

# 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

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	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Completion Status	Graduated (44%)	Withdrawn (20%)	Unspecified (23%)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)

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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)

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## 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

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- **Version 1.0 – Upgraded Web Content**

**Understanding  
Student Loans**

[www.schev.edu/loan101](http://www.schev.edu/loan101)

**Exploring Federal Loan  
Repayment Plans**

[www.schev.edu/loanrepayment](http://www.schev.edu/loanrepayment)

**Avoiding Loan  
Default**

[www.schev.edu/avoiddefault](http://www.schev.edu/avoiddefault)

**Escaping Loan Crisis**

[www.schev.edu/loancrisis](http://www.schev.edu/loancrisis)

**Key Loan Terms**

[www.schev.edu/keyloanterms](http://www.schev.edu/keyloanterms)

# Qualified Education Loan Borrower Course (V2)

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- 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

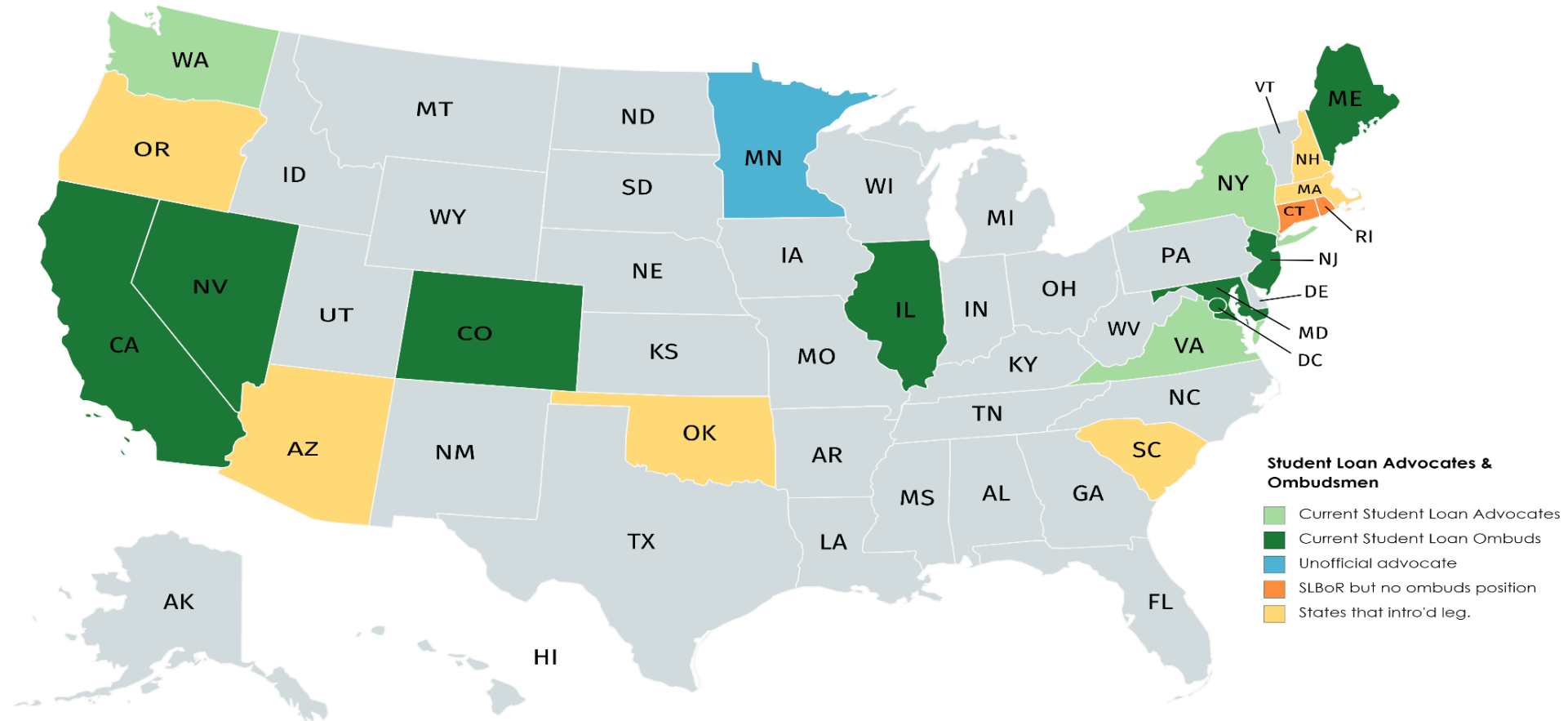
# Policy Considerations

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- **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

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- **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

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- **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

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## **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

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## **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**