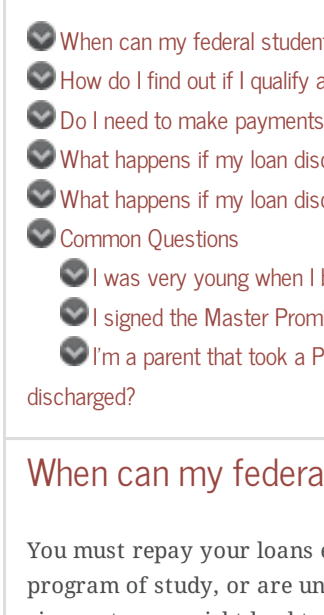


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In certain situations, you can have your federal student loan forgiven, canceled, or discharged. Find out whether you qualify due to your job, disability, the closure of your school, or other circumstances.

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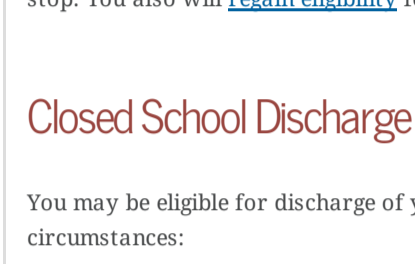
When can my federal student loans be forgiven, canceled, or discharged?

You must repay your loans even if you don't complete your education, can't find a job related to your program of study, or are unhappy with the education you paid for with your loan. However, certain circumstances might lead to your loans being forgiven, canceled, or discharged.

The list below is a quick view of the types of forgiveness, cancellation, and discharge.

Type of Forgiveness, Cancellation, or Discharge	Direct Loans	Federal Family Education Loan (FFEL) Program Loans	Perkins Loans
Total and Permanent Disability Discharge	X	X	X
Death Discharge	X	X	X
Discharge in Bankruptcy (in rare cases)	X	X	X
Closed School Discharge	X	X	
False Certification of Student Eligibility or Unauthorized Payment Discharge	X	X	
Unpaid Refund Discharge	X	X	
Teacher Loan Forgiveness	X	X	
Public Service Loan Forgiveness	X		
Perkins Loan Cancellation and Discharge (includes Teacher Cancellation)			X

Looking for information about the Civil Legal Assistance Attorney Student Loan Repayment Program (CLAARP)? [The CLAARP application process is closed.](#)



To view charts of discharges by loan type as well as discharge applications, go to [Forgiveness, Cancellation, and Discharge Charts](#).

Total and Permanent Disability (TPD) Discharge

A TPD discharge relieves you from having to repay a William D. Ford Federal Direct Loan (Direct Loan) Program loan, Federal Family Education Loan (FFEL) Program loan, and/or Federal Perkins Loan (Perkins Loan) Program loan or complete a TEACH Grant service obligation on the basis of your total and permanent disability. Before your federal student loans or TEACH Grant service obligation can be discharged, you must provide information to the U.S. Department of Education (ED) to show that you are totally and permanently disabled. ED will evaluate the information and determine if you qualify for a TPD discharge.

- You can show that you are totally and permanently disabled in one of the following three ways:
- If you are a veteran, you can submit documentation from the U.S. Department of Veterans Affairs (VA) showing that the VA has determined that you are unemployable due to a service-connected disability.
 - If you are receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits, you can submit a Social Security Administration (SSA) notice of award for SSDI or SSI benefits stating that your next scheduled disability review will be within five to seven years from the date of your most recent SSA disability determination.
 - You can submit certification from a physician that you are totally and permanently disabled. Your physician must certify that you are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that
 - Can be expected to result in death,
 - Has lasted for a continuous period of not less than 60 months, or
 - Can be expected to last for a continuous period of not less than 60 months.

For more information, go to [Total and Permanent Disability Discharge](#).

Death Discharge

If you, the borrower, die, then your federal student loans will be discharged. If you are a parent PLUS loan borrower, then the loan may be discharged if you die, or if the student on whose behalf you obtained the loan dies.

The loan will be discharged if a family member or other representative provides a certified copy of the death certificate to the school (for a Federal Perkins Loan) or to the loan servicer (for a Direct Loan or FFEL Program loan). For more information, contact your [loan servicer](#).

Discharge in Bankruptcy

This is not an automatic process—you must prove to the bankruptcy court that repaying your student loan would cause undue hardship.

If you file Chapter 7 or Chapter 13 bankruptcy, you may have your loan discharged in bankruptcy only if the bankruptcy court finds that repayment would impose undue hardship on you and your dependents. This must be decided in an adversary proceeding in bankruptcy court. Your creditors may be present to challenge the request. The court uses this three-part test to determine hardship:

- If you are forced to repay the loan, you would not be able to maintain a minimal standard of living.
- There is evidence that this hardship will continue for a significant portion of the loan repayment period.
- You made good-faith efforts to repay the loan before filing bankruptcy (usually this means you have been in repayment for a minimum of five years).

Your loan will not be discharged if you are unable to satisfy any one of the three requirements. If your loan is discharged, you will not have to repay any portion of your loan, and all collection activity will stop. You also will [regain eligibility](#) for federal student aid if you had previously lost it.

