

State Council of Higher Education for Virginia



**Annual Report  
Office of the  
Qualified Education Loan  
Ombudsman**

January 10, 2024



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## SUMMARY

The Code of Virginia directs the State Council of Higher Education for Virginia (SCHEV) to submit an annual report to the House Committees on Commerce and Labor and Education, and the Senate Committees on Commerce and Labor and Education and Health on the implementation and overall effectiveness of the Office of the Qualified Education Loan Ombudsman ([§ 23.1-234](#)). Terms associated with the operation of the office are defined in [§ 23.1-231](#).

The following are the key findings from the 2023 annual report.

1. The Virginia Student Loan Advocate helped 673 Virginians with education loan issues during its first five years of operation.
2. The main assistance provided included: helping borrowers understand the complexity of their loans, troubleshooting eligibility issues for loan forgiveness, assisting borrowers resume payments and helping those who felt they were defrauded or misled by their institution.
3. Spoke at conferences and events to more than 1,000 people including students, parents, teachers and counselors on student loan issues. Initiated media and social media outreach campaign to help Virginians better understand student loan repayment resumption.
4. Managed Virginia's student loan website ([viriniastudentloanhelp.org](http://viriniastudentloanhelp.org)), which saw approximately 12,000 unique users participate in one or more modules during 2023.
5. The Student Loan Advocate worked with other federal and state advocates to improve the process for the restart of student loan payments.
6. The Student Loan Advocate analyzed data and identified trends in borrower complaints and provided policy recommendations to help borrowers.



## PURPOSE OF THIS REPORT

This report fulfills the legislative requirement for the Office of the Qualified Education Loan Ombudsman (the Office), staffed by the Student Loan Advocate.

The General Assembly and Governor established the Office during the 2018 General Assembly session. An excerpt of the enabling legislation and purpose is included below along with expected annual reporting requirements. (The full legislation is in Appendix A.)

### **§ 23.1-232. Office of the Qualified Education Loan Ombudsman established; duties.**

*A. The Council shall create within the agency the Office of the Qualified Education Loan Ombudsman. The Office of the Qualified Education Loan Ombudsman shall provide timely assistance to any qualified education loan borrower of any qualified education loan in the Commonwealth. All state agencies shall assist and cooperate with the Office of the Qualified Education Loan Ombudsman in the performance of its duties under this article.*

### **§ 23.1-234. Reports.**

*On or before January 1, 2019, and annually thereafter, the Council shall submit a report to the House Committees on Commerce and Labor and Education, and the Senate Committees on Commerce and Labor and Education and Health. The report shall address (i) the implementation of this article and (ii) the overall effectiveness of the Office of the Qualified Education Loan Ombudsman.*

The report contains information on the requirements and duties of the office, including efforts to inform the public of the availability of the office, outcomes of the complaints and concerns registered with the office, progress toward meeting the needs of Virginia borrowers and the status of the Qualified Education Loan Borrower Education Course.



## OVERALL EFFECTIVENESS

The following is a brief summary of 2023 activities.

The primary functions of the Student Loan Advocate are to provide assistance to qualified education loan borrowers who reside in the Commonwealth, develop education materials and make policy recommendations based on data collected from Virginia borrowers. Borrowers referred to the office are asked to complete the Student Complaint Form, which is located on the office's website ([schev.edu/studentloan](https://schev.edu/studentloan)) or in the footer on all SCHEV website pages. Once the form is submitted, the Student Loan Advocate contacts the borrower and begins working on the case.

Just over one million Virginians have some type of student loan debt with an average debt of more than \$43,000. As of October 2022, the three-year national student loan default rate dropped from 7.3% to 2.3%, which has trended downward since a high of 11.8% in 2015. The dramatic decline in the last few years can be attributed to several administrative factors affecting federal student loans, as described in this section. In September 2023, the three-year default rate was reported as 0%, as a result of the pause on placing loans into default since March 2020. The number should remain close to zero for 2024, as the Department of Education announced a *Fresh Start* program that allows defaulted borrowers to opt into a return to payment and a restoration of financial aid eligibility.

Due in large part to the pandemic, the administration implemented an administrative forbearance in place from March 2020 to August 2023 whereby borrowers could pause regular payments while interest charges were suspended. This included the cessation of placing federally backed loans into default after 270 days of non-payment. In June 2023, the U.S. Department of Education (ED) announced that the administrative pause would end in the fall and that payments would resume. As a result, the Office implemented outreach efforts and worked with individual borrowers to prepare for the resumption of payments.

