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ATTORNEY GENERAL MADIGAN CONVENES STUDENT LOAN FORUM IN CARBONDALE & URGES LAWMAKERS TO ENACT STUDENT LOAN BILL OF RIGHTS

AG Madigan & Advocates Urge Lawmakers to Override Governor's Veto of Senate Bill 1351 to Better Protect Illinois Student Loan Borrowers

Carbondale – Attorney General Lisa Madigan today convened a student loan forum with education advocates and social service organizations and urged Illinois lawmakers to override the governor's veto of a measure that would reform the student loan 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 her investigation and lawsuit against one of the country's largest student loan servicing companies, Navient.

Senate Bill 1351, sponsored by Sen. Daniel Biss and Rep. Will Guzzardi and drafted with Madigan's office, would create a Student Loan Bill of Rights to better protect borrowers from abuses in the student loan industry.

"The governor's veto of the Student Loan Bill of Rights shows he has sided with student loan companies seeking to increase their profits at the expense of Illinois students, their families and our economy," Madigan said. "My investigation into the student loan industry revealed that student borrowers were forced into expensive repayment plans they cannot afford. Lawmakers must stand up for students and their families by overriding the governor's shortsighted action."

Over the past decade, student loan debt has doubled to become the largest form of unsecured consumer debt in the country with more than 44 million borrowers owing over \$1.4 trillion. Nearly 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's investigation into Navient revealed that borrowers frequently experience problems with their student loan servicers and are put into more expensive repayment options when more affordable plans are available. 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 falling prey to scam artists who have rushed in to exploit desperate borrowers, 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.

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 reached a \$15 million settlement with the for-profit Westwood College in 2015 that forgave private debt owed by students of Westwood's criminal justice program, and investigated for-profit Everest College, which was operated by Corinthian Colleges Inc., for widespread misrepresentations made to prospective students. Madigan also reached a settlement with the for-profit school Education Management Corporation (EDMC), which operates five Illinois Institute of Art and Argosy University campuses in Illinois, requiring it provide disclosure to students about the true cost of the school and expectations for job placement after graduation.

Madigan has testified before Congress and urged the U.S. Department of Education to crack down on the many abuses and scams facing student borrowers. The Attorney General also created a free Student Loan Helpline to provide student borrowers with information and 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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