

Managing Student Loan debt

Housing Counselor Track



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Presenters



Agenda

- **Overview and Discussion of Objectives for Training**
- **Overview or types of Federal Loans vs. Private Loans**
- **How to determine type of loan**
- **Determining what the status of the loans is**
 - **Good standing/delinquent/in default**
- **Client's Options for Federal Loans**
 - **Income Driven Repayment**
 - **Rehabilitation out of default**
 - **Loan Forgiveness**
 - **Deferment and Forbearance**
 - **Options for Discharge**
 - **Total Permanent Disability Discharge**
 - **Borrower Defense to Repayment**
 - **Closed School Discharge**
 - **Bankruptcy**
 - **Ways Bankruptcy can Help**
 - **Challenging Treasury Offsets and Wage Garnishments**
- **Defending Collection of Private Loans**

U.S. Student Loan Debt Crisis

- Numbers are staggering: As of June 2015 \$1.2 Trillion dollars in student loan debt. 40 million borrowers and average debt load is \$29,000.
 - <http://www.cnbc.com/2015/06/15/the-high-economic-and-social-costs-of-student-loan-debt.html>
- State budget crunches have pushed up the cost of tuition and room and board at public universities and the cost of education at both public and private schools has grown exponentially in last 30 years.
- <http://www.cc.com/video-clips/wb58yw/the-daily-show-with-jon-stewart-elizabeth-warren-pt--2>

Debts in Default

- Large amounts of student loans are in default

Federal Loan Program	Outstanding Loans (\$ billions)	Recipients (millions)	Average Amount in Default per Borrower
Direct Loans	\$37.4	2.6	\$14,385
Federal Family Education Loans	\$60.7	4.4	\$13,795
TOTAL	\$98.1	7.0	\$14,014

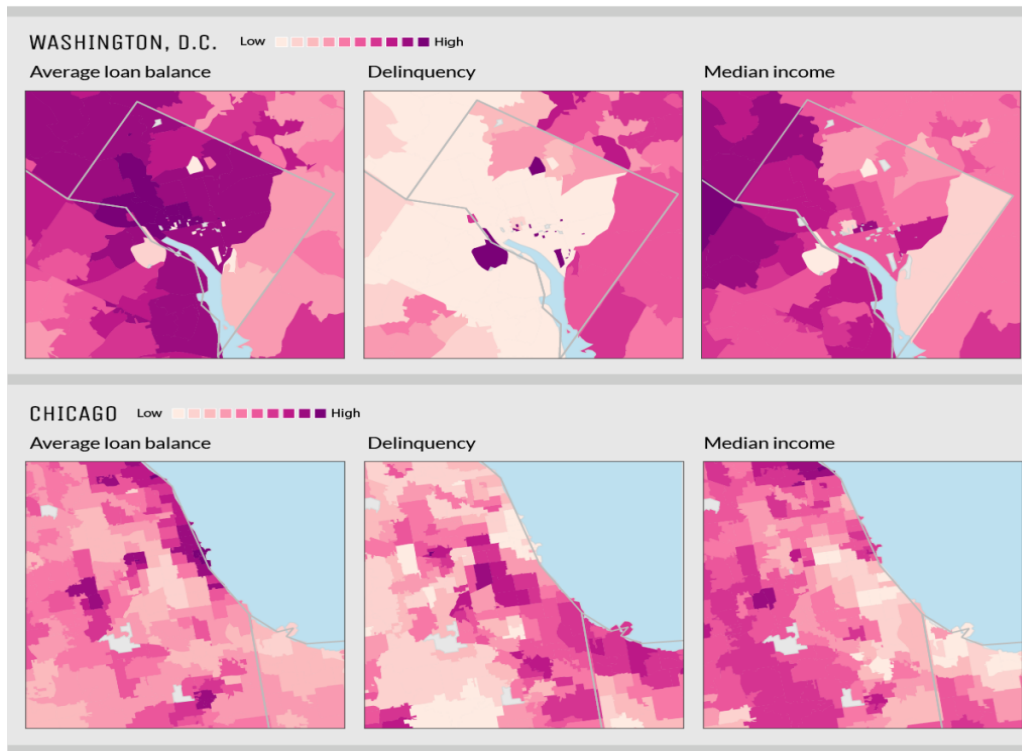
Summary of Federal Loan Defaults as of FY 2014 Q3

Source: [U.S. Department of Education](#)

Student Loan Debt & LAF Clients

WHAT CAN WE LEARN FROM THE MAPS?