In September 2023, ED ended the payment pause and resumed the interest accrual on all federal loans previously eligible for the administrative forbearance. Loan servicers were instructed to resume payments in October. At the time of this report, many administrative problems with the resumption of payments existed, and the Office worked with other state advocates to request corrective action on the part of loan servicers. This included interest-free administrative forbearances for borrowers who experienced difficulty with the resumption of payments while their accounts were fixed.

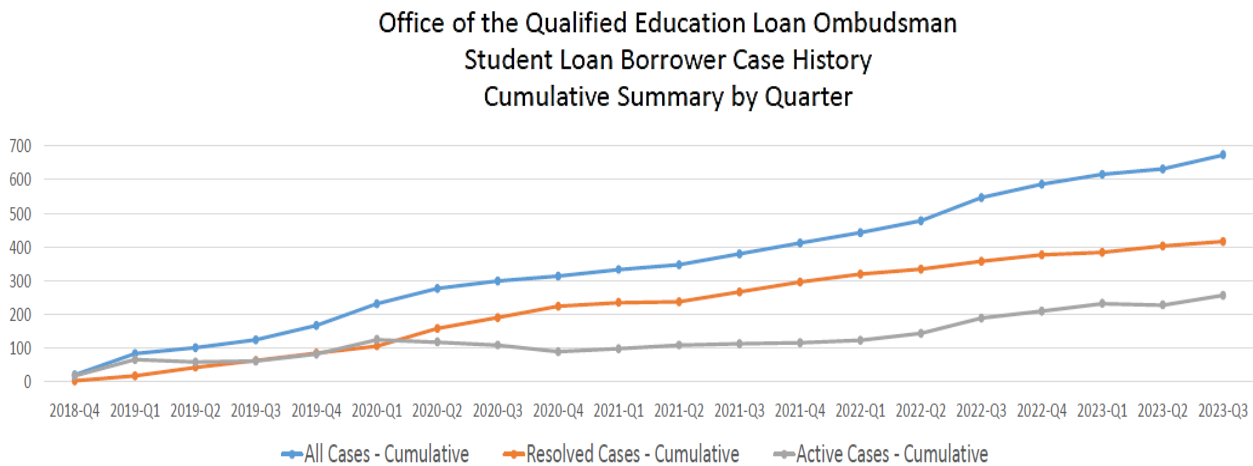


Each of these changes resulted in a significant number of new borrowers and existing borrowers continuing to require assistance from the Student Loan Advocate.

## Analysis of Borrower Cases

Since October 2018, the office has handled almost 675 unique cases involving student loans. The chart below illustrates the steady increase in cases during the first five years, along with the number of cases that were resolved.

**Table 1: Quarterly Cumulative Summary of 673 Borrowers Served by the Office of the Qualified Education Loan Ombudsman**



During the first year the office was operational, 126 borrowers received assistance. That number increased to 178 during the second year. Halfway through the third year, Federal Student Aid enacted the pause in payments for federally held loans. As a result, the number of new cases decreased to 77 in the third year. That number jumped to 167 in year four, as more borrowers became eligible under the PSLF Limited Waiver. In addition, over 25% of borrowers were transferred to new loan servicers, with a transition process that took weeks for each borrower and led to requests for assistance from the Student Loan Advocate. In year five, 127 borrowers requested assistance as the payment pause was lifted.

One significant change in 2023 is that the number of active cases is growing at a faster pace through outreach efforts that have led borrowers to seek the assistance of the Office. In addition to the 127 new borrowers’ cases during the last reporting period, another 82 borrowers with open cases reached out for continued assistance with their existing problem or assistance with new problems that arose as the result of loan servicer changes or payment restarts. The borrowers who initially reached out for assistance with loan forgiveness programs like PSLF are still waiting on their accounts to be resolved.





One factor that complicated PSLF borrowers is that management of the program was transferred from FedLoan to Missouri Higher Education Loan Authority (MOHELA). For borrowers who were close to having their payment counts resolved, the transfer restarted the review process and borrowers continue to be in limbo. This includes borrowers who made more than the 120 payments needed for loan discharge but have not had all their payments approved. The Office continues to reach out to FSA to review and escalate these cases. In 2024, the focus will be to help Virginia borrowers with the resumption of payments and the resolution of long-standing issues.

