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ATTORNEY GENERAL MADIGAN URGES GOVERNOR TO SIGN STUDENT LOAN BILL OF RIGHTS

AG Madigan Applauds Passage of Senate Bill 1351 to Better Protect Illinois Student Loan Borrowers

Chicago — Attorney General Lisa Madigan today applauded the Illinois House for passing legislation to reform the student loan servicing industry to help student loan borrowers repay their loans. The bill addresses widespread abuses and failures in the student loan industry that were revealed by Madigan's investigation and lawsuit against one of the country's largest student loan servicing companies, Navient.

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. The bill, sponsored in the House by Rep. Will Guzzardi, passed the House by a vote of 63 to 48, and will now go to the governor for final approval.

"The Student Loan Bill of Rights is a great success for Illinois student borrowers, their families and our economy," Madigan said. "For too long, student loan companies have engaged in fraudulent and abusive practices that make it difficult and expensive for borrowers to repay their loans. The Student Loan Bill of Rights will make Illinois a national leader in protecting borrowers and addressing the student loan crisis."

"Student debt is a crisis of epic proportions in this country, and the federal government is walking away from consumer protections at the worst possible moment," said Rep. Guzzardi. "The Student Loan Bill of Rights is Illinois' response to this crisis. It'll protect borrowers from abuse by servicers and ensure everyone gets access to the best possible payment plan."

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 that only 20 percent of eligible borrowers are 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 inform them of 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 led the country in shutting down illegal student loan debt relief operations preying on borrowers.

Senate Bill 1351 would create a Student Loan Bill of Rights to protect student loan borrowers by prohibiting student loan servicers from misleading borrowers and requiring that they:

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

- Inform borrowers that they may be eligible to have their loans forgiven due to a disability or a problem with the school they attended.

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 has 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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