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ATTORNEY GENERAL MADIGAN URGES ILLINOIS SENATE TO PASS STUDENT LOAN BILL OF RIGHTS

AG Madigan and Sen. Biss Oppose Delays at Federal Level and Local Lobbying Efforts to Advocate for Immediate Passage

Chicago — Attorney General Lisa Madigan today was joined by Senator Daniel Biss, Illinois students and consumer advocates to urge the Illinois Senate to reject pressure from student loan servicers and their lobbyists and pass legislation to help student loan borrowers repay their loans.

The Student Loan Bill of Rights, Senate Bill 1351, addresses widespread abuses and failures in the student loan industry that were revealed by Madigan's investigation and lawsuit against Navient, one of the country's largest student loan servicing companies. The legislation would reform the student loan industry to better protect borrowers from rampant student loan abuses. In addition to Navient's lobbyist efforts opposing the bill in Springfield, the U.S. Department of Education has abandoned protections for borrowers, making it more important than ever to pass state-level protections for student loan borrowers.

"My investigation revealed Navient boosted its profits by unfairly putting struggling student borrowers into plans that allowed its operators to get off the phone faster and added on millions of dollars in unnecessary debt for borrowers," Madigan said. "Further, Education Secretary DeVos has abandoned student loan borrowers and their families by revoking reforms designed to rein in the widespread abuses revealed in my investigation, making it critical to set standards at the state level for borrowers to get the proper assistance to repay their loans."

"The fact that lenders are now bringing in high-powered lobbyists to fight against protections for borrowers is a testament to how important this measure is," Biss said. "The bottom line is that lenders do not want regulation in their industry because it might not be good for business. But we were sent to the Capitol to do the right thing for our constituents, and I urge my colleagues to do the right thing for students."

Joining Attorney General Madigan and bill sponsor Sen. Daniel Biss today were representatives from Illinois PIRG, Young Invincibles, the Woodstock Institute and various students.

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 hard hit, 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 payments based on income to as low as \$0 a month.

Madigan said Illinois borrowers frequently experience problems with their student loan servicers. Specifically, borrowers in Illinois have complained to her office that their loan servicers failed to provide them with affordable repayment options, follow borrower 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. Scam artists have rushed in to exploit desperate borrowers, much like they did during the mortgage crisis, with false promises

to help in exchange for large, illegal upfront fees. Madigan has lead the country in shutting down illegal student loan debt relief operations 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:

- Require specialists to provide and explain to struggling borrowers all of their repayment options, starting with income-driven plans;
- Properly process payments;
- Inform borrowers about whether they could be eligible to have their loans forgiven due to a disability or 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 instituted 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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