

Katie Hobbs
Governor



Kevin La Mountain
Executive Director

**Arizona State Board for Private
Postsecondary Education**

1740 West Adams Street, Suite 3008
Phoenix, AZ 85007
Telephone (602) 542-5716

Important Alert: Protect Yourself from Student Loan Scams as Collections Resume

The Arizona State Board for Private Postsecondary Education is issuing this important alert to inform students about a potential increase in student loan scams. This warning comes as the U.S. Department of Education prepares to resume collections on defaulted federal student loans beginning May 5, 2025.¹ This resumption of collections marks the end of a long pause that was initiated as a temporary relief measure during the COVID-19 pandemic.¹ Currently, a significant number of borrowers are in default on their federal student loans.¹ This situation, unfortunately, creates an environment where scammers may attempt to take advantage of borrowers who are feeling vulnerable or uncertain about their loan repayment obligations.¹¹ It is important to remember that these deceptive individuals often prey on those seeking assistance with their student loan debt.¹² The Arizona State Board for Private Postsecondary Education is committed to safeguarding students and ensuring they have access to accurate information regarding their educational finances.⁴³

The U.S. Department of Education has officially announced that it will begin the process of collecting on defaulted federal student loans on Monday, May 5, 2025.¹ This action follows a considerable period during which collections were paused.¹ The Department of Education will employ involuntary collection methods, including the Treasury Offset Program. This program allows the government to withhold certain federal payments, such as tax refunds, federal salaries, and other benefits, from individuals with outstanding debts to the government.¹ Furthermore, after providing a 30-day notice to borrowers in default, the department may also initiate wage garnishment.¹ It is important for borrowers to understand that the Department of Education intends to communicate directly with those in default to inform them about their available options.² These official communications will originate directly from the Department of Education or its authorized loan servicing providers.¹¹ Borrowers should also be aware that the Department of Education has explicitly stated that there will not be any broad or mass student loan forgiveness.³ The extended pause in student loan payments and collections, which

began in March 2020, might have led some borrowers to anticipate widespread loan forgiveness or a continued suspension of payments. The announcement of collection resumption after this prolonged inactivity could create a sense of urgency and potential confusion, making some individuals more vulnerable to deceptive offers promising quick solutions from unverified entities. Additionally, the significant number of individuals currently in default on their federal student loans presents a large and identifiable group for scammers to target with their fraudulent schemes.

It is crucial for students to be aware of the tactics that scammers commonly employ, particularly in the context of student loan debt relief. One frequent tactic involves demanding upfront or monthly fees for services that are actually provided free of charge by the Department of Education and federal loan servicers.¹¹ These services include loan consolidation, changes to repayment plans, and assessments of eligibility for forgiveness programs.¹² It is important to know that it is against the law for debt relief companies to charge fees before they have actually delivered any services.¹² Another common red flag is the promise of immediate or guaranteed student loan forgiveness or cancellation.¹¹ Students should be highly suspicious of any claims that suggest they can quickly or easily have their student loan debt eliminated.¹¹ In reality, most legitimate federal loan forgiveness programs have specific requirements, often involving many years of qualifying payments or employment in certain fields.¹¹

Scammers will frequently attempt to obtain your Federal Student Aid (FSA) ID and password.¹¹ It is imperative that you never share this information with anyone, as it provides access to your federal student loan account and the ability to make changes to it.¹¹ The U.S. Department of Education and its official partners will never ask for your FSA ID password.¹¹ Be cautious of individuals or companies that use official-sounding names or falsely claim to be affiliated with the Department of Education.¹¹ Scammers often incorporate words like "federal," "national," or "Department of Education" into their names to appear legitimate.¹² Always independently verify any claims of government affiliation by contacting the official sources directly.¹¹ Scammers may also employ high-pressure tactics and create a false sense of urgency by setting artificial deadlines.¹¹ They might urge you to act immediately to take advantage of a limited-time program or risk missing out on an opportunity.¹¹ It is always wise to take your time and thoroughly verify any information before making a decision.¹⁵

