

INFORMACIÓN SOBRE LAS CONDICIONES BAJO LAS CUALES UN PRÉSTAMO DE ESTUDIO PUEDE SER CANCELADO

INFORMATION ABOUT CONDITIONS UNDER WHICH STUDENT LOANS MAY BE CANCELLED

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Subject: Closed School Discharge Changes

The 2016 borrower defense regulations at [81 FR 75926](#) amended the William D. Ford Federal Direct Loan (Direct Loan), Federal Family Education Loan (FFEL), and Federal Perkins Loan (Perkins Loan) program regulations to provide for the automatic discharge of loans if, among other things, a borrower could not complete his or her program of study because the borrower's school closed. The 2016 borrower defense regulations also added new closed school discharge requirements for loan holders, guaranty agencies, and schools.

Automatic Closed School Discharge

New regulations at 34 CFR 685.214(c) (Direct Loan Program), 34 CFR 682.402(d)(8)(ii) (FFEL Program), and 34 CFR 674.33(g)(ii) (Perkins Loan Program) provide for an automatic discharge of some or all of the Direct Loan, FFEL, or Perkins Loan program loans an eligible borrower (or, if applicable, the dependent child on whose behalf a parent took out a PLUS loan) obtained to attend a school that closed on or after November 1, 2013. A borrower is eligible for an automatic closed school discharge if the borrower

- was enrolled when the school closed; or
- withdrew not more than 120 days before the school closed; or
- if approved by the U.S. Department of Education (the Department), withdrew more than 120 days before the school closed; and
- did not enroll at another Title IV-eligible school within three years of the date the borrower's prior school closed.

Although this loan discharge is granted automatically after three years have passed since the school's closure, nothing prevents an eligible borrower from applying for and receiving a closed school discharge as soon as the school's official closure date is confirmed by the Department. Therefore, borrowers who 1) attended a school that closed less than three years ago, 2) meet the eligibility requirements for a closed school discharge, and 3) want their loans discharged may apply for a closed school discharge now instead of waiting for three years to receive an automatic closed school discharge.

In addition, borrowers who do not receive an automatic closed school discharge based on their attendance at a school that closed three or more years ago, but who otherwise meet the eligibility requirements for a closed school discharge, should submit a closed school discharge application to their loan holder.

As a reminder, when loan holders grant a closed school discharge, any payments made on the discharged loans are applied to the outstanding balance on the borrower's account and/or returned to the person who made the payments. In addition, information related to a discharged loan and its payment history are removed from the borrower's credit report.

Implementation of Automatic Closed School Discharge

We will use loan disbursement and enrollment information contained in the National Student Loan Data System (NSLDS®) to identify borrowers who are eligible for an automatic closed school discharge.

For FFEL Program loans not held by the Department, we will execute a query on a monthly basis and securely transmit to FFEL Program guaranty agencies information about the borrowers and loans eligible for an automatic closed school discharge. In the short term, we will provide the data through direct outreach to guaranty agencies that need to receive it. In the long term, we will add a new, monthly report that guaranty agencies will access via NSLDS. We will communicate with the FFEL community when we are ready to implement the new report.

To date, the Department has identified approximately 15,000 borrowers who are eligible for an automatic closed school discharge based on their (or in the case of a PLUS loan, their child's) attendance at a school that closed between November 1, 2013, and December 4, 2015. About half of those borrowers received loans for attendance at Corinthian Colleges, Inc. (Corinthian) schools that closed on April 27, 2015. The approximate amount of loans that will be automatically discharged is \$150 million, of which approximately \$80 million is attributable to loans taken out by borrowers who attended the above-mentioned Corinthian schools.

Note: Previously, the Department used its regulatory authority to approve closed school discharges for borrowers who withdrew from Corinthian schools more than 120 days before the school closure date. Accordingly, we have included borrowers who withdrew from Corinthian schools on or after June 20, 2014, as eligible for an automatic closed school discharge.

