

PROTECT STUDENT LOAN BORROWERS: REGULATE STUDENT LOAN SERVICERS SUPPORT SB 77/HB 10 (SIMON)

The Problem:

Student loan numbers in Virginia are staggering. Over one million Virginians owe \$41.3 billion in student loan debt—more than Virginians owe for car loans and even credit cards. Included in those one million Virginians are 83,000 Virginians over age 60. But most shocking of all: **138,135 Virginia student debt borrowers are in delinquency and default.** That's a crisis, and the Virginia General Assembly needs to act.

Most student loan borrowers have a servicer assigned to their loan. [Servicers are a critical link between borrowers and lenders.](#) They manage borrowers' accounts, process monthly payments, and communicate directly with borrowers. When facing unemployment or other financial hardship, borrowers rely on their student loan servicer to help them enroll in alternative repayment plans or request a modification of loan terms.

So why are so many Virginia borrowers in default on their loans? One big reason is the failure of student loan servicers to help the borrowers they are being paid to help. Imagine paying \$700 a month for 14 years on a student loan, only to watch its balance continue to rise. Or making eight years of payments on a \$28,000 debt whose balance remains unchanged. Or being told your struggle to meet monthly payments can be put off, only to find out much later that doing so compounded your interest and you owe thousands more than you did before.

The Solution:

We need to regulate the companies that service our student loans. While people may not be able to avoid taking on debt to get an education, they should be able to count on basic consumer protections.

SB 77/HB 10 establish a student loan borrower bill of rights that is favored by 76% of Virginians. It will require student loan servicers to obtain licenses and properly apply payments to loan balances, give borrowers accurate information, and report accurate information to credit bureaus.