

# **Attorney General Raoul Applauds Governor Pritzker For Signing Legislation That Protects Student Loan Borrowers**

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CHICAGO – Attorney General Kwame Raoul today applauded Governor JB Pritzker for signing legislation Raoul initiated to protect student loan borrowers and help them select a student loan option that best meets their needs. House Bill 2746, Raoul’s “Know Before You Owe” measure, ensures that student borrowers have information about their federal aid eligibility before they turn to more costly private loans.

Raoul initiated Know Before You Owe to give student borrowers access to information that will help them avoid expensive private student loans that offer fewer borrower protections, less flexible repayment options, and generally cost more than federal student loans. In addition to Know Before You Owe, Raoul initiated Senate Bill 669 to protect student loan borrowers from student loan debt relief companies (SLDRs) that often prey on borrowers by charging high fees for services they cannot provide.

“For millions of student loan borrowers, the struggle of making loan payments has been exacerbated by the COVID-19 pandemic’s economic impact,” Raoul said. “Students should not be faced with a lifetime of debt because they were unaware they were eligible for federal aid or because they fell victim to the unfair and deceptive practices of a student loan debt relief company. 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.”

Know Before You Owe was sponsored by Rep. Katie Stuart and Sen. Scott Bennett and passed by the Illinois General Assembly with bipartisan support.

“Know Before You Owe is a vital consumer protection measure for students and families across Illinois. Students should be able to access higher education without being subject to deceptive and predatory lending practices,” Stuart said. “By making sure loans are made to meet actual need, we can help avoid saddling our students with crushing amounts of debt before they even graduate.”

“This new law requires private loan companies to help students better understand the type and amount of grants and loans they qualify for,” Bennett said. “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.”

Know Before You Owe addresses the lack of publicly-available data about private student loans in several ways. The law requires private lenders to obtain certification from schools, confirming whether borrowers have expenses that have not been covered by other sources. Additionally, schools’ financial aid offices must notify borrowers if they still have federal student loan aid eligibility and provide more information. Schools also will be required to certify annually with the Illinois Board of Higher Education that

they are in compliance with the law. Additionally, private lenders will be required to provide Illinois' Student Loan Ombudsman, housed in the Attorney General's office, and state banking regulators with basic information on private student loans. The law goes into effect immediately.

Senate Bill 669 amends the Debt Settlement Act to codify existing law and create a bright line to protect borrowers from student loan debt relief scams. The measure sponsored by Sen. Omar Aquino and Rep. Michael Zalewski was signed into law Aug. 8 and went into effect immediately.

“Unregistered student loan debt relief providers target students, charging them excessive fees for services that can be accessed for free throughout the U.S. Dept. of Education. We must protect borrowers from these scams,” Aquino said. “The dream of attending college to seek a bright professional future should not become a downward path into unnecessary debt. I thank my colleagues in the General Assembly for their support and Governor J.B. Pritzker for signing this legislation that favors our best investment: Illinois' people.”

“As students and graduates navigate the ever-evolving student loan landscape, I applaud Attorney General Raoul's effort to ensure transparency and fairness for Illinoisans who simply want to build a better life through a quality education,” Zalewski said. “Thanks to Governor Pritzker for his signature and my colleagues for their support.”

SLDRs take advantage of Illinois borrowers struggling to repay their loans by using high-pressure tactics and offering false hope of debt forgiveness, cancellation, and reduction. SLDRs charge borrowers high upfront fees for debt relief services that are largely available for free through the U.S. Department of Education and then fail to render any services, let alone anything resembling the promised or advertised results. The majority of these companies are currently unlicensed in Illinois, and they have scammed Illinois consumers out of thousands of dollars, resulting in harm to credit scores and pushing struggling borrowers into default and deeper into debt.

Repayment on federal student loans is set to restart in January 2022 after a nearly two-year pause due to the pandemic. Borrowers need to beware of misinformation from student loan debt relief scams and obtain information from legitimate sources, such as the U.S. Department of Education at [studentaid.gov](https://studentaid.gov) or from their student loan servicer.

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.