



Student Loans

I cannot make my student loan payments. Is there anything I can do to get out of paying them?

- There are a few conditions under which your student loan may be totally **cancelled or forgiven**:
 - You are totally and permanently disabled (call DOE 1-800-621-3115).
 - Upon your death.
 - The school you were attending, for which you borrowed the money, closed while you were enrolled (1-800-621-3115).
 - The school falsely certified to the Department of Education (DOE) that you could benefit from its instruction (1-800-621-3115).
 - If you dropped out of school in time to meet the refund conditions, but the school refused to refund your loan.
- Depending on the kind of student loan you received (e.g., Perkins, FFELs, and Direct Loans may be forgiven if you participate in certain **civic activities**:
 - Service in a “hostile military zone”
 - Service in a Head Start Program
 - Over five years teaching in a low-income school
- If your total balance owing is less than \$1,000, you may request, in writing, that DOE write off the balance.

Have you received a written notice about your student loan?

- If your notice says you are **delinquent** (behind only a payment or two) you still have time to make special payment arrangements, get a consolidation loan, get a deferment, or you may even be eligible for total loan forgiveness.
- If your notice says you are in **default** it means that the government is about to start collecting from you and you have only a few remedies.

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Did you sign for your loan before 1993?

- The deferment of payment provisions are much more liberal if you signed for your loan before July, 1993.
- The pre-1993 deferments may even result in your never needing to repay your loan (Call DOE 1-800-621-3115).

Can I get rid of my student loan by filing bankruptcy?

- Only if you can show that payment of the debt “will impose an undue hardship on you and your dependents” (11 U.S.C. 523(a)(8)) Usually this means:
 - You have made a good faith effort to repay the loan.
 - You can no longer maintain a minimal standard of living if you repay the loan, and,
 - Your financial situation is not likely to change during the loan repayment period.
- If you think you can meet these requirements, you should see a Bankruptcy lawyer.

How can I get a new payment agreement to lower my monthly payments?

- You might be able to get one of three types of assistance with your loan payments:
 - **Loan Consolidation:** you can combine several student loans into one loan to be repaid over a longer period of time. This will lower your monthly payment. Call 1-800-557-7392.
 - **Deferment:** You may be able to get your loan temporarily postponed with no added interest. Talk to the loan “holder” who sends you the bill.
 - **Forbearance:** You can almost always get a forbearance (temporary postponement) of your loan payments.
 - Interest will continue to be added to the total amount due during the forbearance.
 - Forbearance will stop collection actions for the time allowed.
 - You should be able to get a forbearance even if your loan is in default and collection actions have begun IF your loan payment is over 20% of your gross monthly income.

My wages are being garnished for my student loan and I never got notice of a Court hearing.

- Up to fifteen percent of your disposable wages (wages minus deductions required by law, e.g., taxes) can be garnished by the guaranty agency or the DOE without a Court Order, however:
 - You must first be offered the opportunity for a repayment agreement.
 - You have the right to a hearing if you request one within 15 days of receiving the garnishment notice (**always request a hearing**, it can be withdrawn later).

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- The hearing is held by an “independent official” within the guaranty agency and may be held by telephone.

Student Loan Servicers:

- Student Loan Service companies must be licensed and regulated by the State of Virginia. If a company is not abiding by this, they can be sued for violating the VA Consumer Protection Act.

Resources:

Virginia Lawyer Referral Service: (800) 552-7977

U.S. Department of Education: 1-800-621-3115

To **find out who holds the student loan**, contact the *Department of Education Debt Collection Services for Student Loans*: 1-800-621-3115.

To **consolidate** two or more student loans (called a Direct Consolidation Loan), call: 1-800-557-7392.

To **stop threats or harassment** by someone trying to collect a student loan, call *Deputy Director of Debt Collection Services, US Dept of Education*: 1- 202-708-4766; or *Student Loan Ombudsman, Office of Student Financial Assistance*: 1-877-557-2575.

To **get information on the status** of your student loan, call 1-800-433-3243 OR go to web site: <http://www.nslds.ed.gov/> ; note that the site will require use or creation of a Personal Identification Number.

THIS INFORMATION IS NOT LEGAL ADVICE. *Legal advice is dependent upon the specific circumstances of each situation. Therefore, the information contained in this pamphlet cannot replace the advice of competent legal counsel.*

Free Legal information by Web and Phone: www.vlas.org and
1-866-LegalAid (534-5243)

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