

Observations from Two Years of Student Loan Advocacy

Office of the Qualified Education Loan Ombudsman



STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA

Federal Loan Portfolio – June 30, 2020

| | National | Virginia |
|--------------|----------|----------|
| Debt | \$1.545B | \$40.3M |
| Borrowers | 44.681M | 1.032M |
| Average Debt | \$34,587 | \$39,043 |

Federal Student Aid

Borrower Requests (Oct. '18 to Sep. '20)

| Open requests | Closed requests | Total received |
|---------------|-----------------|----------------|
| 93 | 210 | 303 |

| Typical Borrower Case (Self-Reported) | | | |
|---------------------------------------|------------------------|----------------------|-------------------|
| Type of College | Proprietary (32%) | Public (24%) | Unspecified (27%) |
| Completion Status | Graduated (44%) | Withdrawn (20%) | Unspecified (23%) |
| Type of Loan | Federal (67%) | Private Only (6%) | Unspecified (25%) |
| Degree Program | BA and Above (48%) | AS and Cert. (22%) | Unspecified (30%) |
| Primary Concern | Loan Forgiveness (54%) | School Closure (19%) | Other (11%) |

Trends (303 Cases)

Clarification of Payment Plan – 73 Cases

Public Service Loan Forgiveness – 63 Cases

- Wrong Repayment Plan – 12 Cases - TEPSLF
- Wrong Loans – 22 Cases – No Remedy

Closed School Issues – 41 Cases

- Degree Credibility for Completers
- Borrower Defense to Repayment Claims – 20 Cases

Trends (303 Cases)

Borrower Defense to Repayment Claims

- Claims Pending – 15 Cases
- Claims Denied – 5 Cases

Working with the Harvard Project to Determine if the Applications are Given Due Diligence

Qualified Education Loan Borrower Course

- **Version 1.0 – Upgraded Web Content**

**Understanding
Student Loans**

www.schev.edu/loan101

**Exploring Federal Loan
Repayment Plans**

www.schev.edu/loanrepayment

**Avoiding Loan
Default**

www.schev.edu/avoiddefault

Escaping Loan Crisis

www.schev.edu/loancrisis

Key Loan Terms

www.schev.edu/keyloanterms

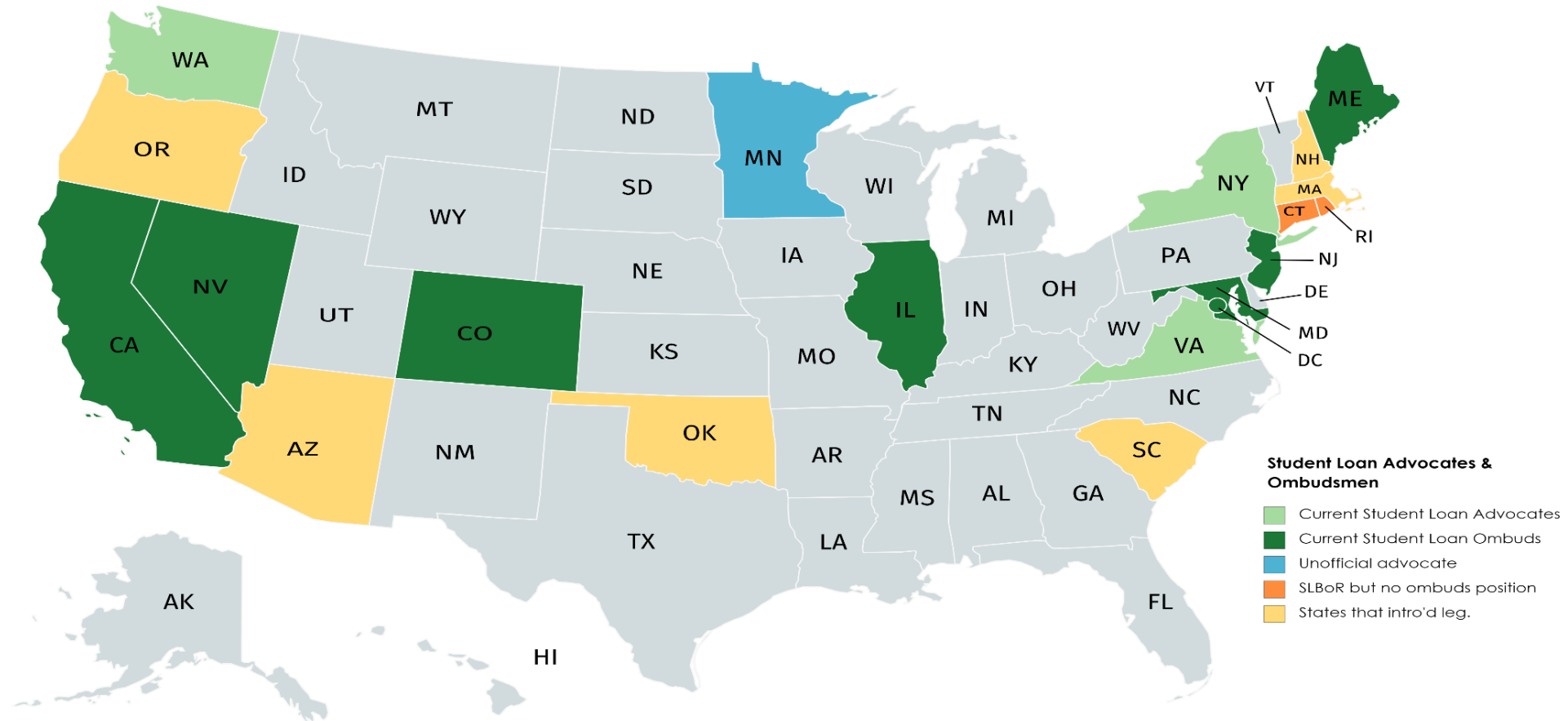
Qualified Education Loan Borrower Course (V2)