Some borrowers who will receive an automatic closed school discharge previously submitted requests for discharge of the same loans under the borrower defense to repayment provisions. The Department will close any pending borrower defense claim that is no longer relevant because a closed school discharge has been granted and notify the affected borrower of that closure.

On Friday, Dec. 14, 2018, we will begin emailing borrowers to inform them that the company that handles billing and other services related to their federal student loans will discharge some or all of the borrower's loans within the next 30–90 days. The email notes that certain discharges may take longer than 90 days to complete, explains that borrowers will be notified of the specific loans discharged, and provides contact information for borrowers who have questions.

While we are emailing closed school discharge pre-notifications to borrowers, official notification of discharge completion will be provided to borrowers by loan holders.

Other Changes Related to Closed School Discharges

The 2016 borrower defense regulations added the following new closed school discharge requirements for loan holders, guaranty agencies, and schools:

Loan Holders – If a borrower who was previously notified that he or she may be eligible for a closed school discharge and provided with a closed school discharge application does not submit a completed closed school discharge application within 60 days after being notified, the new regulations require the loan holder to send the borrower another closed school discharge application and again inform the borrower of the eligibility requirements for discharge.

Guaranty Agencies in the FFEL Program – Borrowers now have the right to request that the Department review guaranty agency denials of their closed school discharge application. If a guaranty agency determines that a borrower who has submitted a closed school discharge application does not qualify for the discharge, the agency must notify the borrower in writing of that determination and the reasons for the determination. This notification must now also explain that the borrower has the option of requesting that the Department review the guaranty agency's determination and tell the borrower how to request such a review. The Department will implement this provision of the 2016 borrower defense regulations using the same processes that are currently in place for reviewing guaranty agency denials of applications for loan discharge based on false certification of eligibility to borrow.

Schools – Schools must provide all enrolled students with a closed school discharge application and a written disclosure, describing the benefits and consequences of a closed school discharge as an alternative to completing their educational program through a teach-out agreement, immediately upon submitting a teach-out plan after the occurrence of any of the following events:

- The Department initiates a limitation, suspension, or termination of the participation of a school in any Title IV, HEA program under 34 CFR 600.41 or subpart G of 34 CFR Part 668 or initiates an emergency action under 34 CFR 668.83;
- The school's accrediting agency acts to withdraw, terminate, or suspend the accreditation or pre-accreditation of the school;
- The school's State licensing or authorizing agency revokes the school's license or legal authorization to provide an educational program;
- The school intends to close a location that provides 100 percent of at least one program; or
- The school otherwise intends to cease operations.

Contact Information

We thank all schools and program participants for their continued support of the Title IV programs. FFEL Program guaranty agencies and schools may contact us at borrower.experience@ed.gov with questions about the

- transmittal of automatic closed school discharge information to FFEL Program guaranty agencies or
- closed school discharge review rights for FFEL Program borrowers.

Reminder: Eligible borrowers will be notified by email, and that email will include contact information for their use.

OTRAS FUENTES DE INFORMACIÓN SOBRE QUIÉN CUALIFICA PARA QUE SE CANCELEN SUS PRÉSTAMOS DE ESTUDIO

<https://studentaid.gov/manage-loans/forgiveness-cancellation/closed-school>

Closed School Discharge

Learn about the eligibility requirements for closed school loan discharge and how you can apply.

If your school closes while you're enrolled or soon after you withdraw, you may be eligible for discharge of your federal student loan. Loan discharge is the removal of your obligation to repay your loan under certain circumstances.

There are certain eligibility requirements to qualify for a closed school loan discharge; you must apply to get a discharge.

It's important for you to obtain your academic and financial aid records if your school closes, since you might need those records if you plan to attend another school or want your student loans discharged.

Loan Discharge Criteria

You may be eligible for a 100 percent discharge of your William D. Ford Federal Direct Loan (Direct Loan) Program loans, Federal Family Education Loan (FFEL) Program loans, or Federal Perkins Loans if you were unable to complete your program because your school closed, and if

- you were enrolled when your school closed;
- you were on an approved leave of absence when your school closed;
- your school closed within 120 days after you withdrew, if your loans were first disbursed before July 1, 2020; or
- your school closed within 180 days after you withdrew, if your loans were first disbursed on or after July 1, 2020.

