

standards and rules. The author argues that AB 376 will ensure borrowers are provided reliable information and meaningful access to repayment and forgiveness programs.

- 2) **How do student loan servicers work?** Student loan servicers are not an original lender or loan holder. Instead, servicers contract with lenders to manage loans and process payment plans and respond to borrower questions. These servicers enter into contracts with loan providers, including the federal government, and earn commission on the loans they service. A borrower generally has no control over which company services a loan, and federal rules governing these companies are weak and inconsistent.
- 3) **Enforcement actions thus far.** While the Student Loan Servicing Office is fairly new, DBO has already engaged with noncompliant servicers. In July 2018, DBO sent letters to 12 servicers that did not properly register with DBO.

Analysis Prepared by: Luke Reidenbach / APPR. / (916) 319-2081