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SENATE BILL NO. 439

Offered January 10, 2018

Prefiled January 9, 2018

A *BILL to amend the Code of Virginia by adding in Chapter 2 of Title 23.1 an article numbered 4, consisting of sections numbered 23.1-231 through 23.1-234, relating to establishment of the Office of the Student Loan Ombudsman.*

Patron—Wexton

Referred to Committee on Education and Health

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 2 of Title 23.1 an article numbered 4, consisting of sections numbered 23.1-231 through 23.1-234, as follows:

*Article 4.**Office of the Student Loan Ombudsman.***§ 23.1-231. Definitions.**

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

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

"Student education loan" means any loan primarily for personal use to finance education or other school-related expenses.

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

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

§ 23.1-232. Office of the Student Loan Ombudsman established; duties.

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

B. The Office of the Student Loan Ombudsman, in consultation with the Commissioner, shall:

1. Receive, review, and attempt to resolve any complaints from student loan borrowers, including attempts to resolve such complaints in collaboration with institutions of higher education, student loan servicers, and any other participants in student loan lending;

2. Compile and analyze data on student loan borrower complaints as described in subdivision 1;

3. Assist student loan borrowers to understand their rights and responsibilities under the terms of student education loans;

4. Provide information to the public, state agencies, legislators, and other persons regarding the problems and concerns of student 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 student loan borrowers and recommend any changes the Office of the Student Loan Ombudsman deems necessary;

6. Review the complete student education loan history of any student loan borrower who has provided written consent for such review;

7. Disseminate information concerning the availability of the Office of the Student Loan Ombudsman to assist student loan borrowers and potential student loan borrowers, as well as public institutions of higher education, student loan servicers, and any other participant in student education loan lending, with any student loan servicing concerns; and

8. Take any other actions necessary to fulfill the duties of the Office of the Student Loan Ombudsman as set forth in this article.

§ 23.1-233. Student loan borrower education course.

On or before December 1, 2018, the Office of the Student Loan Ombudsman, in consultation with the Council, shall establish and maintain a student loan borrower education course that shall include

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59 *educational presentations and materials regarding student education loans. Topics covered by the*
60 *program shall include key loan terms, documentation requirements, monthly payment obligations,*
61 *income-based repayment options, loan forgiveness, and disclosure requirements.*

62 **§ 23.1-234. Reports.**

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