You are not eligible for discharge of your loans if your school closes and any of the following is true:

- Except in exceptional circumstances, you withdrew more than 120 days before the school closed, if your loans were first disbursed before July 1, 2020; or
- Except in exceptional circumstances, you withdrew more than 180 days before the school closed, if your loans were first disbursed on or after July 1, 2020.
- You're completing a comparable educational program at another school, either through a teach-out agreement with the school, by transferring academic credits or hours earned at the closed school to another school, or through any other comparable means.
- You completed all the coursework for the program before the school closed, even if you did not receive a diploma or certificate.

Loan Discharge Process

If you meet the eligibility requirements for a discharge of loans you obtained to attend a school that closed, the Secretary will automatically send you an application you can submit to your loan servicer. Or, you can contact your loan servicer directly about the application process for getting your loan discharged.

- Be sure to continue to make payments on your loan while your discharge application is being processed.

- Find out what happens if your loan discharge is approved.
- Find out what happens if your loan discharge is denied.

Automatic Closed School Loan Discharge

If you meet the eligibility requirements for a closed school discharge of your loans obtained to attend a school that closed on or after Nov. 1, 2013, but before July 1, 2020, and you have not enrolled at another school that participates in the federal student aid programs within three years of the date your school closed, you will receive an automatic closed school discharge. This discharge will be initiated by the U.S. Department of Education (ED), and you will be notified by your loan servicer.

Although this closed school loan discharge is granted automatically after three years have passed since your school's closure, nothing prevents you from applying for and receiving a closed school discharge as soon as your school's official closure date is confirmed by ED. If you 1) attended a school that closed less than three years ago, 2) meet the eligibility requirements for a closed school discharge, and 3) want your loans discharged, contact your loan servicer about applying for a closed school discharge now instead of waiting for three years to receive an automatic closed school discharge.

En las siguientes páginas del Departamento de Educación federal, se contestan preguntas frecuentes que podrías tener sobre los requisitos para cualificar para la cancelación de los préstamos de estudio federales. Esta opción no aplica a los que se transfieren o pueden transferirse a otra universidad y completar su mismo grado. Hay otras restricciones, pero, bajo ciertas condiciones, esta opción está disponible para los que han tomado préstamos federales para estudio.

<https://studentaid.gov/manage-loans/forgiveness-cancellation/closed-school#q-and-a>

Frequently Asked Questions About School Closures

Fuente: <https://studentaid.gov/announcements-events/closed-school>

My school has closed and lost eligibility to receive federal student aid funds from ED. What is ED doing to assist students like me?

If your school closed, you have two basic options: (1) apply for a closed school loan discharge or (2) transfer your earned credits to another institution.

Click the link or links above for your specific closed school for detailed information, like how to access and obtain your student records and transcripts and contact information for your state postsecondary education agency.

You may want to use ED's College Scorecard to explore your transfer options and find the program that's right for you.

If you're interested in transferring your credits to another institution, you should contact that institution to confirm that they will accept the credits you earned from your closed school. The institution also can tell you what additional steps you need to take to enroll at their institution (for example, update the FAFSA form with the new institution's information).

Will I be able to finish my program?

This depends on your particular closed school. In some cases, students who transfer to a new institution may be able to finish their current programs at the new institution. Each institution will have its own requirements that are used to determine if any of your credits earned at your closed school will transfer. If you do transfer into a comparable program offered by another institution, that institution will evaluate your course work from your closed school and will decide whether any or all of your completed credits will be accepted at the new institution and what remaining credits you will need to complete the program.

How does ED define a “comparable program of study” when considering eligibility for a closed school loan discharge?

