

OPTIONS FOR FINANCIALLY CHALLENGED STUDENT LOAN BORROWERS

DEFERMENTS

1. Economic Hardship Deferment: To be eligible for the Economic Hardship Deferment a borrower must be:

Receiving Public assistance, OR	Working full-time (30 hrs/week or more) with income which is at or below the HHS Poverty Guideline	Working full-time with high debt / income ratio. (Monthly income – Student Loan Debt = Less than 220% of HHS Poverty Guideline)	Not working full time, with low income. (Monthly income minus student loan payment is lower than HHS Poverty Guideline)
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2. Unemployment Deferment: Available to borrowers who are registered with unemployment agency within a 50-mile radius and has made at least 6 attempts during the preceding 6 month period to secure full time work.

FORBEARANCES

Generally available when lender believes borrower intends to repay, but is unable to make scheduled payments because of poor health or other acceptable reasons.	<p><u>Loan Debt Burden Forbearance</u></p> <p>Required where student loan debt burden equals at least 20% of monthly income.</p> <p>Limited to total of 3 years.</p>	<p><u>Military Mobilization or National Emergency</u></p> <p>Required where Education Department determines that military mobilization or national emergency affects a borrower.</p>
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SERVICE BASED CANCELLATION

Loans may be partially or wholly cancelled in return for qualifying teaching or other specific kinds of public service work. Cancellation rates and types of qualifying employment vary considerably depending on the type of loan and the period during which the loan was made.

DISABILITY DISCHARGE

An individual is considered totally and permanently disabled for student loan purposes only if the individual is unable to work and earn money because of and injury or illness that is expected to continue indefinitely or result in death. A borrower cannot be considered totally and permanently disabled based on a condition that existed before he or she received the loan, unless that condition has substantially deteriorated since the submission of the loan application and has rendered the borrower totally and permanently disabled.

Under current regulations the physicians certification only qualifies the borrower for a "conditional discharge". A borrower receives a final discharge only if the borrower demonstrates that he or she is disabled through a conditional discharge period which may last up to three years.

CONTACT YOUR LENDER IMMEDIATELY TO APPLY FOR THESE OPTIONS.

Helpful Websites:

NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS (NCHHELP)
(ACCESS DEFERMENT FORMS, FORBEARANCE & OTHER APPLICATIONS)
<http://www.nchelp.org/elibrary/index.cfm?parent=61>

DEPARTMENT OF EDUCATION
<http://www.ed.gov/offices/OSFAP/DCS/default.html>

NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
www.nsls.ed.gov