**Table 2: Annual Summary of New Borrowers and Closed Cases Served by the Office of the Qualified Education Loan Ombudsman**

	<b>New Cases</b>	<b>Closed Cases</b>
<b>Year 1</b>	126	64
<b>Year 2</b>	178	129
<b>Year 3</b>	77	76
<b>Year 4</b>	167	91
<b>Year 5</b>	127	59
<b>TOTAL</b>	673	416

As the deadline to resume payments grew closer, the Office’s outreach focused on three primary groups. The first group is the over 90% of borrowers eligible for the administrative pause who did not make a single payment for 43 months and need to resume the habit of making timely payments to avoid default. This included setting up account access with a new loan servicer for most borrowers and re-establishing automatic payment practices. The second group is borrowers who exited school since March 2020 and have yet to make their first payment. For these borrowers, outreach focused on starting a new habit of making payments and finding room in their budgets to begin the path to loan repayment. The third group is loan borrowers who were previously in default and are now eligible for the *Fresh Start* program. For some of these borrowers, their primary experience with their education loans was wage garnishment, tax refund garnishment and other consequences of having their loans in collections. *Fresh Start* gives borrowers an opportunity to return to repayment and resume eligibility for federal financial aid. This latter opportunity allows borrowers who were previously ineligible for new federal student aid to return to college and complete a credential with the assistance of federal financial aid.



Cases handled by the Student Loan Advocate show the following self-reported general characteristics:

**Table 3: Self-Reported Characteristics of Borrower Concerns Related to their Education Loans**

	<b>Most Common</b>	<b>Second Most Common</b>	<b>Other</b>	<b>Not Reported</b>
<b>College Type</b>	Proprietary (26%)	Public (20%)	Private (18%)	36%
<b>Completion Status</b>	Graduated (44%)	Withdrawn (16%)	Current (16%)	24%
<b>Loan Type</b>	Federal (58%)	Private (13%)	Fed & Private (8%)	20%
<b>Degree Program</b>	BA (27%)	Post-BA (21%)	Associates and Certificate (18%)	34%
<b>Primary Concern (Duplicated Count)</b>	Loan Forgiveness (53%)	College Handling of Loan (29%)	School Closure (16%)	Other (20%)

**Table 4: Demographics by Age and Amount of Debt**

	<b>Average</b>	<b>Range (Minimum)</b>	<b>Range (Maximum)</b>	<b># Reported</b>
<b>Age of Borrower</b>	47.7 Years	21.8 Years	76.1 Years	86
<b>Borrower Debt</b>	\$66,779	\$1,885	\$525,000	232

Borrowers contacted the office in various ways. The primary method is via emails sent directly to the Student Loan Advocate, followed by direct phone calls to the office and submission of the Student Complaint Form (available through the SCHEV website). State legislators, the Governor's office, the Attorney General's office and the Secretary of Education's office also refer borrowers to the student loan advocate.

To date, 44% of cases required contact with another entity to better understand the details of a borrower's loan account and to collaborate on the next best steps for the borrower. This included reaching out to loan servicers in 13% of the cases and reaching out to Federal Student Aid (FSA) for 11% of the cases. As a result of the changes in loan servicers and the difficulty with establishing new points of contact at the new servicers, the office has relied more on contacts at Federal Student Aid in order to resolve cases.

Of the 674 cases as of September 30, 2023, 416 were resolved. Most were closed after sharing requested information or clarifying the nature of the loan repayment schedules. Some involved borrowers from outside Virginia who were referred to the appropriate state or federal agency. Cases involving current students were referred to other SCHEV departments



or Virginia agencies.

The most common service provided to borrowers included helping them better understand their payment plan options. This included understanding the new Saving for A Valuable Education (SAVE) plan, which replaced the REvised Pay As You Earn (REPAYE) and offered lower payment options for borrowers still struggling with their student loan payment amount. At the top of the list of concerns was the Public Service Loan Forgiveness (PSLF) Program, leading to requests for assistance from 21% of borrowers. PSLF allows borrowers who serve in government or a qualifying non-profit to earn debt forgiveness after making 120 qualifying payments. Borrowers contacted the office after learning that they were ineligible for PSLF because they were on the wrong type of repayment plan or held the wrong type of loan. The previously mentioned change in the loan servicer managing the PSLF program complicated the resolution of cases for borrowers.