Within metropolitan areas such as Washington, D.C. and Chicago, we see that high-income zip codes have high loan balances, but delinquency affects low-income zip codes most. As a result, the geography of loan balance is strikingly different than the geography of delinquency.



Source: Student debt data are an autumn 2015 sample from Experian and income data are from the 2013 American Community Survey.

MAPPINGSTUDENTDEBT.ORG

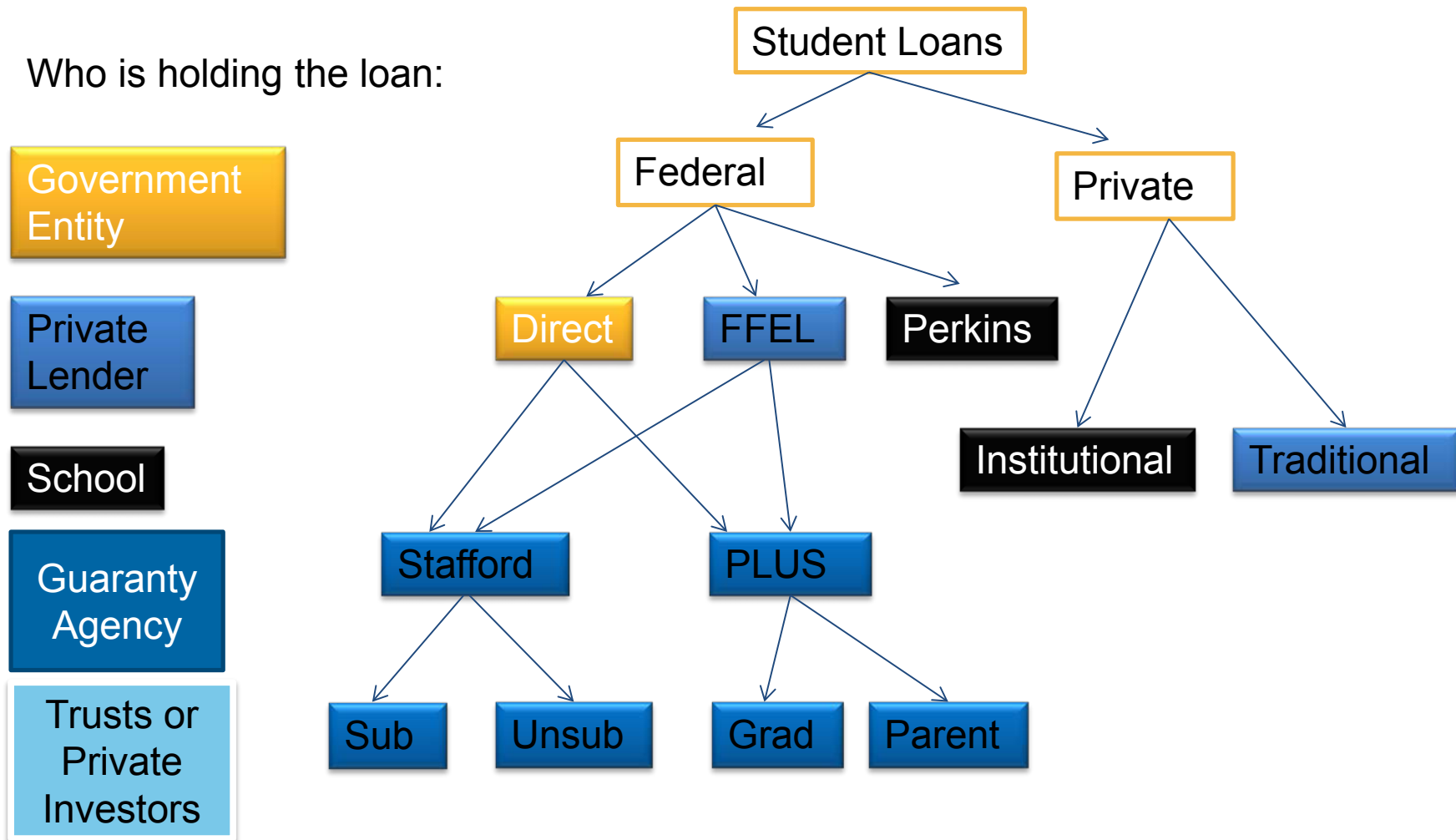


<http://fortune.com/2015/12/01/student-loan-delinquent/>

Q: Why don't borrowers know what kind of loan they have?

