73% of respondents report that their student loans cause them stress. More than two-thirds (69%) report they would have trouble with an unexpected emergency or are already falling behind in their finances.

“The payments on my student loan debt after deferment were unaffordable for me when I was a young adult,” said **Kanethia Rankin, a New Hanover County student loan borrower**. “Now that I’m better off and want to move forward, my student loan debt is making it impossible for me to accomplish my goals. I want to complete my degree; I’d be among the first in my family to do so. I want to buy a house, but I cannot qualify for a mortgage. My student loan servicer won’t give me clear, accurate information about how to get my loans into good standing, and so I am stuck.”

Resources

[Sign-on letter listing supporters of student loan servicing reform.](#)

[North Carolina’s Student Debt: Dimensions of a Crisis](#), CRL 2019.

[Poll: North Carolina Student Loan Borrowers During COVID-19 Pandemic](#), CRL 2020.

[Stepping Up: States Move to Hold Student Loan Servicers Accountable](#), CRL 2019, table updated 2020.

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The North Carolina Coalition for Responsible Lending works to ensure a fair, inclusive financial marketplace that protects family wealth and creates wealth-building opportunities, especially for marginalized or underserved communities.

www.ncresponsiblelending.org