Cases that remain open the longest are those of borrowers who submitted a Borrower Defense to Repayment (BDR) claim with the FSA office. The BDR claim process allows a borrower to request loan forgiveness if the school did something or failed to do something related to the loan or to the educational services that the loan was intended to provide. FSA continues to escalate the resolution of BDR claimants that attended specific closed institutions during specified time frames. This demonstrates movement toward resolving the pending cases.



## Outreach Efforts

One of the roles of the office is to conduct outreach efforts to potential loan borrowers, either by direct contact or indirectly through institutions of higher education or practitioners who work with borrowers. Presentations were made in-person and virtually to student groups, state conferences and national conferences. These presentations provide information about student loans and serve as a resource for those seeking assistance. Collective attendance at these events was over 1,000 people. Highlights include:

- Virginia School Counselors Association Conference Presentation: Comprised of school counselors throughout the Commonwealth.
- Jump\$tart Virginia Symposium Keynote Address: Introduce the online “Economics and Personal Finance” Module to high school teachers as a resource for teaching the paying for college standard of learning.
- Virginia College Access Network (VCAN) Conference Presentation: Comprised of college access professionals from multiple organizations that work in Virginia high schools.
- GRASP Aspirations Scholarship Program (GRASP) Advisor Training: Provided an overview of options for financing high education in general and student loans specifically.
- ODU TriO Program: Comprised of future college graduates preparing to start loan repayment.
- James River High School Virtual Parent Presentation: Provided an overview of options for financing higher education.
- Public Service Loan Forgiveness Presentations and Payment Restart to VCU Employees: Multiple webinars for employees that were recorded and viewed by VCU and VCU Health employees in public service roles.
- SCHEV All Agency Staff Meeting Discussion: Provided an overview of the PSLF program and the payment restart.



## PLANS FOR THE FUTURE

### Policy Recommendations

The Student Loan Advocate analyzes data and identifies trends in borrower complaints to provide policy recommendations for legislation that would provide relief to borrowers. There are no new policy recommendations for 2024, but some policy recommendations from last year require an update. Currently, the state is limited on policy changes to address borrower concerns proactively, but local and state legislators can advocate to the federal government and lobby Virginia's congressional delegation to implement the following policy changes:

#### **1. Federal Servicing Contracts**

**Initial Recommendation:** Advocate for the FSA office to revisit and improve the servicing contract requirements between the federal government and student loan servicers.

**Update:** The reassignment of borrowers to new servicers as existing servicers withdrew from this market continues to be problematic. FSA continues to centralize its borrower communication and record-keeping processes to better account for the work of loan servicers, along with maintaining an enforcement office to keep the loan servicers accountable.

**Revised Recommendation:** Continue to advocate for improvements in servicing contracts as deemed necessary and monitor the administration's work on all issues affecting Qualified Education Loans.

#### **2. Public Service Loan Forgiveness (PSLF)**

**Initial Recommendation:** Revise the PSLF application and approval process to ensure higher rates of loan forgiveness for eligible borrowers.

**Update:** The PSLF Limited Waiver program ended on October 31, 2022, and all original eligibility requirements for the program were restored. However, ED is conducting an Income-Driven Repayment (IDR) review of all accounts as the result of negligent payment plan advising on the part of loan servicers dating back 10 years and more. Under the review, borrowers are being given eligibility for months of forbearance that count toward the 20 or 25 years needed for the IDR loan forgiveness program. In addition, those months also will count toward eligible payments needed for PSLF loan discharge. While the initial hope was for the IDR review to be completed prior to the payment restart, the process has been delayed, leaving borrowers with over 120 potentially eligible payments having to restart payments. This creates confusion for borrowers and requires reaching out to the Student Loan Advocate to get confirmation of their status toward PSLF loan discharge.



**Revised Recommendation:** Continue to monitor over PSLF-related cases that are awaiting a final assessment of their eligibility for updated PSLF payment counts and loan discharge. This includes several that met the 120 payments count threshold months ago but are still waiting for the loan discharge to be completed.

### **3. Borrower Defense to Repayment Claim Process**

**Initial Recommendation:** Resolve the more than 180,000 Borrower Defense to Repayment (BDR) claims that mostly are related to school closures. Some claimants have been waiting for more than four years for a decision from FSA.