ED looks at a number of factors when determining if the program of study at a new institution is considered comparable to the program of study you took at your closed school. Such factors may include:

- the academic or professional nature of the two programs;
- the similarity in course requirements;
- the treatment of transfer credits by the institution accepting the credits (for example, as general education credits or electives, or as credits toward completion of the core program); and
- the disposition of a state-approving agency or accrediting agency on the comparability of the programs.

You must act in good faith and to the best of your knowledge when completing discharge application forms, including when answering the question as to whether you have completed or are in the process of completing a comparable program of study.

You also should carefully consider the number of credits from your closed school a receiving institution will accept for transfer into a comparable program of study before making the decision to forgo applying for a closed school loan discharge. For example, if a receiving institution is willing to only accept a small number of your credits from your closed school toward completion of a comparable program of study, a closed school loan discharge may prove a more suitable option for you.

NOTE: Rather than accepting your transferred credits, if the school you’re transferring to evaluates your competency through testing or interviews that exempt you from taking core credits for a comparable program, you are considered ineligible for a closed school loan discharge.

If I want to transfer to another school, does it have to be one that has the same accreditor as my closed school?

No, you are open to explore all your options and choose the institution and program that is right for you. If you’re interested in transferring your credits to another institution, you should contact that institution to confirm that they’ll accept the credits you earned at your closed school.

My school informed me that they have arranged a “teach-out” plan with neighboring schools. What is a teach-out plan, and do I have to accept the teach out offered by my school?

A teach-out plan is a written course of action a school will take to ensure its students are treated fairly with regard to finishing their programs of study. Some plans include written agreements between the closed school and other schools that are still open for teaching. Plans may include transfer options, formal agreements (or partnerships) between schools, and—in some cases—teach-out agreements.

A teach-out agreement is a contract between schools that will allow you to finish your program of study at one or more schools. While a closing school may suggest or promote certain transfer options and/or teach-out agreements to provide a path to help you complete your program of study, you have the right to refuse any teach-out agreement or transfer option suggested by your closing (or closed) school. My program requires that I pass a state professional licensing exam and/or obtain a professional board certification before I can work in the state. How will the closure of my school impact my ability to sit for my exam or obtain professional certification?

To determine if you are able to sit for your licensing exam or obtain professional certification, contact your state postsecondary agency or the professional board that is responsible for administering the exam or issuing the certification. Click the link or links by your school name in the table above to find your state postsecondary agency contact information.

How and where can I obtain a copy of my academic transcript?

Prior to closing, your school is required to make accommodations for you to access your academic records indefinitely. Your school must communicate information about your academic transcripts once the location has been determined.

For information about how to access and obtain your student records and transcripts, review the detailed information above about your specific closed school.

Where can I find information about the federal student aid I've received and how much more I might be eligible to receive?

For information about your federal student aid history and your remaining eligibility for certain federal student aid programs, please visit "My Federal Student Aid."

You can no longer use your Federal Student Aid PIN. If you haven't already, you'll need to create an FSA ID—a username and password—to access your loan history.

Each student's eligibility for additional federal student aid funds will need to be evaluated independently. When enrolling in a new institution, please contact the school's financial aid office to determine your financial aid eligibility.

How does my school's closure impact my federal Direct Loan limitations?

If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Federal Direct Subsidized Loans. This time limit does not apply to Direct Unsubsidized Loans or Direct PLUS Loans. If this limit applies to you, you may not receive Direct Subsidized Loans for more than 150 percent of the published length of your program. Learn more about the maximum period of time you are eligible to receive Direct Subsidized Loans. There also are limits on the amount in subsidized and unsubsidized loans you may be eligible to receive each academic year (annual loan limits) and the total amounts you may borrow for undergraduate and graduate study (aggregate loan limits). If you apply for and receive a closed school loan discharge, the discharged loan will no longer count against your 150-percent subsidized loan usage period or your annual and aggregate loan limits. Find out more about loan limits.

However, if you transfer credits toward the completion of a comparable program at another institution and do not receive a closed school loan discharge of the loans attributable to your closed school's program of study, those loans will continue to count toward your 150-percent subsidized loan usage period and your annual and aggregate loan limits. The law that governs the Direct Loan Program does not give ED the authority to exclude loans that are not discharged.