A: It's complicated!

Who is holding the loan:



Types of Federal Loans

Federal Perkins Loans

- Undergraduate/graduate
- Loans based on financial need and availability of funds at college
- Interest rate set at 5%
- College is the lender/borrower pays the college
- \$5500 annual cap for undergraduates \$8000 cap for grad/professionals

Direct Subsidized Loans

- Undergraduate; 150% of length of program
- Loans based on financial need and must attend half time
- Interest rate varies loans disbursed 7/1/14-7/1/15 -- 4.66%
- DOE pays interest while student is enrolled and for 6 mo. Post graduation and during any period of deferrment

Federal Loans cont.

Direct Unsubsidized Loans

- Undergraduate/graduate
- Loans not based on financial need but must attend half time
- Interest rate varies loans disbursed 7/1/14-7/1/15 -- 4.66% for undergrads and 6.21% for graduate and professional students
- Borrower is responsible for interest at all times
- DOE is lender and borrower pays DOE
- \$5,500-\$20,500 annually (less any subsidized amounts received) depending on grade level and dependency status

Types of Federal Student Loans cont.

Direct PLUS Loans

- For parents of dependent undergrads and for graduate and professional students
- Loans not based on financial need
- Interest rate varies loans disbursed 7/1/14-7/1/15 – 7.21%
- Borrower must not have a negative credit history
- DOE is the lender/borrower pays the DOE
- Maximum amount is the cost of attendance minus any other financial aid received by the student – no minimum

OLDER LOANS

- FFEL: Stafford Subsidized and Unsubsidized, Federal PLUS Loans and Federal Consolidation Loans. No longer being issued after 6/30/2010. Under this program private lenders issued federal loans.

What Happens If You Don't Pay

Federal

Loan becomes delinquent when you fail to make a due payment; the loan goes into default after 270 days of delinquency;

Federal Government can intercept your tax refund - huge deal for our clients.

They can garnish 15% of **net income** EVEN Social Security and Pension. NO Statute of Limitation.**

SSI is almost never garnishable*. SS Retirement and SS Disability benefits below \$750 are also not garnishable

Client may be getting collection calls and letters (both Fed and private)

Damage to credit rating and loss of eligibility for federal and state financial aid may also result.

Private

Private lenders – Contract remedies as permitted by law.

Must get a court judgment to enforce. 10 year SOL for IL.

Illinois garnishment laws apply (for many of our clients \$0) [45 x Min wage = 371.25/week].

Some private lenders have death or hardship discharges and deferments.

Advocate's Role

There are many ways that we can lessen or even eliminate the crushing burden of student debt for our clients.

But we have to know what to look for and how to give good advice.

Recommendations

Always ask if client has student loans.

Do not rely solely on client's self-report.

We will explain how to find out if they have student loans later even if the clients don't know or think they don't have them.

What to do when a client
has student loans

Step 1: Does the client have Federal student loans or Private student loans (or both)?

Federal Loans:

- Are governed by Federal laws
- Lower interest rates (usually)
- More options for financially stressed borrowers

Private Loans:

- Governed mostly by the lender's contract with the borrower.
- Fewer options for financially stressed borrowers
- Traditional (banks) AND Online only (SoFi, Commonbond, etc)

Finding Loan and Servicer

Both Federal and Private:

Pull free credit report from
annualcreditreport.com

Help client open a Credit
Karma account where they
get both their credit report
AND credit score for free on
demand

Federal Only:

Go to nslds.ed.gov

Click on “Financial Aid
Review

Create an account and
follow the instructions
on behalf of the client.

Federal Loans: Options to Keep Clients on Track or Get Clients Back on Track

Client's loans are in good standing



Initial analysis (FDCPA, Discharge), postpone payments, discharge debt, or reduce payments, do nothing.

Client's loans are delinquent (30 days late)



Initial analysis, catch up, call servicer, consolidate, modified payment plan.

