



Durbin: ISAC will not charge fees to students who rehabilitate loans within 60 days of default

March 23 2017 2:04 PM



WASHINGTON – U.S. Senator Dick Durbin (D-IL) released the following statement after the Illinois Student Assistance Commission (ISAC) announced it would not charge high collection fees to Federal Family Education Loan (FFEL) borrowers who enter loan rehabilitation within sixty days of defaulting on their student loans. The announcement was made after the U.S. Department of Education withdrew guidance issued by the Obama Administration prohibiting guaranty agencies from charging borrowers fees of up to 16 percent of their balance to bring their loans out of default.

“We should give defaulted student loan borrowers a second chance to make good on their debts without putting them further in the hole with exorbitant collection fees. I’m pleased that ISAC will not take the Department of Education up on its permission to gouge student borrowers. I hope all guaranty agencies will follow

ISAC's lead," said Senator Durbin. "Nonetheless, the Department's decision is shameful. Unnecessarily adding to Americans' student loan burden is no way to helpstruggling families or the U.S. economy."

In 2010, the Direct Loan program replaced the Federal Family Education Loan Program. Under FFEL, private lenders provided students with loans guaranteed by the federal government. State and nonprofit guaranty agencies administered FFEL and continue to collect the more than \$162 billion outstanding FFEL program loans held by nearly 7 million borrowers.