Another deceptive tactic involves instructing borrowers to stop communicating with their current loan servicer or to make their loan payments directly to the scammer.¹⁶ Legitimate loan servicers will always encourage direct communication with borrowers.¹² You should never

make payments to a third-party company claiming to manage your federal student loans unless you have independently confirmed their legitimacy.¹⁵ Be wary of any requests to sign a power of attorney or a third-party authorization form¹², as this can give the scammer control over your loan account.¹² Some scammers may also guarantee credit repair services¹²; however, it is important to understand that companies cannot legally remove accurate negative information from your credit report.¹² Communications from scammers often contain typos and grammatical errors¹¹, whereas official communications from the Department of Education and loan servicers are typically well-written and free of such errors.¹¹ Finally, be suspicious of unsolicited emails or phone calls that originate from unofficial email addresses or phone numbers.¹¹ For federal government entities, official email addresses will typically end in ".gov".¹¹ If you receive a suspicious phone call, it is best to hang up and call your loan servicer directly using their official contact information.¹² Scammers often adapt their methods to current events, such as the announcement of resumed collections or discussions about potential loan forgiveness programs. This makes it essential for borrowers to remain vigilant and continuously educate themselves on the latest scam tactics.

Scam Tactic	Description
Demanding Upfront or Monthly Fees	Requesting payment for services related to federal student loans before providing any assistance.
Promises of Immediate or Guaranteed Loan Forgiveness/Cancellation	Claiming they can quickly or easily eliminate student loan debt, often using phrases like "act immediately."
Requests for FSA ID and Password	Asking for your Federal Student Aid username and password, which provides access to your loan information.
Official-Sounding	Using names that include words like

Names/Government Affiliation Claims	"federal" or "Department of Education," or falsely claiming to be affiliated with government agencies.
High-Pressure Tactics and Urgent Deadlines	Pressuring you to act quickly to take advantage of a limited-time offer or avoid missing a deadline.
Instructions to Stop Servicer Communication/Pay Scammer	Advising you to cease contact with your loan servicer or to make payments directly to their company.
Requests for Power of Attorney/Third-Party Authorization	Asking you to sign documents that give them legal authority over your student loan account.
Guarantees of Credit Repair	Promising to remove legally owed debts from your credit report.
Typos and Grammatical Errors	Communications containing unusual capitalization, improper grammar, or incomplete sentences.
Unofficial Email Addresses/Phone Numbers	Contacting you from email addresses that do not end in ".gov" or using non-official phone numbers.

To protect yourself from becoming a victim of these scams, remember to never pay any upfront fees for assistance with federal student loans, as legitimate help is available for free.¹² Always safeguard your personal information and never share your FSA ID, Social Security number, bank account details, or credit card information with anyone who contacts you without your prior consent.¹¹ Exercise caution when dealing with unsolicited offers regarding student loans that you receive via phone, email, text message, or social media.¹¹ Legitimate federal student

loan programs typically do not initiate contact in this manner.³⁹ It is crucial to always verify any information you receive about your federal student loans by directly contacting your assigned loan servicer or by visiting the official U.S. Department of Education website at StudentAid.gov.¹¹ Ensure that the website address includes ".gov".¹¹ Take the time to understand the legitimate federal loan assistance programs that are available through the Department of Education, including various repayment options, loan consolidation, and forgiveness programs.¹¹ Finally, make sure your contact information is current on StudentAid.gov and with your loan servicer to ensure you receive all official communications.¹⁹

For legitimate assistance with your student loans, please utilize the following resources:

