
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 424 (Stone) - Private Student Loan Collections Reform Act: collection actions

Version: July 8, 2021

Urgency: No

Hearing Date: August 26, 2021

Policy Vote: B. & F.I. 7 - 2, JUD. 9 - 2

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 424 establishes documentation requirements for private education lenders and loan collectors before these entities can initiate collection or civil action related to private student loan debt.

***** **ANALYSIS ADDENDUM – SUSPENSE FILE** *****

The following information is revised to reflect amendments
adopted by the committee on August 26, 2021

Fiscal Impact: Costs of approximately \$239,000 in the first year and \$199,000 ongoing to the Department of Financial Protection and Innovation for increased administrative and enforcement workload related to the oversight of debt collection activity specific to private student loan debt (Financial Protection Fund).

Author Amendments:

- Require a private education lender or loan collector to provide specified information related to a borrower's debt in the first written communication after a loan is in default and accelerated or in continuous default for at least 12 months, whichever is first.
- Exempt, from specified requirements related to an action brought or initiated by a private education lender or loan collector, entities that meet both of the following:
 - The entity is a depository institution, as specified.
 - The entity, together with its affiliates, will be a plaintiff in 35 or fewer private student loan collection actions in the current calendar year.
- Provide a six month delayed implementation date.
- Add a coauthor.
- Make technical changes.

-- END --