

\$5 Billion in Student Loans May be Uncollectable Because Holder of the Loans Cannot Prove It Owns Them

written by GEG | July 20, 2017



The National Collegiate Student Loan Trusts (NCSLT), a group of 15 trusts for private student loans, has misplaced the paperwork that proves it owns \$5-billion in student debt. Judges have dismissed NCSLT collection lawsuits in Ohio, New Hampshire and Texas because the company cannot document its claims. Increasingly, the only time these debts are collected are when borrowers do not show up to defend themselves or when they voluntarily pay without a court judgement. These loans are not guaranteed by the federal government.

Billions of dollars in student loans may be wiped out for tens of thousands of borrowers in the US because a lender didn't keep track of the paperwork verifying ownership of the loans, according to The New York Times.

The National Collegiate Student Loan Trusts, which holds 800,000 private loans and is one of the country's largest owners of private student loans, is at the center of the legal dispute, The Times reports.

Borrowers are failing to repay more than \$5 billion of the \$12 billion in private student loans held by National Collegiate, sending the loans into default. The organization has brought more than 800 lawsuits against borrowers this year alone in pursuit of repayment – and National Collegiate usually wins because borrowers either choose to settle or don't show up in court, according to The Times.

When borrowers do show up to fight, the cases are not so straightforward. Disorganized or missing paperwork has made it difficult for National Collegiate to prove it does

indeed own the defaulted loan it's demanding repayment on, according to The Times. To be clear, The Times reports, the organization's legal problems don't include falsifying documents.

The student loans held by National Collegiate were made "more than a decade ago by dozens of different banks, then bundled together by a financing company and sold to investors through a process known as securitization," and they weren't guaranteed by the federal government, according to The Times.

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