- **U.S. Department of Education – StudentAid.gov:** This is the official source for all federal student aid information and resources.¹¹
- **Federal Loan Servicers:** Contact your specific loan servicer for personalized help with repayment options, account details, and any other inquiries. You can find their contact information by logging into your account at [StudentAid.gov](https://studentaid.gov).¹¹
- **Arizona State Board for Private Postsecondary Education:** If you have concerns or questions related to private postsecondary education institutions in Arizona, please contact us at (602) 542-5709 or visit our website at ppse.az.gov.
- **Consumer Financial Protection Bureau (CFPB):** The CFPB provides valuable resources and information for student loan borrowers. Visit their website at consumerfinance.gov.¹¹
- **National Foundation for Credit Counseling (NFCC):** The NFCC can connect you with certified student loan counselors for free or low-cost assistance. Their website is nfcc.org.³⁶

If you suspect that you have been targeted by a student loan scam, it is critical to take immediate action to protect yourself. Contact your federal loan servicer right away if you believe your account has been compromised or if you have shared your personal information with a suspected scammer.¹¹ If you think a scammer may have obtained your FSA ID, change your password immediately on the StudentAid.gov website.¹¹ Report the suspected scam to the Federal Trade Commission (FTC) by filing a complaint online at [ReportFraud.ftc.gov](https://reportfraud.ftc.gov).¹¹ If you provided any payment information to a suspected scammer, contact your bank or credit card company to halt any unauthorized payments.¹¹ It is also advisable to monitor your credit report for any unusual activity. You can obtain a free copy of your credit report once a year from AnnualCreditReport.com.²⁰

In conclusion, it is essential for all students to remain vigilant and exercise caution, especially as federal student loan collections are set to resume. Remember that legitimate assistance with your federal student loans is always available at no cost through official channels. If you have any questions or concerns regarding private postsecondary institutions or potential scams within Arizona, please do not hesitate to contact the Arizona State Board for Private Postsecondary Education.

Works cited

1. Student loans in default to be referred to debt collection, Education Department says - AP News, accessed April 23, 2025,
<https://apnews.com/article/student-loan-debt-default-collection-fa6498bf519e0d50f2cd80166faef32a>
2. U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back into Repayment, accessed April 23, 2025,
<https://www.ed.gov/about/news/press-release/us-department-of-education-begin-federal-student-loan-collections-other-actions-help-borrowers-get-back-repayment>
3. ED Announces Forthcoming Resumption of Defaulted Loan Collections - nasfaa, accessed April 23, 2025,
https://www.nasfaa.org/news-item/36115/ED_Announces_Forthcoming_Resumption_of_Defaulted_Loan_Collections
4. Student Loan Collections Restarting May 5 – Here's What You Need to Know, accessed April 23, 2025,
<https://wchitatribe.com/student-loan-collections-restarting-may-5-heres-what-you-need-to-know/>
5. More than 5 million student loan borrowers are in default. Education Department says they will be referred to debt collection - PBS, accessed April 23, 2025,
<https://www.pbs.org/newshour/education/more-than-5-million-student-loan-borrowers-are-in-default-education-department-says-they-will-be-referred-to-debt-collection>
6. Student Loan Changes in May 2025: What Borrowers Should Know - Newsweek, accessed April 23, 2025,
<https://www.newsweek.com/student-loan-changes-update-education-department-married-borrowers-2062576>
7. U.S. Department of Education: 'There will not be any mass loan forgiveness' - EdNC, accessed April 23, 2025,
<https://www.ednc.org/u-s-department-of-education-there-will-not-be-any-mass-loan-forgiveness/>
8. Education Department announces May start dates for IDR processing and federal student loan collections - Bankrate, accessed April 23, 2025,