Client's loans are in default (270 days)



Initial analysis, rehabilitate loans, or consolidate to get out of default and simultaneously go into Mod. Repayment

Income-Driven Repayment Plans

- An income-driven repayment plan is a repayment plan that sets a student's monthly student loan payment at an amount that is intended to be affordable based on the student's income and family size.
- There are four types of plans:
 - Revised Pay As You Earn (REPAYE);
 - Pay As You Earn (PAYE);
 - Income-Based Repayment (IBR); and
 - Income-Contingent Repayment (ICR).
- Estimate payments under these plans using the Repayment Estimator: <http://StudentAid.gov/repayment-estimator>
- Complete information: <https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>

Income-Driven Repayment Plans

Revised Pay As You Earn (REPAYE)

- Direct loans and Direct consolidation loans (w/o PLUS made to parents) only
- Must re-apply every year!!!
- 10% of **discretionary** income but often \$0 for our clients
- Most widely applicable of income-driven repayment plans

Income-Driven Repayment Plans

Pay As You Earn (PAYE)

- Direct loans and Direct consolidation loans (w/o PLUS made to parents) only
- Must re-apply every year!!!
- 10% of **discretionary** income but often \$0 for our clients
- Any outstanding balance remaining on your loan will be forgiven after 20 years

Income-Driven Repayment Plans

Income-Based Repayment (IBR)

- Direct loans and Direct consolidation loans only
- Must re-apply every year!!!
- 15% of **discretionary** income but often \$0 for our clients
- IBR payments count toward public service discharge

Income-Driven Repayment Plans

Income-Contingent Repayment (ICR)

- Direct loans and Direct consolidation loans only
- Must re-apply every year!!!
- Payment = lesser of 20% of **discretionary** income or 12 year payment plan but often \$0 for our clients
- Any outstanding balance remaining on your loan will be forgiven after 20 years

Getting Out of Default: Rehabilitation

The monthly amount should be the same as your IBR number (15% of **discretionary income*****; which may be \$0 for our clients).

9 Payments in 10 months (it's ok if they miss one payment)

Changes negative history on credit report to positive

Loan can be sent back to DOE after it is rehabilitated (18% of balance collection fees*!)

Loan becomes current

Call your servicer armed with your IBR estimate from the myfedloans website.

Get an agreement IN WRITING.

Might have to send servicer a demand letter.

Deferment- Federal Loans

Deferment: No payments due. Government pays accruing interest on SOME types of loans. If the client just needs **temporary relief**, they may qualify for deferment or forbearance.

When you would get a deferment:

- Active duty military
- “Economic hardship” (e.g. Peace Corps)
- Enrolled at least half-time in qualifying education program
- Unemployment or unable to find full-time employment, ETC

Postpone by Forbearance - Federal

If you need a temporary break from paying but you don't qualify for deferment you may qualify for discretionary or mandatory forbearance.

Discretionary: Illness or job loss (lender decides)

Mandatory: Monthly payment > 20% of gross income; medical/dental residency or internship in qualifying program, teacher at school that qualifies for TLF, Dep. of Defense, Nat'l Guard.

Getting Out of Default: Consolidation

- During the life of the loan you can consolidate as many times as you want but only **ONCE** to get out of default.
- The consolidation loan is essentially a new loan that pays off the defaulted loans.
- The negative trade lines stay on your credit report.
- Faster than Rehabilitation but inferior if you will actually be paying off the loan OR if you are concerned about the impact on your credit rating/history.
- Apply through myfedloans.org. VERY EASY. Takes maybe 20 minutes.
- 18.5% collection fee will be tacked on
- In either case, once loan is back in good standing, the collection servicer should transfer the loan back to DOE.
- **Can consolidate non-Direct loans (e.g. FFEL) with Direct loans and then the new consolidated loan becomes Direct (so you can rehab, etc).**
- You can (and usually should) apply for IBR at the same time you consolidate.

Consolidation or Rehabilitation?