**Update:** FSA continues to review existing claims and is resolving more complaints for certain BDR claimants who attended specific closed institutions during specified time frames. The Office's first borrower case in October 2018 involved a BDR claim that was resolved almost five years later.

**Revised Recommendation:** Continue to monitor BDR cases for Virginia borrowers and encourage FSA to expedite the review of those claims.

### **4. Annual Loan Counseling and Truth-In-Lending**

**Initial Recommendation:** Require annual loan counseling for students taking out loans, including providing a truth-in-lending statement. Currently, entrance and exit counseling is required. ED is in the process of requiring institutions to provide annual loan counseling to keep their students apprised of their loan situation as it increases each year. That implementation is delayed, but some institutions have voluntarily chosen to provide it for their students.

**Update:** None.

**Existing Recommendation:** FSA should continue to implement this annual program. It will help ensure that borrowers understand the long-term impact of debt, what their monthly loan payments will be and how long it will take to pay off their loans.



## **5. Loan Repayment Plan Options**

**Initial Recommendation:** Simplify repayment plan options to reduce confusion about the payment plan process. Options for payment plan simplification are included in both proposals for the reauthorization of the federal Higher Education Act.

**Update:** FSA replaced the Revised Pay As You Earn (REPAYE) with the Saving for a Valuable Education (SAVE) plan that lowers the amount that borrowers pay based on their income and filing status. In addition, the calculation of the loan amount is automated for borrowers based on previous tax return information. Borrowers have the option to provide more concrete information based on extenuating circumstances. While SAVE offers relief to borrowers who are still struggling with loan payments, it does lengthen the time to loan repayment and encourages more borrowers to focus on the 20-year loan forgiveness option, rather than focusing on paying off the loan in its entirety.

**Revised Recommendation:** Continue to advocate for improvements to the repayment plan options.

## **6. Spousal Consolidation Loan**

**Initial Recommendation:** Allow borrowers to separate loans that initially were consolidated through the Spousal Consolidation Loan program. Married couples can combine federal loans into one payment for ease of repayment. However, there were no provisions for separating the loan in situations such as divorce or domestic abuse. If one spouse stops paying their share, the other spouse is liable for the entire amount. In addition, these loans are not eligible for any of the loan forgiveness programs, such as PSLF.

**Update:** The Joint Consolidation Loan Separation Act (S.1098) was introduced by Senator Mark Warner in 2021 and was signed into law in September 2022. The bill allows two borrowers who consolidated each person's individual education loans into one joint consolidation loan to submit an application to sever the consolidation into two separate loans. This action also allowed for borrowers working in public service to now be eligible for consideration under the PSLF limited waiver rules. However, the implementation process was pushed until 2024, so borrowers continue to wait for relief.



**Revised Recommendation:** Continue to monitor each borrower's progress toward loan separation and eligibility for PSLF.

### **7. Loan Default and Collections**

**Initial Recommendation:** Stop the practice of putting all defaulted loans into collections because it increases the debt load for borrowers and causes other financial restrictions. All federal loans can be rehabilitated out of default once during the life cycle of the loan. However, the defaulted loan adds a collection fee, making the principal amount even larger. Borrowers in financial distress have the option of moving to an income-driven repayment (IDR) plan. In some cases, the payment amount is zero and the government pays the interest on that loan for the first two years if a borrower's income is low enough. As stated earlier, use of the IRS Data Retrieval Tool would ease this process and facilitate moving delinquent loans (missing payments for more than 30 days but less than 270 days) directly into an IDR plan.

**Update:** While the administrative pause ending on September 1<sup>st</sup> could have required defaulted borrowers to return to collections activities, ED offered the *Fresh Start* program for borrowers whose loans were in default prior to March 2020. Borrowers can opt-in to the program to get back on the path to loan repayment and to resume eligibility for federal financial aid. However, ED has placed much of the burden for sharing this opportunity on state advocates, rather than directly contacting all borrowers with defaulted loans. This is proving difficult, because the relationship these borrowers have had with ED revolves around wage garnishment, ineligibility for future federal student aid and collections reported to credit services, so offering them a chance to start over is not always responded to in a positive manner.

**Revised Recommendation:** Continue to push ED to conduct an extensive marketing campaign to promote this program.

### **8. Early Loan Repayment Incentives**

**Initial Recommendation:** Create incentives for borrowers to pay off their loans early. Borrowers looking to fast track the repayment of their loans sooner than the 10-year standard plan should receive incentives in the form of tax breaks or reduced interest if they pay it off early.