- **Online modules that can be completed independently.**
- **Lesson plans provided for inclusion in the financial literacy course required for high school graduation and for use in entrance and exit counseling as required of all student loan borrowers.**
- **Funding acquired from the General Assembly and currently under an RFP process**
- **Expected Launch in April 2021**

Policy Considerations

- **Revise Federal Contracts with Loan Servicers**
 - Movement in that direction by Fall 2021
- **Simplify Repayment Plans**
- **Fix Public Service Loan Forgiveness (PSLF)**
- **Resolve Borrower Protection Cases (School Closures)**
 - Cases are being reviewed by with blanket denials
- **Fix Spousal Consolidation Loan**
- **Stop Collections – Move all defaulted loans to IDR**
- **Require Annual Loan Counseling in College**
 - Process was being developed until COVID-19 hit
- **Incentivize Early Loan Payoff**

Advocacy is Growing Nationally...



Current Advocate – 13

Loan Bill of Rights – 2

Pending Legislation - 6

...Which Allows for Collection Actions

- **Disability Discharge Letter to Secretary DeVos**
 - Automatic Discharge for SSA Approved Disabilities
 - Request Denied
- **Extension of COVID Relief to Privately Held Loans**
 - Privately-Held FFELP; Perkins; Private Education Loans
 - 90-Day Disaster Forbearance – Unable to Renew
- **COVID-19 Letter to Secretary DeVos**
 - Extension of CARES Act Relief
 - Followed Days Later By the Executive Order

Impact of COVID-19 on Advocacy

- **Relief for Federally-Held Loans through 2020**
 - Includes stoppage of collections activities
- **Negotiated Relief for Private Loans Expired and Most Companies will not renew the 90-Day Disaster Forbearance**
- **Significant Increase in Loan Scams**
- **Blanket BDR Claim Denials**

2020 Session Legislative Update

HB 743: Private Student Loan Disclosures

- **Share Loan Ombudsman Contact Information**
- **Share Link to Private Student Loan Information on SCHEV website**
- **Implementation Date: July 1, 2021**

2020 Session Legislative Update

HB 10/SB 77: Licensing of Loan Servicers

- **Borrower Bill of Rights**
- **SCC Regulatory Authority**
- **Prohibited Actions/Affirmative Acts**
- **Ability to Levy Fines up to \$2,500**
- **Implementation Date: July 1, 2021**