



FOR IMMEDIATE RELEASE
April 28, 2021

North Carolina Lawmakers Introduce Bipartisan Student Borrowers' Bill of Rights

Licensing and regulating student loan servicers will help overburdened borrowers and the NCEconomy

RALEIGH, N.C. — Today, N.C. Representatives Rachel Hunt and Mitchell Setzer announced the introduction of House Bill 707, the Student Borrowers' Bill of Rights, at a press conference at the North Carolina General Assembly. Representative Jon Hardister is also sponsoring the bill, a bipartisan effort to hold student loan servicers accountable and prevent harmful practices in order 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.

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.

North Carolina's swelling student loan crisis is exacerbated by the bad practices of loan servicers who are hired by lenders to collect payment and respond to questions from borrowers. 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.

"I work with students as a college counselor and I know how crippling student debt can be," said **North Carolina Representative Rachel Hunt**. "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."

"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. When I finally got medical insurance my eye doctor said my prescription was long past what I needed," said **Trey Roberts, a Raleigh student loan borrower**. "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."

"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."

"With an economic crisis in full swing, North Carolina's borrowers deserve a student debt solution that won't strap them and their families in for decades to come," said **Rochelle Sparko, Director of North Carolina Policy at the Center for Responsible Lending**. "All North Carolinians will benefit when the legislature passes House Bill 707. 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."

Resources

Find a recording of the press conference

at <https://www.facebook.com/NCCoalition4ResponsibleLending>.

[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.

###

Press contact: carol.pariah@responsiblelending.org

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