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## ATTORNEY GENERAL MADIGAN: BILL TO REFORM STUDENT LOAN INDUSTRY IN ILLINOIS PASSES COMMITTEE

### ***Madigan & Sen. Daniel Biss Applaud Support for Senate Bill 1351 to Better Protect Illinois Student Loan Borrowers Struggling with Repayment***

**Chicago** —Attorney General Lisa Madigan today announced that a Senate committee passed legislation to reform the student loan servicing industry in Illinois to better protect student loan borrowers.

Senate Bill 1351, drafted by Madigan's office and Sen. Daniel Biss, would create a Student Loan Bill of Rights to better protect borrowers from abuses in the student loan industry. Members of the Senate's Financial Institutions Committee passed the measure earlier today. The legislation was prompted by Madigan's investigation and lawsuit against Navient, one of the largest student loan servicers in the country, and its predecessor Sallie Mae Bank, for widespread student loan abuses.

"My investigation into Navient revealed the company repeatedly failed to help student loan borrowers and instead led them into more expensive repayment options," Madigan said. "This legislation will reform the student loan servicing industry in Illinois to address the significant and troubling problems we uncovered and ensure that a borrower's best interest and ability to repay are paramount."

"At a time when one out of every four student loan borrowers are behind in their payments, we need to make sure borrowers understand their rights and have access to resources that will prevent them from defaulting on their loans," Sen. Biss said. "I am pleased to work with the Attorney General on behalf of student borrowers, and I encourage each of my colleagues to support this measure."

Over the past decade, student loan debt has doubled to become the largest form of unsecured consumer debt in the country with more than 40 million borrowers owing over \$1.4 trillion. Nearly 70 percent of graduates leave college with an average debt burden of \$30,000, and one-in-four borrowers are behind on their payments or in default.

Students who attended for-profit colleges are particularly struggling with their debt, making up the vast majority of borrowers in default. While federal income-based repayment options are available, the U.S. Treasury has reported only 20 percent of eligible borrowers were enrolled in these options, which can lower monthly payments based on income to as low as a \$0.

Madigan said Illinois borrowers frequently experience problems with their student loan servicers. Specifically, thousands of borrowers have complained that their loan servicers failed to provide them with affordable repayment options, follow payment instructions and answer questions consistently.

Because it is so difficult to get legitimate help from loan servicers, student loan borrowers are increasingly turning elsewhere for help, including to scam artists who exploit desperate borrowers, much like they did during the mortgage crisis, with false promises to help with their loans in exchange for upfront fees. Madigan has lead the country in shutting down illegal student loan debt relief operations, filing eight lawsuits against companies preying on Illinois borrowers.

Senate Bill 1351 would create a Student Loan Bill of Rights to protect student loan borrowers by requiring student loan servicers to:

- Properly process payments;
- Require specialists to provide and explain to borrowers all of their repayment options, starting with income-driven plans;
- Provide specialized help for struggling borrowers;

- Inform borrowers who may be eligible to have their loans forgiven due to a disability to a problem with the school they attended; and
- Ensure servicers are prohibited from misleading borrowers.

The bill would also create a Student Loan Ombudsman in the Attorney General's office and require student loan servicers to obtain a license to operate in Illinois.

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. In addition to her lawsuit against Navient and Sallie Mae, Madigan has investigated for-profit schools for fraud and repeatedly called on the U.S. Department of Education to immediately forgive federal loans of students who attended fraudulent for-profit schools. Madigan also testified before Congress and urged the U.S. Department of Education to crack down on the many abuses and scams facing student borrowers.

Madigan also created a free Student Loan Helpline to provide student borrowers with resources about repayment options, avoiding default or how to file a complaint about loan servicing at (800) 455-2456 (TTY: 1-800-964-3013). More information can also be found on her [website](#).

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