For more information about your remaining Federal Direct Loan eligibility, visit "My Federal Student Aid."

Does my Federal Pell Grant eligibility duration “reset” due to the closure of my school?

The amount of Federal Pell Grant funds you may receive over your lifetime is limited by federal law to be the equivalent of six years of Pell Grant funding. Since the maximum amount of Pell Grant funding you can receive each year is equal to 100 percent, the six-year equivalent is 600 percent. Get more information about Pell Grant eligibility limitations.

In late 2017, ED implemented a policy change to restore periods of Pell Grant eligibility to students who were unable to complete their course of study due to the closure of an institution. Students whose eligibility may change as a result of this policy will be notified when their available limits to receive Pell Grant funding have been adjusted.

To determine your remaining Pell Grant eligibility, visit "My Federal Student Aid."

Do I have the option for a closed school loan discharge?

Yes, you may be eligible for a 100-percent discharge of your Direct Loans, Federal Family Education Loan (FFEL) Program Loans, or Federal Perkins Loans under either of these circumstances:

- Your school closed while you were enrolled, and you didn't complete your program because of the closure. If you were on an approved leave of absence, you're considered to have been enrolled at the school.
- Your school closed within 120 days after you withdrew.

Click on the link or links for your closed school in the table above for detailed information about your eligibility for a closed school loan discharge.

What exactly does it mean to have my federal student loans discharged?

By accepting and receiving a closed school loan discharge, you have no further obligation to repay the loan, and you will receive a reimbursement of payments made voluntarily or through forced collection, and the discharge will be reported to credit bureaus so as to delete any adverse credit history associated with the loan.

If I enroll (by transferring academic credits or hours earned from my closed school) in a comparable program at another school for the purpose of completing the program for which a loan was made at my closed school, can I still receive a closed school loan discharge?

No. You may not receive a closed school loan discharge if you completed or are in the process of completing a comparable program of study at the new institution.

I transferred from my closed school and enrolled in a completely different program of study at a new school and completed the new program. Are my previous loans from my closed school dischargeable?

Yes. You may receive a closed school loan discharge because the program of study at the new school is completely different from your program of study at your closed school (for which the loans were intended).

How do I apply for a closed school discharge?

To apply for loan forgiveness through a closed school discharge, you can either

- complete and return the closed school loan discharge application sent to you by your servicer, or
- complete a PDF closed school loan discharge application and return it to your loan servicer, or

- contact your loan servicer about the application process for getting your loan discharged (You can find out who your loan servicer is by logging in to "My Federal Student Aid").

Get more details about the loan discharge process.

NOTE: All completed closed school loan discharge applications must be sent to your loan servicer.

What is the deadline for applying for a closed school discharge?

There is no deadline to apply for a closed school discharge.

What is an automatic closed school discharge, and does it apply to me?

If you meet the eligibility requirements for a closed school discharge of your loans obtained to attend a school that closed on or after Nov. 1, 2013, and you have not enrolled at another school that participates in the federal student aid programs within three years of the date your prior school closed, you will receive an automatic closed school discharge. This discharge will be initiated by ED, and you will be notified by your loan servicer.

Although this closed school loan discharge is granted automatically after three years have passed since your school's closure, nothing prevents you from applying for and receiving a closed school discharge as soon as your school's official closure date is confirmed by ED. If you 1) attended a school that closed less than three years ago, 2) meet the eligibility requirements for a closed school discharge, and 3) want your loans discharged, contact your loan servicer about applying for a closed school discharge now instead of waiting for three years to receive an automatic closed school discharge.

How do I find out which loan servicer is servicing my account?

Log in to "My Federal Student Aid" or call 1-800-4-FED-AID (1-800-433-3243).

I'm a veteran and was using GI Bill benefits to finance my education at my closed school. How does the closure affect me and my benefits?

