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STATE OF COLORADO
DEPARTMENT OF LAW

January 1, 2021

The Honorable Dylan Roberts (via email)
Chair, House Business Affairs and Labor Committee
Colorado General Assembly
200 E. Colfax Ave.
Denver, CO 80203

The Honorable Barbara McLachlan (via email)
Chair, House Education Committee
Colorado General Assembly
200 E. Colfax Ave.
Denver, CO 80203

The Honorable Susan Lontine (via email)
Chair, House Health and Insurance Committee
Colorado General Assembly
200 E. Colfax Ave.
Denver, CO 80203

The Honorable Robert Rodriguez (via email)
Chair, Senate Busin., Labor, and Tech. Cmte.
Colorado General Assembly
200 E. Colfax Ave.
Denver, CO 80203

The Honorable Rachel Zenzinger (via email)
Chair, Senate Education Committee
Colorado General Assembly
200 E. Colfax Ave.
Denver, CO 80203

RE: Annual Report on the Colorado Student Loan Servicers Act

Dear Chairpersons Roberts, McLachlan, Lontine, Rodriguez, and Zenzinger:

In accordance with § 5-20-104(2) of the Colorado Student Loan Servicers Act (“CSLSA”), I am pleased to submit the Administrator’s annual report.¹ This annual report covers the period of January 1, 2020 to December 31, 2020. This report will follow the order set out in § 5-20-104(2)(a), C.R.S., implementation, effectiveness, and additional steps.

I. Implementation

1. Licensing

The CSLSA requires that on or after January 31, 2020, a person shall not act as a student loan servicer in Colorado without first obtaining a license from the Administrator. As of December 31, 2020, there are currently 33 of entities licensed as student loan

¹ Pursuant to § 24-1-136(9), C.R.S., this report shall be electronically filed with the Joint Legislative Library, for delivery and distribution to applicable legislators and legislative committees, and shall be made accessible to the public via the Department of Law website.

servicers in Colorado. The Administrator made renewal applications available on December 18, 2020, and her team is currently responding to inquiries and processing applications in advance of the January 31, 2021 renewal deadline. The Administrator continues outreach to entities that may need to be licensed in Colorado.

2. Complaints

Since January 1, 2020, the Consumer Credit Unit has received 44 student loan servicer complaints. As of December 31, 2020, 38 have been closed. The Administrator's team investigates complaints, sends them out to student loan servicers for response where appropriate, and refers complaints to other agencies where appropriate. In addition, where appropriate, the Administrator's team provides consumer education materials in response to complaints, to help student loan borrowers understand their rights and responsibilities under the terms of their loans.

3. COVID-related work

On April 23, 2020, the Attorney General announced that the Department of Law secured relief options with many student loan servicers to expand on the protections the federal government granted on federally-held student loans. The federal CARES Act provided much needed relief for many borrowers with student loans, including the suspension of monthly payments, interest, and involuntary collection activity until September 30, 2020, which was later extended. However, the CARES Act left out millions of student loan borrowers with federal loans not owned by the U.S. government as well as loans made by private lenders.

Under this initiative, Coloradans with commercially held Federal Family Education Loans Program (FFELP) loans or private student loans who struggled to make their payments due to the COVID-19 pandemic were eligible for expanded relief. Relief options include:

- providing a minimum of 90 days of forbearance;
- waiving late payment fees;
- ensuring that no borrower is subject to negative credit reporting;
- ceasing debt collection lawsuits for 90 days; and
- working with borrowers to enroll them in other assistance programs, such as income driven repayment plans.

If regulated student loan servicers were limited in their ability to take these actions due to investor restrictions or contractual obligations, servicers committed to working proactively with loan holders whenever possible to relax those restrictions or obligations. Servicers who take reasonable actions to support relief for borrowers during the pandemic will not be subject to state regulatory action.

The Administrator worked with other states to launch this initiative. Other states include California, Connecticut, Illinois, New Jersey, Massachusetts, Vermont, Virginia, and Washington.

4. Outreach

Trainings and presentations: The Administrator's office has provided trainings to student loan borrowers interested in Public Service Loan Forgiveness ("PSLF"). The

Administrator's office created a continuing legal education course on PSLF and presented it to over 60 employees at the Department of Law in May 2020. Members of the Administrator's team also presented on PSLF in eight virtual MoneyWi\$er workshops. The workshops are part of the Colorado Statewide K-12 Personal Financial Literacy Initiative sponsored by the Colorado Department of Law in partnership with Colorado Jump\$tart Coalition, the Colorado Department of Education, and Economic Literacy Colorado. This spring more than 500 educators participating in the virtual workshops.

The Attorney General, Administrator, and Student Loan Ombudperson led a townhall event with Seth Frotman, the Executive Director of the Student Borrower Protection Center on October 14, 2020. The townhall focused on state and federal efforts to protect student loan borrowers as well as advice for borrowers navigating the repayment process during the pandemic. Subsequent media coverage also described resources available at the Attorney General's office for student loan borrowers.²

The Administrator's team also had several in-person outreach events planned that had to be cancelled due to the pandemic. The team plans to recommence in person outreach as soon as it is safe to do so, but until that time is continuing to contact interested stakeholders to increase awareness of the Student Loan Ombudsperson and available resources. The team works with the Department of Law Office of Community Engagement and representatives from Colorado institutions of higher education to increase awareness and reach borrowers.

Military outreach: The Administrator's staff has conducted outreach to service members stationed at Buckley Air Force Base through the base's weekly bulletin with information about the Student Loan Servicing Program and how to submit inquires and complaints about student loans.

Education materials: The Administrator created consumer education materials made available on the Department of Law website:

- PSLF one pager describing the program and its requirements is available [here](#). It is also available in Spanish [here](#).
- Student loan do's and don'ts to avoid student loan debt relief scams is available [here](#). It is also available in Spanish [here](#).