Consolidation

- Faster application process
- Simplifies things (one payment)
- Negative credit history stays
- Only one time out of default
- You pay more interest over the life of the loan

Rehabilitation

- Negative credit history is changed so your credit will improve
- Better if you are close to paying off your loan (less interest)
- Have to make 9 payments to get out of default

Loan Forgiveness Program

Public Service Loan forgiveness

- 120 qualifying payments after October 2007 while working full-time in public service, Must certify employment for each year of service.
- Public service has a pretty broad definition, so look it up if in doubt
- Advise clients to send in certification yearly because their employer(s) have to certify that they were working more than 30 hours per week
- IBR payments of \$0 count

Teacher Loan Forgiveness

- If you teach full-time at a low-income elementary or secondary school
- DOE maintains a list of qualifying school

Federal Loans, best course of action

What is the client's goal?

- Reduce expenses?
- Or pay off the debt ASAP? (assuming that is a reasonable goal)
- Keep in mind that even though we can help clients by putting them in programs that reduce or eliminate payments, this causes the balance and interest to balloon.
- Stopping collection calls/letters
- There may also be tax liability for forgiven debt so that could be an issue in the future. (Check IRS guidance if in doubt).

Federal Loans Options: FDCPA

Ask about potential FDCPA claims

- Is there a private debt collector or servicer?
- Has the collector/servicer violated the FDCPA? (threatening or abusive phone calls, etc)
- Refer to an attorney if you think there is an FDCPA claim, and remember that there is a 1 year SOL

Discharge and Cancellation

- **Complete Chart:**

http://illinoisattorneygeneral.gov/consumers/StudentLoan_Resource_Guide.pdf

- **Total and Permanent Disability Discharge:**

- Apply to DOE with form
 - Veterans with service-connected condition
 - On SSDI or SSI
 - Doctor sends in form saying you have a medically determinable physical or mental impairment and are “totally and permanently disabled” and will likely continue to be disabled for the next 5 years.
 - There is a 3-year monitoring period
- **Death of student or borrower if it's a PLUS loan**

Complications with Total Permanent Disability Discharge

3-year Monitoring Period

Must report income to Nelnet for 3 years unless client is disabled by VA's determination

Discharge will be reversed if:

- Client has annual earnings that exceed the poverty guidelines for a family of two
- Client receives a new federal student loan
- Client receives a notice from SSA that he or she is no longer totally and permanently disabled

Case Study: 3 year Monitoring Period

- Client moved and did not receive the notice asking her to recertify her income. As a result a second notice was sent informing client that her discharge would be reversed.
- LAF got involved and sent documentation of her income to Nelnet
- Income was complicated because client was unemployed but on the board of a non-profit. The non-profit gave her 1099 income which was actually just compensation for travel to board meetings.
- LAF sent a letter of explanation but also reinforced that, even with the 1099 income, client was below the poverty guidelines.
- Client completed the 3-year Monitoring Period and now has confirmed discharge.
- **Take away: It is crucial to watch for all notices during the 3 years. Notify Nelnet of any address changes.**

Closed School Discharge

- Many schools have been closing as the Department of Education and other regulators and enforcement agencies scrutinize school with poor student outcomes.
- If the school offers a teach-out plan before closing its doors, students are not eligible for a closed school discharge.
- If the school closes before the student has a chance to complete her degree at the school, the student is eligible for a closed school discharge.
- Schools that close often have problems with quality and student outcomes, so while transferring credits may be an option, applying for a closed school discharge and starting over at a more reputable institution should be seriously considered.
- Private loans will not be discharged, only federal loans.

Closed School Discharge Resources

- Federal Student Aid (FSA) on Closed School Discharge:
 - <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/closed-school>
- Closed School Discharge Application Form:
 - <https://studentaid.ed.gov/sa/sites/default/files/closed-school-loan-discharge-form.pdf>

Borrower Defense to Repayment

- Borrowers who have a state law claim against their school can apply for discharge of student loans used to attend that school.
- Students who receive the discharge will have their outstanding loans cancelled and receive a check for amounts paid.
- ED is developing a universal form that students can use to apply, but it is not yet complete.
- Private loans will not be discharged, only federal loans.

Borrower Defense – New Standard

- The standard will change for loans originated after July 1, 2017. The final regulation will be released by Nov. 1, 2016.
- Students may be eligible if:
 - their school made a substantial misrepresentation to the student or omitted key information in dealing with the student;
 - Their school breached the contract claim with the student; or
 - there is a contested judgment against their school covering the student.
- High pressure sales tactics can be used to show that a misrepresentation or omission was “substantial.”
- Advocates should be aware of lawsuits against schools. Students whose factual situation aligns with those lawsuits may have meritorious borrower defense claims.