Closed School Discharge

You may be eligible for discharge of your Direct Loans and FFEL Program loans under either of these circumstances:

- Your school closes while you're enrolled, and you do not complete your program because of the closure. Any federal student loan obtained to pay your cost of attendance at that school could be discharged. If you were on an approved leave of absence, you are considered to have been enrolled at the school.
- Your school closes within 90 days after you withdraw.

You are not eligible for discharge of your Direct Loans or FFEL Program loans if your school closes and any of the following is true:

- You withdraw more than 90 days before the school closes.
- You are completing a comparable educational program at another school. If you complete such a program at another school after your loan is discharged, you might have to pay back the amount of the discharge.
- You have completed all the coursework for the program, but you have not received a diploma or certificate.

To receive a closed school discharge application, contact your [loan servicer](#).

For answers to questions about your closed school, call the appropriate person on the list of [Closed School Customer Service Contacts](#).

You might need your academic records if you plan to attend another school and want to obtain your coursework at the closed school taken into consideration. So it will be important for you to obtain your academic and financial aid records if your school closes. Contact the state licensing agency in the state in which the school was located to ask whether the state made arrangements to keep the records. The records might also be useful in substantiating your claim for a loan discharge.

False Certification of Student Eligibility or Unauthorized Payment Discharge

You may be eligible for a discharge of your Direct Loan or FFEL Program loan in these circumstances:

- Your school falsely certified your eligibility to receive the loan based on your ability to benefit from its training, and you did not meet the ability to benefit student eligibility requirements.
- The school signed your name on the application or promissory note without your authorization or the school endorsed your loan check or signed your authorization for electronic funds transfer without your knowledge, unless the proceeds of the loan were delivered to you or applied to charges owed by you to the school.
- Your loan was falsely certified because you were a victim of identity theft.
- The school certified your eligibility, but because of a physical or mental condition, age, criminal record, or other reason you are disqualified from employment in the occupation in which you were being trained.

Unpaid Refund Discharge

You may be eligible for a discharge of your Direct Loan or FFEL Program loan if you withdrew from school, but the school didn't pay a refund that it owed to the U.S. Department of Education or to the lender, as appropriate. Check with the school to see how refund policies apply to federal aid at the school.

Only the amount of the unpaid refund will be discharged. You may qualify for this partial discharge whether the school is closed or open. Contact your loan servicer for more information.

Teacher Loan Forgiveness

If you are a teacher and also a new borrower (i.e., you did not have an outstanding balance on a Direct Loan or FFEL Program loan on Oct. 1, 1998, or on the date you obtained a Direct Loan or FFEL Program loan after Oct. 1, 1998) and have been teaching full-time in a low-income elementary or secondary school or educational service agency for five consecutive years, you may be able to have as much as \$17,500 of your subsidized or unsubsidized loans forgiven. Your PLUS loans cannot be included. For more information, go to [Teacher Loan Forgiveness](#). If you have a Federal Perkins Loan, see [Perkins Loan Cancellation](#) for teacher cancellation in that loan program.

Public Service Loan Forgiveness

If you are employed in certain public service jobs and have made 120 payments on your Direct Loans (after Oct. 1, 2007), the remaining balance that you owe may be forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. You must not be in default on the loans that are forgiven. For more information, go to [Public Service Loan Forgiveness](#).

Perkins Loan Cancellation and Discharge

The following Federal Perkins Loan Program cancellations apply to individuals who perform certain types of public service or are employed in certain occupations.

For each complete year of service, a percentage of the loan may be canceled. The total percentage of the loan that can be canceled depends on the type of service performed. Depending on the type of loan you have, and when that loan was taken out, you may be eligible to cancel part of or your entire loan if you have served as one of the following:

- Volunteer in the Peace Corps or ACTION program (including VISTA)
- Teacher
- Member of the U.S. armed forces (serving in area of hostilities)
- Nurse or medical technician
- Law enforcement or corrections officer
- Head Start worker
- Child or family services worker
- Professional provider of early intervention services

There is no standard application form for Perkins Loan cancellations. Contact the school that you were attending when you received the loan.

To view the Perkins Loan Cancellation and Discharge Summary Chart, go to [Forgiveness, Cancellation, and Discharge Charts](#).

How do I find out if I qualify and how do I apply to have my loan forgiven, canceled, or discharged?

After reviewing the conditions, if you think you qualify, contact your [loan servicer](#). If you have a Federal Perkins Loan, you must apply to the school that made the loan or contact the loan servicer the school has designated.

Certain types of cancellations are available to military personnel, teachers, nurses, child care providers, or borrowers affected by the closure of a school. Provisions differ depending on the type of loan you have. You can view your loan information including the types of loans you have and your loan servicer at the [National Student Loan Data System \(NSLDS\)](#).

Do I need to make payments while my discharge application is being reviewed?