As noted on the Department of Veterans Affairs (VA) GI Bill website, the Harry W. Colmery Veterans Educational Assistance Act of 2017 allows the VA to restore entitlement to beneficiaries affected by a school closure or disapproval. You may qualify if you could not complete your course work before the school closed. If you finished the term, you most likely are not eligible for restoration. Visit the GI Bill restoration website for more information about applying for benefit restoration.

To learn more about your options or speak with a representative about your GI Bill benefits, contact the VA's Education Call Center at 1-888-442-4551. If you're interested in transferring your credits to another institution, you are encouraged to use the GI Bill Comparison Tool to find the program that's right for you. You also may be eligible to receive personalized counseling and support through VA's Education and Career Counseling program to help you identify an institution that aligns with your educational goals. ED, too, offers personalized counseling and support to eligible veterans through Veterans Upward Bound and Education Opportunity Centers.

Nonfederal, veteran-serving organizations, such as the Veterans of Foreign Wars (VFW), provide resources and programs that may benefit you. The VFW's Emergency Grant Program provides funding on a case-by-case basis to assist eligible student veterans with unmet living expenses. In addition, the VFW provides scholarships for eligible student veterans who have exhausted their GI Bill benefits.

I'm an international student, and my school recently closed. Where can I find information about how this affects my visa status and how long may I reside in the United States while I search for a new school to complete my program?

This depends on the type of visa you've been granted. You are encouraged to speak to your school's designated official for the Department of Homeland Security's Student and Exchange Visitor Program (SEVP). If that official is no longer available because your school closed, you may contact the SEVP Response Center at 1-800-892-4829 or 703-603-3400 from 8 a.m. to 6 p.m. ET Monday through Friday; the response center is closed on holidays. You also may contact the SEVP Response Center by email at SEVP@ice.dhs.gov.

Am I eligible for relief through a state tuition recovery fund?

Tuition recovery funds generally reimburse charges not covered by other sources. For example, the closed school loan discharge payments would cover the federal loan balances while the tuition recovery fund payments could cover expenses such as private loans and cash payments that were directed toward tuition payments at your closed school. The availability of such a fund and the requirements of each state are different. For information about availability and eligibility, click the link or links for your closed school.

I believe I may have been a victim of fraud by my school. What are my options?

Under a borrower defense to repayment claim, you may be eligible for loan forgiveness (a discharge) of the federal Direct Loans you took out to attend a school if that school committed fraud by doing something or failing to do something, or otherwise violated applicable state law related to your loans or the educational services you paid for.

Learn more about loan discharges based on borrower defense and get information about how to apply for loan relief on this basis.

What are my options if I graduated from a closed school prior to its closure and owe federal student loans?

You still are responsible for repaying loans taken out to finance your education at your closed school. However, students—who attended a school and believe they were defrauded or that their school otherwise violated applicable state law—may be eligible for a type of loan forgiveness called “borrower defense to repayment” (or “borrower defense”).

Learn more about loan discharges based on borrower defense and get information about how to apply for loan relief on this basis.

I have nonfederal loans through private lenders. How can I get those loans discharged?

Information provided in this Q&A pertains only to your federal student loans. You must contact the private lender that originated (made) your nonfederal loan to discuss your options.

I was recently granted a closed school loan discharge. Do I have to report the discharged amount as taxable income on this year's tax return?

No. A taxpayer whose federal student loan is discharged under the closed school discharge process does not need to report the amount of the discharged loan in gross income on a federal income tax return.

If I have not received Form 1098-T to complete my taxes, is there a way I can obtain one?

Questions concerning Internal Revenue Service (IRS) forms and filing requirements should be directed to the IRS. You may contact the IRS via telephone at 1-800-829-1040. Further information can be found at [IRS.gov](https://www.irs.gov).

I'm a parent that took a PLUS loan to help pay for my child's education, and his or her school is now closed. Can my loan be discharged?

As a parent, you may be eligible for a closed school loan discharge if the school closed before your child completed the program. Contact your loan servicer for more information. If you don't know who your loan servicer is, visit "My Federal Student Aid."