**Update:** None.

**Revised Recommendation:** None





## **9. Incentives for Companies Assisting Borrowers with Loan Repayment**

**Initial Recommendation:** Companies that offer to make student loan payments as part of the compensation package offered to a prospective employee should receive tax incentives for those efforts. Currently, there are tax incentives for existing employees who pursue additional training, so this recommendation would make that retroactive to training that the borrower has already received.

**Update:** None.

**Revised Recommendation:** None

While this list of policy recommendations requires action at the federal level, the state can assist the work of the Student Loan Advocate in two ways:

- Continue to support collaboration between the licensure and regulatory processes that the State Corporation Commission (SCC) is implementing so that borrowers get assistance with their individual problems, and loan servicers are held accountable for any improper actions.
- Continue to support the collaboration between the Virginia Department of Education and SCHEV to incorporate the education loan course content into the curriculum for the Economics and Personal Finance Course required of all Virginia high school graduates. This will help ensure that future college students clearly understand the options in funding higher education and the consequences of their decisions.



## THE QUALIFIED EDUCATION LOAN BORROWER EDUCATION COURSE

The Code of Virginia charges the Office of the Qualified Education Loan Ombudsman to create and maintain an online course on education loans that is available to the public and covers key topics.

### **§ 23.1-233. Qualified education loan borrower education course.**

*On or before December 1, 2019, the Office of the Qualified Education Loan Ombudsman, in consultation with the Council, shall establish and maintain a qualified education loan borrower education course that shall include educational presentations and materials regarding qualified education loans. Topics covered by the course shall include, but shall not be limited to, key loan terms, documentation requirements, monthly payment obligations, income-driven repayment options, loan forgiveness programs and disclosure requirements. The course shall be web-based and available to the public at any time. The Office of the Qualified Education Loan Ombudsman may also establish in-person classes.*

As the enabling legislation shows, the Qualified Education Loan Borrower education course is intended to provide self-help content and will serve three primary audiences: future loan borrowers wanting to know the benefits and consequences of borrowing for their education, current college students preparing to begin the repayment process, and former students needing assistance with their student loans.

SCHEV awarded a contract in April 2021 to a collaboration with Mapping Your Future, Decision Partners, Educational Credit Management Corporation (ECMC) and The Institute of Student Loan Advisors (TISLA). The course was launched in fall 2021 on a web platform for Virginia Student Loan Help ([www.virginiastudentloanhelp.org](http://www.virginiastudentloanhelp.org)). While the content is open to all future and current loan borrowers, the launch page tailors content based on the three target audiences: high school students looking to make smart decisions about paying for college; college students exploring repayment plans and loan forgiveness options; and borrowers managing repayment and seeking assistance with loan questions. In addition, there is a dedicated module that aligns with the standards of learning in the Economics and Personal Finance Course required of all high school graduates. Below is a list of the 11 modules:



- Economics and Personal Finance Course Module
- Financial Aid 100 - Applying for Financial Aid
- Financial Aid 110 - Understanding Student Loans
- Financial Aid 120 - Private Student Loans
- Loan Repayment 200 - Basics
- Loan Repayment 210 - Payment Plans
- Loan Repayment 220 - Managing Repayment
- Loan Repayment 230 - Loans in Crisis
- Loan Forgiveness 300 - Forgiveness, Cancellation and Discharge
- Loan Forgiveness 310 - Public Service Loan Forgiveness (PSLF)
- Loan Forgiveness 320 - Teacher Loan Forgiveness

In addition to the modules, the vendors provided loan repayment and loan amount calculators, career exploration tools and other consumer tools. Borrowers have the option of accessing all content without an account, but they are encouraged to set up an account to save their progress and continue to use the available tools over the years. Finally, the webpage offers a library of topics related to financial aid, budgeting and spending, financial health and managing credit. While the mandate was to create course content related to education loans, the office wanted to create a comprehensive tool that borrowers can use over the years. It begins with educating new students about educational financing options. Continuous use through college and after graduation will prevent the need to access the services of the Student Loan Advocate, but also create a trustworthy relationship should the borrower have questions in the future about their student loans.

Table 4 shows the number of users accessing modules for the first time over the last year.



