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## SENATE BILL NO. 394

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Education and Health)

(Patrons Prior to Substitute—Senators Howell and Wexton [SB 439])

Senate Amendments in [ ] - February 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 Qualified Education Loan Ombudsman.

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 Qualified Education Loan Ombudsman.

§ 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

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

67 **§ 23.1-234. Reports.**

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

72 **[ 2. That the provisions of this act shall not become effective unless an appropriation effectuating**  
73 **the purposes of this act is included in a general appropriation act passed in 2018 by the General**  
74 **Assembly that becomes law. ]**