

Press Releases

November 7, 2017

ATTORNEY GENERAL MADIGAN: LEGISLATURE ACTS TO HELP STUDENT LOAN BORROWERS***Madigan Applauds Override of Governor's Veto of Student Loan Bill of Rights***

Chicago — Attorney General Lisa Madigan today applauded the bipartisan coalition of representatives from the Illinois House of Representatives for voting to override Governor Rauner's veto of the Illinois Student Loan Bill of Rights. Rauner vetoed the legislation, which was passed to stop the abuses of the student loan servicing industry that have made it more difficult and more expensive for Illinois borrowers to repay their loans.

The Illinois Student Loan Bill of Rights was drafted by Madigan's office and sponsored by Sen. Daniel Biss and Rep. Will Guzzardi to address widespread abuses and failures in the student loan industry. These abuses were revealed by thousands of student borrower complaints to Madigan's office and verified by Madigan's investigation into Navient, one of the country's largest student loan servicing companies. The House overrode Gov. Rauner's veto by a bipartisan vote of 98-16, and the law will go into effect Dec. 31, 2018.

"Student loan debt impacts thousands of Illinois borrowers who were steered into forbearance or costly repayment plans instead of being told and placed into better repayment options," Madigan said. "The Student Loan Bill of Rights will ensure that borrowers receive the necessary information to handle repayment of their student loans in a financially responsible manner. I would like to thank the General Assembly for overriding the Governor and supporting Illinois student borrowers, their families and our economy."

"Today we took decisive action to override the Governor's wrong-headed veto and protect student borrowers in this state," Guzzardi said. "I'm deeply grateful to the Attorney General for taking student loan servicers to task for their fraudulent and abusive practices. And I'm proud of my colleagues in the General Assembly for standing up for our students and families."

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 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 or to follow borrower payment instructions. Madigan sued Navient, one of the country's largest student loan servicers, in January 2017.

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 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.

The Illinois Student Loan Bill of Rights will protect student loan borrowers by prohibiting student loan servicers from misleading borrowers and requiring that servicers:

- 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 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. Last month as part of a national crackdown on student loan debt scams, Madigan filed suit against two Illinois companies that charged borrowers as much as \$700 for services already available to borrowers for free.

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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