

Gov. Pritzker Signs Legislation Providing Student Borrowers With Critical Information On Educational Lending Options

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CHICAGO – Governor JB Pritzker signed House Bill 2746, the Know Before You Owe Private Education Loan Act, into law.

The legislation aims to provide potential student borrowers with critical information, allowing them to make informed decisions about how to responsibly finance their education. The bipartisan legislation passed unanimously in both chambers of the Illinois General Assembly.

“Since the beginning of my administration, I have focused on ensuring our students of all backgrounds have the resources and support they need to achieve their educational goals. This legislation builds on those efforts by providing students with the information they need to be confident in their borrowing decisions,” said Governor JB Pritzker.

“Determining the best financial path to achieve a higher education degree can be daunting and the Know Before You Owe Private Education Loan Act will help build transparency in that process for our young people and their families.”

“For millions of student loan borrowers, the struggle of making loan payments has been exacerbated by the COVID-19 pandemic’s economic impact,” Attorney General Kwame Raoul said. “Students should not be faced with a lifetime of debt because they were unaware they were eligible for federal aid. I appreciate Governor Pritzker’s signing this legislation that will protect borrowers and give my office the tools to better address the student loan crisis.”

HB 2746 requires private educational lenders to work directly with higher education institutions to determine the enrollment status of a potential borrower, as well as financial assistance available to them. Private lenders must also file quarterly reports with the Illinois Department of Financial and Professional Regulation and the Student Loan Ombudsman. Illinois higher education institutions are required to certify with the Illinois Board of Higher Education and the Illinois Community College Board that the provisions outlined for lenders in the legislation are being followed.

“With so many suffering under the weight of student loan debt, it is imperative that Illinois student loan borrowers are equipped with all the information necessary to borrow within their financial means. This bill is an important step in helping borrowers better understand the cost of education. My Department will continue to work with the Attorney General’s Office and other agencies on student loan issues to support and protect Illinois’s student loan borrowers,” said Mario Treto, Jr., Acting Secretary of the Illinois Department of Financial and Professional Regulation.

“Because private student loans are generally less advantageous to students than direct federal student loans, requiring a school’s financial aid office to inform a student if they have remaining federal loan eligibility helps empower students with information they need to make smarter financial decisions about college,” said Eric Zarnikow, executive director of the Illinois Student Assistance Commission, the state’s college access and

financial aid agency. “In addition, requiring private lenders to report information about their lending practices provides much-needed transparency that will help state agencies, regulators, and elected officials in developing future policies and practices to protect student borrowers.”

“One of the central goals of our recently released strategic plan, *A Thriving Illinois*, is to help individuals build stronger financial futures through affordable higher education. Students need good information to make good decisions, and this legislation will help make that happen,” said IBHE Executive Director Ginger Ostro. “This effort is one more step in building equitable educational paths to a prosperous future for every student.”

“Know Before You Owe is a vital consumer protection measure for students and families across the state. Students need to access higher education without being subject to deceptive and predatory lending practices,” said State Representative Katie Stuart (D-Collinsville). By making sure loans are made to meet actual need, we can help avoid saddling our students with crushing amounts of debt upon graduation.”

“This new law requires private loan companies to help students better understand the type and amount of grants and loans they qualify for,” said State Senator Scott Bennett (D-Champaign). “This law also gives students the necessary resources to see how college costs could impact their loan payments down the road and ensure they understand what their student borrowing really means.”

Private educational lenders that fund 10 or fewer educational loans per calendar year are exempt from reporting requirements.

HB 2746 is effective immediately.