Borrower Defense:

Students Currently Eligible

- Students who attended certain programs at Corinthian Colleges (Everest College in Illinois) are currently eligible for streamlined loan discharge.
 - <https://studentaid.ed.gov/sa/sites/default/files/ev-wy-findings.pdf>
- ED has already found that the job placement rates shown to these students were fraudulent.
- If you meet with a former Everest student, the first thing you should do is to see if they attended one of the programs on the list.
- If they did, have them apply with this form:
 - <https://borrowerdischarge.ed.gov/FormWizard/RLD/RLDStep1.aspx?school=EverestWyoTech>

Everest Cohorts in Illinois Eligible for Streamlined Discharge

Campus	Program	Initial Enrollment Date
Everest Burr Ridge	Dental Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Burr Ridge	Medical Administrative Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Burr Ridge	Medical Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Burr Ridge	Medical Insurance Billing and Coding (Diploma)	7/1/2012 – 9/30/2013
Everest Chicago	Dental Assistant (Diploma)	7/1/2011 – 9/30/2014
Everest Chicago	Medical Administrative Assistant (Diploma)	7/1/2010 – 9/30/2011
Everest Chicago	Medical Assistant (Diploma)	7/1/2010 – 9/30/2011
Everest Chicago	Medical Insurance Billing and Coding (Diploma)	7/1/2011 – 9/30/2014
Everest Melrose Park	Dental Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Melrose Park	Medical Administrative Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Melrose Park	Medical Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Melrose Park	Medical Insurance Billing and Coding (Diploma)	7/1/2013 – 9/30/2014
Everest Melrose Park	Pharmacy Technician (Associate)	7/1/2013 – 9/30/2014
Everest Merrionette Park	Dental Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest Merrionette Park	Massage Therapy (Diploma)	7/1/2013 – 9/30/2014
Everest Merrionette Park	Medical Administrative Assistant (Diploma)	7/1/2010 – 9/30/2011; 7/1/2013 – 9/30/2014
Everest Merrionette Park	Medical Assistant (Diploma)	7/1/2010 – 9/30/2011; 7/1/2013 – 9/30/2014
Everest Merrionette Park	Medical Insurance Billing and Coding (Diploma)	7/1/2013 – 9/30/2014
Everest Merrionette Park	Pharmacy Technician (Diploma)	7/1/2010 – 9/30/2012; 7/1/2013 – 9/30/2014
Everest North Aurora (IL)	Electrician (Diploma)	7/1/2012 – 9/30/2014
Everest North Aurora (IL)	Medical Administrative Assistant (Diploma)	7/1/2010 – 9/30/2014
Everest North Aurora (IL)	Medical Assistant (all credential levels)	7/1/2010 – 9/30/2014
Everest North Aurora (IL)	Medical Insurance Billing and Coding (Diploma)	7/1/2011 – 9/30/2014
Everest-Skokie	Dental Assistant (Diploma)	7/1/2012 – 9/30/2013
Everest-Skokie	Medical Administrative Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest-Skokie	Medical Assistant (Diploma)	7/1/2013 – 9/30/2014
Everest-Skokie	Medical Insurance Billing and Coding (Diploma)	7/1/2010 – 9/30/2012
Everest-Skokie	Pharmacy Technician (Associate)	7/1/2010 – 9/30/2012; 7/1/2013 – 9/30/2014
Everest-Skokie	Pharmacy Technician (Diploma)	7/1/2010 – 9/30/2012; 7/1/2013 – 9/30/2014

Borrower Defense to Repayment Resources

- FSA on Borrower Defense:
 - <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/borrower-defense>
 - This page will have the universal borrower defense form when it is published, most likely late this year or early next.
 - Students can apply now, before the form is available, but the form will be helpful in gathering all the information the Department of Education is requesting.
 - Our process at the Attorney General's Office is to collect contact information for students who are interested in applying for borrower defense and to inform the students that we will send them the form when it is available.

Can bankruptcy discharge the loans?

Technically yes but realistically it is very, very difficult.

Discharge is not automatic.