**Table 4: Monthly New Module Enrollments for the Education Loan Course**

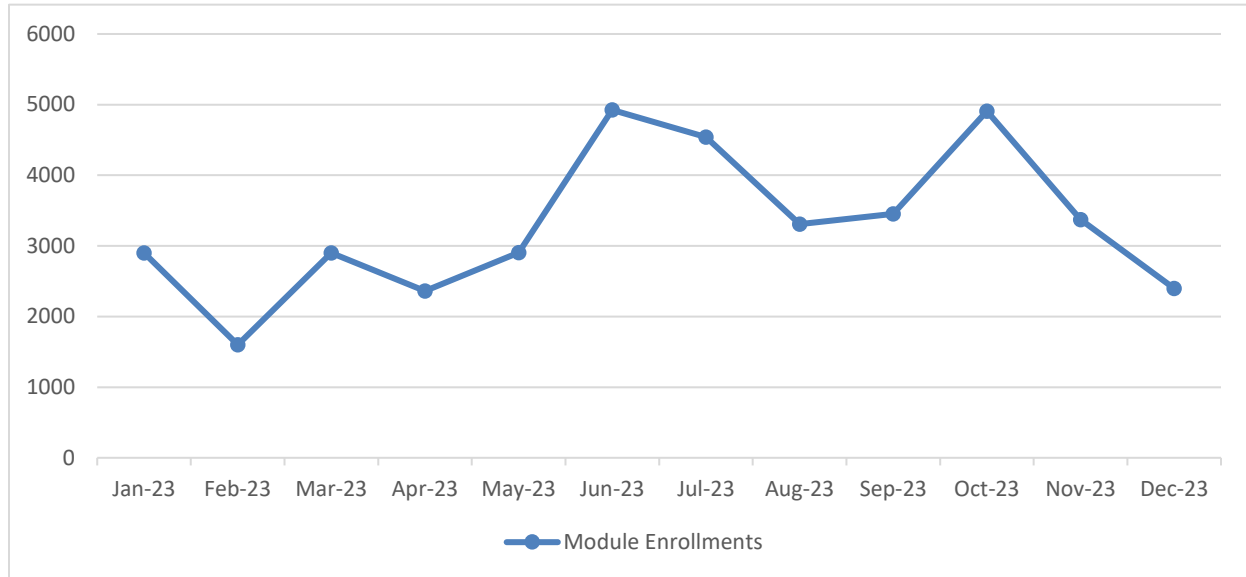


Table 5 shows the modules most commonly accessed in 2023. The most common module was ‘Financial Aid 120 – Private Student Loans’. A link to this module is sent to all students attending a Virginia institution who apply for private education loans, per the implementation of § 23.1-233.1. in July 2021. The second most used module is the Economics and Personal Finance Course module, as a result of a concerted effort to promote this option for instructors teaching the course to high school students mandated to take the course for graduation.



**Table 5: Monthly New Course Enrollments for the Education Loan Course**

<b>Modules</b>	<b>Percentage of Modules</b>
<b>Financial Aid 120 – Private Student Loans</b>	<b>30.6%</b>
<b>Economics and Personal Finance Course</b>	<b>20.47%</b>
<b>Financial Aid 110 – Understanding Student Loans</b>	<b>20.19%</b>
<b>Financial Aid 100 – Applying for Financial Aid</b>	<b>20.19%</b>
<b>Loan Repayment 200 – Basics</b>	<b>2.70%</b>
<b>Loan Forgiveness 300 – Forgiveness, Cancellation and Discharge</b>	<b>2.30%</b>
<b>Loan Repayment 230 – Loans in Crisis</b>	<b>2.25%</b>
<b>Loan Repayment 210 – Payment Plans</b>	<b>0.47%</b>
<b>Loan Repayment 220 – Managing Repayment</b>	<b>0.46%</b>
<b>Loan Forgiveness 310 – Public Service Loan Forgiveness (PSLF)</b>	<b>0.36%</b>
<b>Loan Forgiveness 320 – Teacher Loan Forgiveness</b>	<b>0.01%</b>

SCHEV would like to thank the General Assembly for their continued support of work that impacts the economic stability of Virginia’s education loan borrowers. Student loans are a necessary tool that create and expand opportunities for higher education to many students, but the complex nature of student loans makes the work of the Student Loan Advocate vital to borrowers.