Yes. Until you hear whether your discharge has been approved, you should continue making payments on your loan to prevent it from going into default or accruing (accumulating) additional interest. However, note the following:

If you have a Direct Subsidized Loan, Direct Unsubsidized Loan, Federal Subsidized Stafford Loan, or Federal Unsubsidized Stafford Loan, you can be granted forbearance. Your loan servicer should grant forbearance until a decision is made on your application. If forbearance is granted, no one is permitted to collect on your loan until it is determined whether you are eligible for a loan discharge.

If you have a Federal Perkins Loan, schools automatically defer your loans if you are performing service (such as teaching in a low-income school) that will qualify you for loan cancellation. Check with your school for details.

What happens if my loan discharge is approved?

If you qualify for a complete discharge of your loan, you are no longer obligated to make loan payments. Depending on the type of loan discharge program for which you may be eligible, the U.S. Department of Education may be required to refund to you some or all of the payments you made on the loan. In addition, any adverse credit record related to a default might be deleted, and no tax refund offset or wage garnishment will take place to collect on the discharged loan. If the loan was in default, the discharge may erase the default status. If you have no other defaulted loans, you regain eligibility for federal student aid.

Note: In some cases, your school might be required to refund a portion of a Direct Loan or FFEL Program loan to the U.S. Department of Education (for example, to your school from school) within a timeframe that required a refund of loan funds). If your school fails to make that refund, that portion of your loan will be canceled, but you will be responsible for paying any remaining amount.

What happens if my loan discharge is denied?

For most discharges, the final decision on whether to discharge the loan cannot be appealed. The two exceptions are [false certification and forged signature discharges](#). If you receive these types of discharges, you may ask the U.S. Department of Education to review the denial.

If your loan discharge is denied, you remain responsible for repaying the loan. Talk to your loan servicer about repayment options if you have a Direct Loan or FFEL Program loan. [Check out repayment options](#).

If your loan is in default, go to [Understanding Default](#) for more information.

If your school has closed, you should also explore the following options if your discharge application is denied:

- Contact the state licensing agency and ask if there is a tuition recovery fund or performance bond that will cover your damages based on the school closure.
- If the school filed bankruptcy, you should file a claim for your loss in the bankruptcy proceeding. You also might want to consult an attorney about any options you may have through the court system.

Common Questions

The following are some common questions about loan forgiveness, cancellation, or discharge.

I was very young when I borrowed this money. Do I still have to pay?

Yes. The fact that you didn't fully understand the implications of getting a loan, or the fact that it's been many years since you signed for the loan, does not mean that you do not have to pay.

I signed the Master Promissory Note but I didn't attend class. Do I still have to pay?

If you received the proceeds of a loan but never attended classes, you are obligated to return the funds immediately. Your school will return any funds that it received and applied to your account. If you do not return the funds that you directly received, your loan will be placed in default.

I'm a parent that took a PLUS loan to help pay for my child's education. Can my loan ever be forgiven, canceled, or discharged?

You must repay your parent PLUS loan even if the student doesn't complete his or her education or can't find a job related to the program of study, or if you or the student is unhappy with the education. However, the loan may be discharged if the child for whom you borrowed dies, or if you die or become totally and permanently disabled.

We may discharge some or all of your loan in any of these circumstances:

- The school closed before the student completed the program.
- The school forged the signature on your promissory note or falsely certified that you were eligible for aid.
- The loan was falsely certified through identity theft.
- The student withdrew from school but the school didn't pay a refund that it owed. Check with the school to see how refund policies apply to federal aid at the school.
- The loan was discharged in bankruptcy (discharge). This is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.

Contact your loan servicer for more information. If you don't know who your loan servicer is, visit [NSLDS](#).

Glossary

Cancellation

The release of the borrower's obligation to repay all or a designated portion of principal and interest on a student loan. Also called discharge or forgiveness of a loan.

Discharge

The release of a borrower from the obligation to repay his or her loan.

Federal Family Education Loan (FFEL) Program

Under this program, private lenders provided loans to students that were guaranteed by the federal government. These loans included Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford...

Direct Loan

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating...

Federal Perkins Loan

A federal student loan, made by the recipient's school, for undergraduate and graduate students who demonstrate financial need.

Grant

Financial aid, often based on financial need, that does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

Service Obligation

The teaching service requirement set out in the Agreement to Serve (ATS) that you must sign to receive a TEACH Grant. By signing the ATS, you agree to teach (1) full-time (2) in a high-need fi...

Loan Servicer

A company that collects payments on a loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a lender. If you're...

FFEL Program

Federal Family Education Loan Program

Federal Student Loan

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

Lender

The organization that made the loan initially; the lender could be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.

New Borrower

You are a new borrower if you had no outstanding balance on a Direct Loan Program Loan or a Federal Family Education Loan Program loan as of Oct. 1, 2007, or have no outstanding balance on such a l...

Educational Service Agency

An educational service agency is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services...

Default

Failure to repay a loan according to the terms agreed to in the promissory note. For most federal student loans, you will default if you have not made a payment in more than 270 days. You may...

Interest

A loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

Subsidized Loan

A loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in-school, grace, or deferment status. For Direct Subsidized Loans fi...

Unsubsidized Loan

A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues through...

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