Dear Chair Prozanski, Vice Chair Thatcher, and Members of the Judiciary Committee,

In advance of Tuesday's public hearing on the student loan servicing proposal (SB 279), I am reaching out to introduce Educational Credit Management Corporation (ECMC) and our work as a guaranty agency.

ECMC was established in 1994 as a nonprofit student loan guaranty agency to support the U.S. Department of Education in its administration of the Federal Family Education Loan Program (FFELP). Guaranty agencies are either state agencies or nonprofit organizations like ECMC. In 2005, ECMC became the designated guarantor for the state of Oregon when OSAC decided to leave the FFELP Program. We continue to serve in this capacity today.

During the February 25 public hearing in the House Business and Labor Committee on the companion bill (HB 2588), it is my understanding that there may have been some confusion as to the role of guaranty agencies in the federal student loan program. Guaranty agencies, like ECMC, provide financial education services to empower students to make informed choices about their futures. We truly are borrower advocates. We do not service student loans. To help better understand the critical differences between loan servicers and the important work of guaranty agencies, attached please find:

1. Overview of guaranty agencies;
2. Life of a Student Loan Timeline (illustrating different activities performed by servicers and guarantors during the life of a student loan); and
3. Brochure describing ECMC's mission-based work to help students and families in Oregon.

Across Oregon, you'll note from the included brochure that ECMC holds annual college planning events called College Nights where we provide high school students and families with critical information to help them plan and pay for higher education. We are always interested in having participating from elected officials at these events. Please feel free to let me know if you're interested in attending these events, including those that may be in your district. It is also worth noting that since 2014, ECMC has successfully helped 18,423 Oregon residents avoid defaulting on their student loans through our work as a guaranty agency.

In each of the five jurisdictions that have enacted loan servicing laws, guaranty agencies have been excluded either through a carefully tailored definition of "servicing" similar to the one included in SB 279 or by expressly exempting guaranty agencies (the approach taken by California, Illinois, and Washington). By contrast, the definition of "servicing" included in HB 2588 is much broader and may negatively impact the important work performed by state and nonprofit guaranty agencies. Accordingly, as Oregon considers adopting student loan servicing legislation, we believe it should follow the same approach taken by the other jurisdictions that have enacted similar laws and exclude guaranty agencies.

We appreciate your consideration.

Michael Belaen

Michael Belaen
Director, Government Affairs
P (651) 325.3025
C (612) 819.1547

ECMC
Group