



# **Attorney General Raoul Seeks Expanded Loan Discharge For Students Of Closed Dream Center Schools**

February 5 2020 1:19 PM

Chicago – Attorney General Kwame Raoul joined a bipartisan coalition of 26 attorneys general in renewing their request that U.S. Department of Education Secretary Betsy DeVos use her authority to enable the discharge of federal student loans held by all students who were enrolled in now-closed schools operated by Dream Center Education Holdings, LLC.

“The Department of Education is unfairly limiting relief that should be available to students who took out loans to pay for a school that is now closed,” Raoul said. “Deserving students, through no fault of their own, have been unfairly burdened with overwhelming debt loads and left without a degree. I urge the department to do the right thing by taking action to discharge the loans of thousands of students in Illinois who were misled by their schools.”

Dream Center, a California-based nonprofit, went into receivership in January 2019. Under the federal closed school discharge regulation, former students may be eligible for a 100 percent discharge of their federal student loans if they were unable to complete their program because their school closed. The closed school discharge is only allowed for students who were enrolled at the time the school closed, were on an approved leave of absence when the school closed, or withdrew within 120 days of the school’s closure unless the secretary of the Department Education approves a longer period.

In an October 2019 letter, Raoul and a coalition of attorneys general called on DeVos to exercise her legal authority to expand the group of students eligible for the closed school discharge in order to account for Dream Center’s extraordinary misconduct and mismanagement. In November 2019, DeVos announced that she would extend the closed school discharge only for a very small number of former Dream Center students who were not previously eligible.

In [the letter](#), Raoul and the coalition urged the U.S. Department of Education to go further and provide debt relief to all Dream Center students unfairly strapped with burdensome debt for which they have little to show. The coalition again outlined Dream Center's misconduct and the mismanagement that prevented students from obtaining degrees and unfairly left them to repay federal student loan debt that they contracted to attend the failed schools.

The Illinois Attorney General's office has long been a national leader in investigating and enforcing consumer protection violations in the higher education field. Attorney General Raoul has overseen the rollout of the state's first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide resources for student borrowers who are struggling to make student loan payments. In June 2019, Raoul and Colorado Attorney General Phil Weiser were the first state attorneys general to call for an extended closed school discharge period in connection with Dream Center owned Illinois Institute of Art. Raoul also called on the Department of Education to forgive the federal loans of students who attended the Illinois Institute of Art and were misled by that school's failure to disclose its lack of accreditation, a step the department followed through within November 2019.

Student borrowers who have questions or are in need of assistance can call the Attorney General's Student Loan Helpline at 1-800-455-2456. Borrowers can also [file complaints on the Attorney General's website](#).