## APPENDIX

### Code of Virginia Authorizing Language

#### § 23.1-231. Definitions.

As used in this article, unless the context requires a different meaning:

"Qualified education loan" means any qualified education loan obtained specifically to finance education or other school-related expenses. "Qualified education loan" does not include credit card debt, home equity loan or revolving debt.

"Qualified education loan borrower" means (i) any current resident of the Commonwealth who has received or agreed to pay a qualified education loan or (ii) any person who shares responsibility with such resident for repaying the qualified education loan.

"Qualified education loan servicer" or "loan servicer" means any person, wherever located, responsible for the servicing of any qualified education loan to any qualified education loan borrower.

"Servicing" means (i) receiving any scheduled periodic payments from a qualified education loan borrower pursuant to the terms of a qualified education loan; (ii) applying the payments of principal and interest and such other payments, with respect to the amounts received from a qualified education loan borrower, as may be required pursuant to the terms of a qualified education loan; and (iii) performing other administrative services with respect to a qualified education loan.

#### § 23.1-232. Office of the Qualified Education Loan Ombudsman established; duties.

A. The Council shall create within the agency the Office of the Qualified Education Loan Ombudsman. The Office of the Qualified Education Loan Ombudsman shall provide timely assistance to any qualified education loan borrower of any qualified education loan in the Commonwealth. All state agencies shall assist and cooperate with the Office of the Qualified Education Loan Ombudsman in the performance of its duties under this article.

#### **B. The Office of the Qualified Education Loan Ombudsman shall:**

1. Receive, review and attempt to resolve any complaints from qualified education loan borrowers, including attempts to resolve such complaints in collaboration





with institutions of higher education, qualified education loan servicers and any other participants in qualified education loan lending;

2. Compile and analyze data on qualified education loan borrower complaints as described in subdivision 1;
3. Assist qualified education loan borrowers to understand their rights and responsibilities under the terms of qualified education loans;
4. Provide information to the public, state agencies, legislators, and other persons regarding the problems and concerns of qualified education loan borrowers, and make recommendations for resolving those problems and concerns;
5. Analyze and monitor the development and implementation of federal and state laws and policies relating to qualified education loan borrowers, and recommend any changes the Office of the Qualified Education Loan Ombudsman deems necessary;
6. Review the complete qualified education loan history of any qualified education loan borrower who has provided written consent for such review;
7. Disseminate information concerning the availability of the Office of the Qualified Education Loan Ombudsman to assist qualified education loan borrowers and potential qualified education loan borrowers, as well as public institutions of higher education, qualified education loan servicers and any other participant in qualified education loan lending, with any qualified education loan servicing concerns; and
8. Take any other actions necessary to fulfill the duties of the Office of the Qualified Education Loan Ombudsman as set forth in this article.

**§ 23.1-233. Qualified education loan borrower education course.**

On or before December 1, 2019, the Office of the Qualified Education Loan Ombudsman, in consultation with the Council, shall establish and maintain a qualified education loan borrower education course that shall include educational presentations and materials regarding qualified education loans. Topics covered by the course shall include, but shall not be limited to, key loan terms, documentation requirements, monthly payment obligations, income-driven repayment options, loan forgiveness programs and disclosure requirements. The course shall be web-based and available



to the public at any time. The Office of the Qualified Education Loan Ombudsman may also establish in-person classes.

**§ 23.1-233.1. (Effective July 1, 2021) Qualified education loans; certain providers; contact information and summary.**

Any provider of private education loans, as defined in 12 C.F.R. § 1026.46(b)(5), shall disclose to any student attending an institution of higher education in the Commonwealth, prior to issuing a qualified education loan to such student, the contact information for the Office of the Qualified Education Loan Ombudsman and a summary of the student loan information applicable to private education loans that may be found on the Council's website. Any such disclosure may be made in conjunction with or incorporated into another disclosure to such student prior to issuing the qualified education loan. The summary shall be developed by the Office of the Qualified Education Loan Ombudsman in consultation with relevant stakeholders.

**§ 23.1-234. Reports.**

On or before January 1, 2019, and annually thereafter, the Council shall submit a report to the House Committees on Commerce and Labor and Education and the Senate Committees on Commerce and Labor and Education and Health. The report shall address (i) the implementation of this article and (ii) the overall effectiveness of the Office of the Qualified Education Loan Ombudsman.