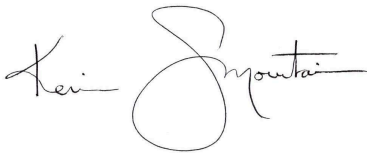
- <https://www.bankrate.com/loans/student-loans/current-student-loan-news-april-22-2025/>
9. Department of Education Will Restart Student Loan Collections in May - Investopedia, accessed April 23, 2025,
<https://www.investopedia.com/departments-of-education-will-soon-restart-student-loan-collections-and-wage-garnishments-11719353>
 10. U.S. DEPARTMENT OF EDUCATION SAYS IT WILL RESUME COLLECTIONS OF ITS DEFAULTED FEDERAL STUDENT LOAN PORTFOLIO ON MONDAY, MAY 5 : r/StudentLoans - Reddit, accessed April 23, 2025,
https://www.reddit.com/r/StudentLoans/comments/1k4o6w0/us_department_of_education_says_it_will_resume/
 11. How To Avoid Student Loan Forgiveness Scams - Federal Student Aid, accessed April 23, 2025, <https://studentaid.gov/articles/avoid-student-loan-forgiveness-scams/>
 12. How To Spot Student Loan Scams: 2024 Guide - Bankrate, accessed April 23, 2025,
<https://www.bankrate.com/loans/student-loans/how-to-spot-student-loan-scams/>
 13. Protect Yourself from Student Loan Debt Relief Scams - Home | U.S. Department of Education OIG, accessed April 23, 2025,
<https://oig.ed.gov/sites/default/files/document/2023-06/graduatefraudpreventiontipsfull.pdf>
 14. Eye on ED Episode 9: Student Loan Scams and How to Avoid Them, accessed April 23, 2025,
<https://oig.ed.gov/sites/default/files/document/2023-06/transcript-eye-on-ed-ep-9-student-loan-scams.pdf>
 15. Paying for School and Avoiding Scams | Consumer Advice, accessed April 23, 2025,
<https://consumer.ftc.gov/articles/how-student-loans-work-how-avoid-scams>
 16. Student Loan Scams | Office of the Attorney General, accessed April 23, 2025,
<https://www.texasattorneygeneral.gov/consumer-protection/student-and-education-scams/student-loan-scams>
 17. Student loan scams are on the rise - Two scams to avoid and ten red flags to notice | VSAC, accessed April 23, 2025, <https://www.vsac.org/blog/Avoid-Student-Loan-Scams>
 18. Common Student Loan Scams and How to Avoid Them - LegalZoom, accessed April 23, 2025,
<https://www.legalzoom.com/articles/common-student-loan-scams-and-how-to-avoid-them>
 19. Defaulted federal student loan collections resume | cbs8.com, accessed April 23, 2025,
<https://www.cbs8.com/article/news/local/working-for-you/defaulted-student-loan-collections-to-resume/509-ccc98167-cf54-49ea-b22e-3b0aaf192c23>
 20. Beware of Student Loan Forgiveness Scams: How to Protect Yourself | USSFCU, accessed April 23, 2025,
<https://www.ussfcu.org/media-center/security-corner/blog-detail-security-corner.html?cId=98987&title=beware-of-student-loan-forgiveness-scams-how-to-protect-yourself>
 21. Avoiding Student Aid Scams, accessed April 23, 2025,
<https://studentaid.gov/resources/scams>

