

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA
CENTRAL DIVISION

In re:)
Michelle Renee Skadburg)
Rodney Gene Skadburg) Bankruptcy No. 12-00120
)
Debtors) Chapter 7
_____)
Michelle Renee Skadburg) Adversary No. 12-09026
)
Plaintiff)
v.)
United States Department of Education)
)
Defendant)

SETTLEMENT AGREEMENT

On January 28, 2012 (Petition Date), Plaintiff, Michelle Renee Skadburg ("Plaintiff") filed a voluntary petition for bankruptcy under chapter 7 of Title II of the United States Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Iowa, Central Division; and

As of June 20, 2012, Plaintiff owed \$40,630.79 to Defendant, United States Department of Education ("DOE") in student loans and interest that had accrued thereon ("student loan obligations"); and

On March 21, 2012 Plaintiff commenced an adversary proceeding by filing a complaint against the DOE seeking a discharge of her student loan obligations pursuant to Bankruptcy Code § 523(a)(8); and

On April 18, 2012, the DOE filed an answer to the complaint contending the Plaintiff was not entitled to a discharge of her student loan obligations pursuant to Bankruptcy code § 523(a)(8) and demanding judgment dismissing the complaint and granting DOE costs; and

Plaintiff and the DOE have agreed to a resolution of their dispute and want to settle the adversary proceeding without further litigation;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and between Plaintiff and the DOE, and their respective counsel, as follows:

1. Plaintiff's claims against the DOE are hereby dismissed without prejudice and without costs or attorneys fees to Plaintiff or the DOE.
2. Plaintiff will pay TWENTY-TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$22,500.00) of her student loan obligations pursuant to the following plan (Payment Plan): make monthly payments in the amount of SEVENTY-FIVE AND NO/100 DOLLARS (\$75.00) to the DOE for a period of 25 years beginning on the 15th day of the first full month following the approval of this Settlement Agreement and entry of an Order of Settlement and Dismissal by the Bankruptcy Court.
3. Upon Plaintiff making consecutive monthly payments for twenty-five (25) years totaling \$22,500.00, the remainder of Plaintiff's student loan obligations will hereby be discharged.
4. Nothing herein shall prevent Plaintiff from making monthly payments in an amount greater than the amount specified in paragraph 2 above. If

Plaintiff makes payments to the DOE totaling \$22,500.00 prior to the end of the Payment Plan, Plaintiff's monthly payment obligations set forth in paragraph 2 above shall cease.

5. If Plaintiff defaults under the terms of this Stipulation and is delinquent more than 30 days, this Payment Plan shall be declared null and void; and the remaining balance of the entire loan of \$40,630.79, plus interest and any collection fees, shall be immediately due and owing to the DOE, which may proceed with any collection procedures permissible by law, including, but not limited, to submitting the debt as set forth herein to the United States Treasury for inclusion in the Treasury Offset Program ("Program"). Provided, however, if Plaintiff notifies the DOE within 30 days of the date a payment was due of the circumstances that have rendered Plaintiff unable to make the monthly payment, the DOE will not proceed with any collection procedures for a period of 30 days thereafter while Plaintiff and the DOE work in good faith to agree upon the terms of a forbearance suspending or reducing the monthly payments for a certain period of time. If Plaintiff and the DOE agree upon the terms of a forbearance, the DOE will not proceed with any collection procedures during the agreed upon forbearance period.
6. Before declaring Plaintiff in default pursuant to paragraph 6 above, the DOE shall first provide Plaintiff notice of such default in writing and shall

afford Plaintiff 30 days from the date of mailing to cure the default. Notice of default shall be mailed to Plaintiff at the address provided below.

7. Nothing herein shall prevent Plaintiff from applying for the Public Service Forgiveness Loan Program during the 25 year period.
8. This Payment Plan shall be considered a qualifying payment plan for the Public Service Forgiveness Program during the 25 year period.
9. This Settlement Agreement shall be binding on any successors of the DOE or any assignees of the student loan obligations.
10. Payment made pursuant to this Settlement Agreement shall include Plaintiff's Social Security Number, shall be made payable to the U.S.

Department of Education, and shall be sent to:

U.S. Department of Education
Direct Loan Payment Center
P.O. Box 530260
Atlanta, GA 30353-0260

11. Any notice under this Settlement Agreement shall be mailed to:

Michelle Renee Skadburg
721 Birch Street
Mason City, IA 50401

U.S. Department of Education
Processing Group, Room 8600
50 Beale Street
San Francisco, CA 94105

United States Attorney Office
Northern District of Iowa
Attn: MPU
Federal Courthouse
Cedar Rapids, IA 52401-1825

12. This Settlement Agreement may be signed in counterparts, including, without limitation, by PDF or facsimile, each, of which, will be deemed an original and all, of which, will be taken together and deemed one instrument.
13. This Settlement Agreement is subject to the approval of the Bankruptcy Court. In the event the Bankruptcy court declines to approve this Settlement Agreement, it shall be null and void, with no force or effect.
14. Plaintiff and the DOE understand and agree that this Settlement Agreement contains the entire agreement between them, and that any statements, representations, promises, agreements, or negotiations, oral or otherwise, between the parties or their counsel that are not included herein shall be of no force and effect.

Michelle R. Skadburg

Michelle Renee Skadburg
721 Birch Drive
Mason City, IA 50401
Plaintiff

Dated: 9-17-12

By: *Evelyn Ocheltree*

Evelyn Ocheltree
600 First Street NW
Suite 103

Michael Illes

Michael Illes
Loan Analyst
U.S. Department of Education
50 Beale St., Room 8601
San Francisco, CA 94105

Dated: 9/18/12

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U.S. ATTORNEY
Northern District of Iowa

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Dated 9-18-12

From Article at GetOutOfDebt.org