You can file a petition (called an adversary proceeding) within the bankruptcy case and need to show Undue Hardship under the “Brunner Test”

Brunner Test (1987):

- cannot maintain, based on current income and expenses, a “minimal” standard of living for herself and her dependents if forced to repay the loans
- this state of affairs is likely to persist for a significant portion of the repayment period of the student loans; and
- the debtor has made good faith efforts to repay the loans.

Recent Criticism of Brunner

- *Krieger v. Educational Credit Management Corp.*, 713 F.3d 882 (7th Cir. 2013) CJ. Easterbrook
 - In this case debtor had refused to agree to IBR
 - Called the undue hardship language of Brunner “judicial gloss”
 - Said it was wrong to withhold discharge based on some future hope of income
- *Roth v. Educational Credit Management Corp.*, 490 B.R. 908 (B.A.P. 9th Cir. 2013)
 - Court found that failing agree to or accept alternate repayment such as IBR is not dispositive of good faith prong;

Criticisms of *Brunner* cont.

Judge Pappas concurring opinion attacks Brunner head on saying;

- *Brunner* “is too narrow, no longer reflects reality, and should be revised;
- “Significant changes in the statutory landscape” since 1987;
- Today’s students “must borrow heavily to finance their futures” due to “the mammoth costs of a modern education.”

Judge Wedoff , recently retired from Illinois Bankruptcy Court, has expressed interest in attacking *Brunner*

What happens in bankruptcy?

In Chapter 7, student loans are placed in forbearance for 3-4 months. Creditors cannot collect but interest accrues.

In Chapter 13, the same happens without careful planning. This is harmful because in 3-5 years when the bankruptcy is completed, client is worse-off.

How a Chapter 13 can help:

Once a Chapter 13 Plan is confirmed servicer is prevented from:

- Treating student loans as in default or forbearance during CH 13
- Denying the debtor benefits under IBR or other plans

Separate Classification of Student Loan Creditors

- Not all districts allow this
- Allows debtors to stay current on IBR/PAYE/REPAYE etc.
- Maximizes payments toward non-dischargeable debt

Defaults, including on an IBR, can be cured or waived

Challenging Treasury Offsets

- Very difficult!
- Borrowers will get a 65-day notice
- **Making payments after will not stop the offset!**
- Must enter into repayment plan, rehabilitate, or consolidate to stop the offset
- Can request a hearing/review and if this is done within 65 days of the notice, Dept of Ed must conduct the review before taking the funds

Treasury Offsets for Spouses

- If you file jointly, the entire refund may be offset.
- Non-liable spouse may file an injured spouse claim
- These are not automatically granted.

Challenging Wage Garnishments

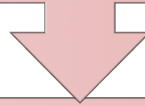
- How much?
 - 30x the federal minimum wage
 - 15% of net pay
- Written notice is sent at least 30 days in advance
- Options:
 - Enter into repayment agreement
 - Request hearing to contest validity of debt
 - Request hearing to contest rate of garnishment
 - Contest it if client has been working for less than 12 months after being involuntarily separated from employment

Requesting a Hearing to Challenge Wage Garnishments

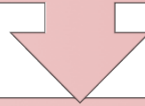
- If you request within 30 days, nothing is garnished pending results of the hearing
- If you request after 30 days, you still get a hearing but garnishment will start
- If you request after 30 days, and there is not a hearing within 60 days, garnishment will stop pending the hearing

What about Private Loans?

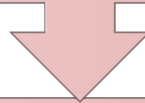
Determine the status of each loan from client's credit report or online account.



Who is the servicer



Determine the terms of client's loan contract



Determine the policies of the lender and/or servicer for distressed borrowers.

Private Student Loan Lenders

- **Traditional Lenders (Sallie Mae, WF, PNG, etc)**
- **Online Only Lenders (Facebook ads: SoFi,* etc)**
 - Often times have a “social financial” or other social theory behind their business plan
 - Sometimes link to network to help students get jobs
- **Online Marketplaces/Comparators****
 - These companies do not originate or service loans, just provide links between lender and borrower
 - Sometimes combine loan marketplace with compendium of scholarships and other school resources

Private Student Loan Servicers (see slide 18)

- Do not originate or broker the loans, just act as third party servicers.
 - HOWEVER, most companies that performs servicing functions likely also originate, consolidate, and collect on defaulted loans.
- Examples: Nelnet, Great Lakes, ACS, Navient*, Sallie Mae**
 - Some of these servicers also service Federal loans.

