
Protect Students from Unfair Loan Servicing: Vote NO on HB 203

Virginia just started regulating student loan servicers. HB 203 would limit the state's ability to properly regulate these servicers and put Virginia out of step with federal law.

A few months ago, Virginia began regulating student loan servicers in the Commonwealth. The regulation was necessary to prevent servicers from taking advantage of the students they are hired to serve.

Why vote NO on HB 203?

HB 203 will limit the scope of this new law and regulations before we have had a chance to see how it is working.

The proposed legislation is attempting to narrow the definition of a “qualified education servicer,” most likely to exclude guaranty agencies from regulation; however, the definition of qualified education loan servicer in current Virginia law is taken from the federal definition. Changing our definition now would put Virginia’s law out of sync with federal law.

Since 2014, the Consumer Protection Financial Bureau has supervised guaranty agencies as student loan servicers. Guaranty agencies are a combination insurance company, loan servicer, and debt collector, as they ensure student loans, advise borrowers about repayment options, and collect debt should a loan ultimately default. Advising borrowers about repayment options is student loan servicing.

Recent court settlements reveal that it is not the time to decrease regulation of this industry.

- [Loan Servicer Agrees to Pay Nearly \\$8 Million to Resolve Alleged False Claims in Connection with Federal Education Loans](#) (January 2022)
- [Navient reaches \\$1.85 billion settlement over student loan practices](#) (January 2022)

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