The Administrator's office has created and circulated printed materials with information about the CSLSA and the availability of the office to assist student loan borrowers. The Administrator established a website for student loan borrowers with information on how to file a complaint and has created a general student loan complaint form and a PSLF-specific form.

The Administrator's office also provided an information on updates to PSLF, including the revamped PSLF Help Tool and new PSLF and Temporary Expanded PSLF Certification & Application Form, to a listserv of over 15,000 active peace officers.

5. Advocacy

Multistate letters: On March 3, 2020, the Administrator joined other state student loan officials in a letter sent to Secretary of Education DeVos and Social Security

² See <https://pagosadaily.com/2020/10/21/college-debt-payments-loom-amidst-a-pandemic/>.

Commissioner Saul. The letter urged the federal government to automatically discharge student loans for eligible borrowers under the Total and Permanent Disability loan discharge program for disabled civilian borrowers as an Executive Office has ordered for disabled veteran borrowers.

On March 26, 2020, the Attorney General joined 26 other attorneys general in a letter to Secretary DeVos urging her to immediately institute emergency relief for federal student loan borrowers. The letter suggested emergency relief include a halt to all new and continuing involuntary collections, automatic enrollment in income driven repayment plans for certain borrowers, and extending additional protections for repayment and rehabilitation.

On August 5, 2020, the Attorney General joined 29 other attorneys general in a letter to their Senate delegations. The attorneys general wrote in support of legislation that would create necessary parity in student loan relief, regardless of who holds the loan. The letter urged for relief provisions for commercially-held federal student loans and institutionally-held Perkins loans.

On August 6, 2020, the Student Loan Ombudspersons joined with other ombudspersons in other states in a letter to Secretary DeVos. The letter noted that the CARES Act provided some relief for certain borrowers, but that relief was set to end on September 30, 2020. The letter urged the Secretary to take specific action to protect all student loan borrowers and to ensure that borrowers have the relief they need for the duration of the current pandemic and economic crisis.

On November 20, 2020, the Attorney General joined 22 other attorneys general in commenting on the Accrediting Council for Independent Colleges and Schools' (ACICS) compliance with federal regulations. The letter described ACICS's failures to oversee for-profit schools and urged the U.S. Department of Education to terminate ACICS's recognition.

Loan Forgiveness and Borrower Defense Advocacy

The Art Institute of Colorado: An investigation revealed misrepresentations about accreditation at the Colorado and Illinois Art Institute campuses in 2018. The owner of the schools, Dream Center Education Holdings, sold off most of the private institutional loans taken out by Colorado students and went into receivership in 2019. The Attorney General's Office pursued relief for students through the third parties that purchased the private institutional loans that the Colorado students took out. The team finalized a settlement in March 2020 whereby the holders of the private student loans refunded more than 50 Colorado students \$66,000 and forgave more than \$1.2M in debt tied to the 2018 misrepresentation period. The same Colorado and Illinois students who received discharge of their institutional loans in this settlement also received approximately \$10 million in federal student loan relief in November 2019. The U.S. Department of Education's decision to grant discharge was in response to Colorado and Illinois' June 2019 Borrower Defense group discharge application to the Department, pursuant to 34 C.R.F. § 685.206.

Westwood College: In August, the Attorney General's team submitted a Borrower Defense group application to the Department on behalf of more than 22,000 students who attended Colorado-based Westwood College between 2002 and 2015. If granted, the application could result in the discharge of millions of dollars of federal student loan debt. The application is largely based on this office's investigation of Westwood's

misrepresentations of employment and salary prospects, transferability of credits, and its private institutional loan.

Federal Regulatory Litigation

The Attorney General joined 21 other states in a suit against the U.S. Department of Education for violation of the Administrative Procedure Act (APA). The suit arises from the Department's promulgation of the 2019 Borrower Defense Rule, which fundamentally fails to protect consumers in the manner mandated by Congress and, instead, insulates predatory for-profit colleges.

The Attorney General also joined another multistate APA suit against the Department which arises from the Department's replacement of the 2014 Gainful Employment Rule. The new rule fails to hold post-secondary schools accountable for their programs of study that fail to lead to gainful employment and, instead leave students with debt they cannot afford to repay.

Effectiveness

Section 5-20-104(2)(a)(II), C.R.S. requires the Administrator to provide an assessment of the overall effectiveness of the Student Loan Ombudsperson. The Student Loan Ombudsperson and the Administrator's team regularly collaborate with their counterparts in other states, meet with consumer advocacy organizations focused on student loan issues, attend industry conferences and trainings, and remain informed of products and services that impact student loan borrowers. Colorado plays a leadership role, including, for example, presenting to a caucus of servicer and state ombudspersons on the role of student loan ombudspersons and contributing to multistate letters and comments. The Administrator's assessment is that the role of Student Loan Ombudsperson is effective and continues to serve the student loan borrowers of Colorado.

Additional Steps

Section 5-20-104(2)(a)(II), C.R.S. requires recommendations regarding additional step for the Administrator to gain regulatory control over licensing and enforcement with respect to student loan servicers. The CSLSA's deadline for licensure was January 31, 2020. Following the licensure deadline, the Administrator began conducting examinations for compliance with the CSLSA. The Administrator will continue to examine and investigate student loan servicers pursuant to the CSLSA's mandate. The Administrator also continues outreach to entities who may need to be licensed under the CSLSA.

Please feel free to contact me if you would like further information.

Respectfully submitted,

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Cc:
Joint Legislative Library (via email)

Kurt Morrison, Colorado Department of Law, Deputy Attorney General for Intergovernmental Affairs (via email)