Private Loan Default

Defined by the promissory note.

Big difference with federal loans – usually no 9 month “delinquency” period.

CFPB has found that a common practice is for lenders to consider loans to be in default 120 days after the missed payment.

Private Lenders: Death and Disability Discharge

LENDER	DEATH OR DISABILITY DISCHARGE?	DETAILS
Sallie Mae/Navient	Yes	Sallie Mae is reported as offering a disability or death discharge. On their website they just ask that borrowers (or survivors) contact them in the event of death or disability. https://www.salliemae.com/student-loans/managing-your-loans/special-situations/life-changes/
Discover	Yes	Discover's website reads: "Disability or illness can happen at any time. If it does, please contact us...We may be able to offer assistance." Another portion of the site states that loan forgiveness is possible, "in the event of the primary borrower's death or permanent disability." https://www.discover.com/student-loans/schools/student-loan-products.html
Wells Fargo	Yes	Announced in 2010 there would be a formal program to process applications for forgiveness when the student beneficiary dies or is permanently disabled. https://www.wellsfargo.com/about/press/2010/20101217_EFS
PNC Bank	Death discharge	PNC's website states, "Outstanding debt will be forgiven upon the death of the borrower." http://www.pnconcampus.com/studentloanguide/privateloans/undergraduates/index.html
Citizens Bank	Yes, possibly just for consolidation/re-financed joint federal and private loan.	Citizen's Bank's website states: "...both federal loans and our loan are forgiven in the event of student borrower's death or permanent disability." https://www.citizensbank.com/student-loans/should-i-refinance.aspx
College Ave Student Loans	Yes	Website states that loan is forgiven in the event of death or permanent disability. https://www.collegeavestudentloans.com/faq/
SoFi, Inc.	Maybe	Websites that review student loan options report that SoFi does have a discharge provision for borrowers who die or become permanently disabled, however there is no information about the discharge on SoFi's website.
Common Bond	No	No information about a discharge for death or disability of the student borrower on CommonBond's website.
Earnest	Maybe	Websites that review student loan options report that Earnest does have a discharge provision for borrowers who die or become permanently disabled, however there is no information about the discharge on Earnest's website.

Methods of Collecting Private Debt

Third party debt collectors

Some MPNs contain an arbitration clause requiring all disputes to be settled through arbitration.

Lawsuits are governed by state contract law. Same exemptions apply.

Statute of limitations is 10 years after last payment or promise to pay.

Case Study: National Collegiate Student Loan Trust

Client had federal and private loans with little or no money to pay. He felt that he has been discriminated against because of his HIV status. He states that he has submitted hundreds of job applications in the past year but was only able to secure sporadic temporary employment.

. Client's private loan for \$37,000 was purportedly sold to National Collegiate Student Loan Trust, who sued client. But, National Collegiate did not have documentation of the complete chain of title.

We filed a Motion to Dismiss, and National Collegiate filed an Amended Complaint with additional statements but no proof that they purchased the debt.

We filed another Motion to Dismiss, and National Collegiate caved and dismissed the lawsuit.

Resources

- Federal Student Aid: DOE Website
- MyFedLoan: DOE Website, loan servicing, forms, etc
<https://myfedloan.org/>
- NCLC Student Loan Law Guide and listserv:
<http://www.nclc.org/>
- Student Loan Borrower Assistance Project from NCLC.
<http://www.studentloanborrowerassistance.org/>
- Website of Heather Jarvis: She is a former legal aid attorney who now consults on student loans. Answers questions from borrowers and advocates: <http://askheatherjarvis.com/>
- Website of Joshua Cohen: He is a student loan specialist active on listserv: <http://thestudentloanlawyer.com/>
- FinAid is a private, purportedly non-profit website:
<http://www.finaid.org/>

Resources Continued

- Illinois Attorney General Website:
http://illinoisattorneygeneral.gov/consumers/StudentLoan_Resource_Guide.pdf
- File a Complaint with the Illinois Attorney General:
<http://illinoisattorneygeneral.gov/consumers/index.html>
- National Student Loan Data System:
https://www.nslds.ed.gov/nslds/nslds_SA/
- Department of Education Student Aid site:
<https://studentaid.ed.gov/sa/>

Google...with a grain of salt as there are many scams online.