22. Don't Fall Victim to Student Loan Debt Relief Scams - DFPI - CA.gov, accessed April 23, 2025, <https://dfpi.ca.gov/news/insights/dont-fall-victim-to-student-loan-debt-relief-scams/>
23. Student Loan Repayment Scams (and How to Avoid Them) - MEFA, accessed April 23, 2025, <https://www.mefa.org/article/student-loan-repayment-scams-and-how-to-avoid-them/>
24. Don't fall victim to student loan debt relief scams - DFPI - CA.gov, accessed April 23, 2025, <https://dfpi.ca.gov/news/insights/dont-fall-victim-to-student-loan-debt-relief-scams-2/>
25. School Yourself on Student Loan Forgiveness Scams - Marine Bank, accessed April 23, 2025, <https://www.marinebankandtrust.com/Student-Loan-Scams>
26. What are the signs of a student loan scam? | Consumer Financial Protection Bureau, accessed April 23, 2025, <https://www.consumerfinance.gov/ask-cfpb/what-are-the-signs-of-a-student-loan-scam-en-2100/>
27. Paying for School and Avoiding Scams | Consumer Advice, accessed April 23, 2025, <https://consumer.ftc.gov/articles/paying-school-and-avoiding-scams>
28. Student Loan Debt Relief Scams | Consumer Advice, accessed April 23, 2025, <https://consumer.ftc.gov/media/79957>
29. FTC Acts to Stop Scheme that Bilked Millions out of Student Loan Borrowers, accessed April 23, 2025, <https://www.ftc.gov/news-events/news/press-releases/2024/12/ftc-acts-stop-scheme-bilked-millions-out-student-loan-borrowers>
30. Student loan scammers speak your language | Consumer Advice, accessed April 23, 2025, <https://consumer.ftc.gov/consumer-alerts/2024/07/student-loan-scammers-speak-your-language>
31. FTC Acts to Stop Student Loan Debt Relief Scheme that Took Millions from Consumers in First Case under the Impersonation Rule, accessed April 23, 2025, <https://www.ftc.gov/news-events/news/press-releases/2024/06/ftc-acts-stop-student-loan-debt-relief-scheme-took-millions-consumers-first-case-under-impersonation>
32. Student Loan and Education Scams | Consumer Advice, accessed April 23, 2025, <https://consumer.ftc.gov/all-scams/student-loan-education-scams>
33. FTC Action Leads to Industry Ban for Ringleader of Student Loan Debt Relief Scam, accessed April 23, 2025, <https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-action-leads-industry-ban-ringleader-student-loan-debt-relief-scam>
34. Scammers follow the news about student loan forgiveness | Consumer Advice, accessed April 23, 2025, <https://consumer.ftc.gov/consumer-alerts/2024/04/scammers-follow-news-about-student-loan-forgiveness>
35. Find advice for your student loans | Consumer Financial Protection Bureau, accessed April 23, 2025, <https://www.consumerfinance.gov/paying-for-college/repay-student-debt/>

- 36.5 ways to avoid common student loan scams - First Financial Bank, accessed April 23, 2025,
<https://www.bankatfirst.com/personal/discover/flourish/avoid-common-student-loan-scams.html>
37. Eye on ED: Student Loan Scams and How to Avoid Them, accessed April 23, 2025,
<https://oig.ed.gov/eye-ed-student-loan-scams-and-how-to-avoid-them>
38. Student Loans Warning Issued as Department of Education Faces Elimination - Newsweek, accessed April 23, 2025,
<https://www.newsweek.com/student-loan-warning-department-education-2048396>
39. Student Loan Scams | Champions First Credit Union, accessed April 23, 2025,
<https://championsfirst.org/student-loan-scams/>
40. Consumer Alert: Student Loan Scams - Office of Attorney General for the District of Columbia, accessed April 23, 2025, <https://oag.dc.gov/consumer-alert-student-loan-scams>
41. ED's Office of Inspector General Releases Alert on Student Loan Relief Scams - nasfaa, accessed April 23, 2025,
https://www.nasfaa.org/news-item/29302/ED_s_Office_of_Inspector_General_Releases_Alert_on_Student_Loan_Relief_Scams
42. Division of Financial Regulation warns student loan borrowers about scams, accessed April 23, 2025,
<https://dfr.oregon.gov/news/news2022/pages/20220929-student-loan-scams-warning.aspx>
43. Home | Private Postsecondary Education, accessed April 23, 2025, <https://ppse.az.gov/>
44. Arizona State Board for Private Postsecondary Education, accessed April 23, 2025,
<https://ppse.az.gov/arizona-state-board-private-postsecondary-education>

Should you require any further information or clarification, please do not hesitate to contact me

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin J. LaMountain". The signature is fluid and cursive, with the first name "Kevin" written in a smaller, more compact script than the last name "LaMountain", which is written in a larger, more expansive cursive style.

Kevin J. LaMountain M. Ed
Executive Director
Arizona State Board for Private Postsecondary Education