

Module 5 - Path to Discharge



COURSE INTRODUCTION

Education is an investment. With the award of federal student loans to help bridge the financial gap, you devote yourself to learning so it renders a desired career and a salary. Combined, these two accomplishments create a comfortable life and allow you to meet the loan repayment obligations once your grace period has concluded.

However, even with the best intentions, you may find yourself in a situation that makes loan repayment a challenge due to economic hardship, such as the inability to work or the sudden closing of your college or university. When faced with these unforeseen situations, knowing what student loan repayment options are available may help you find a manageable resolve.

A student loan *Discharge* is a federal student loan forgiveness process due to extenuating circumstances. A *Discharge* may be considered should a Borrower experience:

Discharge Type	Description of Circumstance
Closed School Discharge	a student loan discharge that may be granted because the post-secondary institution closes

	while a student is enrolled or shortly after the student withdraws.
Teach Out Agreement	a student loan discharge that may be granted to borrowers who attended a closed school and would like to transfer credits to another school is a written or electronic course of action to ensure students can complete their program even if their school is closed.
Total and Permanent Disability (TPD)	a student loan discharge that TPD has determined eligible by the Social Security Administration (SSA), the United States Department of Veteran Affairs (VA), or a physician determines that a borrower is unable to work and is permanently disabled.
Borrower Defense Discharge	a student loan discharge that may be granted if a school misled or engaged in misconduct that was in violation of state and federal laws, borrowers may be eligible for the Borrower Defense Discharge.
Discharge of Bankruptcy	a student loan discharge that may be approved if the borrower files for adversary proceedings in bankruptcy court and it is determined by the bankruptcy bank that the repayment would impose undue hardship on you and your dependents.

There may even be times when your choices may result in legal actions and pursuits. Should a Borrower find themselves in a situation such as this, a Discharge may be an option should the Borrower's student loans default due to incarceration.

<p>Incarceration Relief</p>	<p>a student loan discharge that may be granted to an incarcerated student whose federal student loan is in default and they are incarcerated for more than 10 years.</p>
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Borrowers with an Income-Driven Repayment Plan may be able to receive a student loan discharge if they have made a certain number of payments over the life of the loan. Borrowers should communicate with their service loan provider to inquire about their payment status and the qualifications for receiving a one-time repayment adjustment.

<p>Income Driven Repayment Account Adjustment</p>	<p>a student loan discharge to students who have made 240-300 payments (payments over 20-25 years).</p>
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Although a *Discharge* is not guaranteed to be a resolve for all circumstances, Borrowers are encouraged to inquire with their loan service provider to explain their present situation and to receive information on the proper documentation needed to determine if a *Discharge* may be a possible financial relief.

In Module 5: “Path to Loan Discharge” Borrowers will begin their path by learning what a student loan discharge entails. Borrowers will have an opportunity to assess their understanding of the distinct types of federal student loan *Discharges* and what makes one eligible. Borrowers will then apply the knowledge learned to determine the type of *Discharge* to inquire about with their loan service provider.

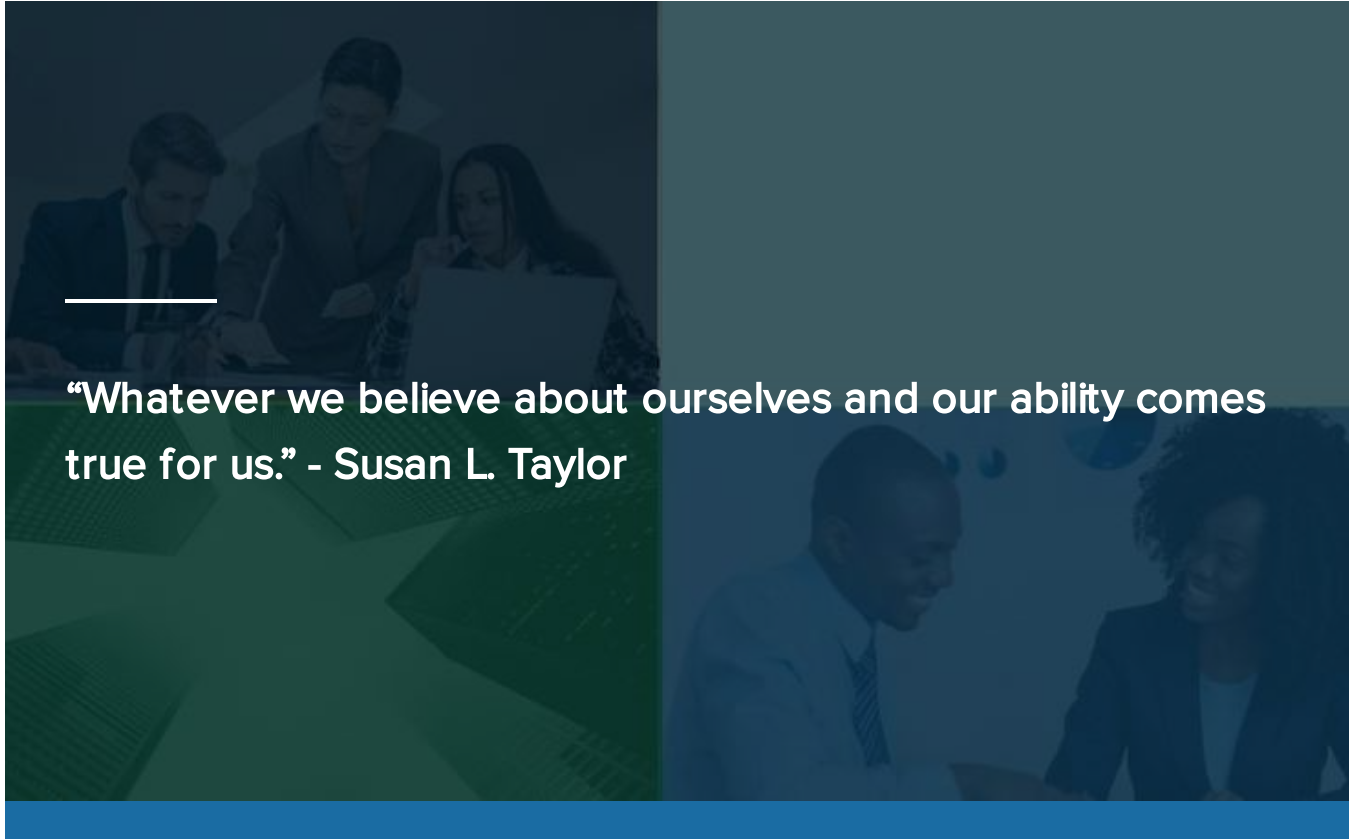
To ensure a successful continuation on your *DISB P.A.T.H.*, the program encourages Borrowers to commit 45 minutes to focus on completing Module 5: “Path to Loan Discharge”.

 **START YOUR PATH**

 **DISCHARGE LITERACY CHECKPOINT**

 **FINAL DESTINATION**

ARRIVE



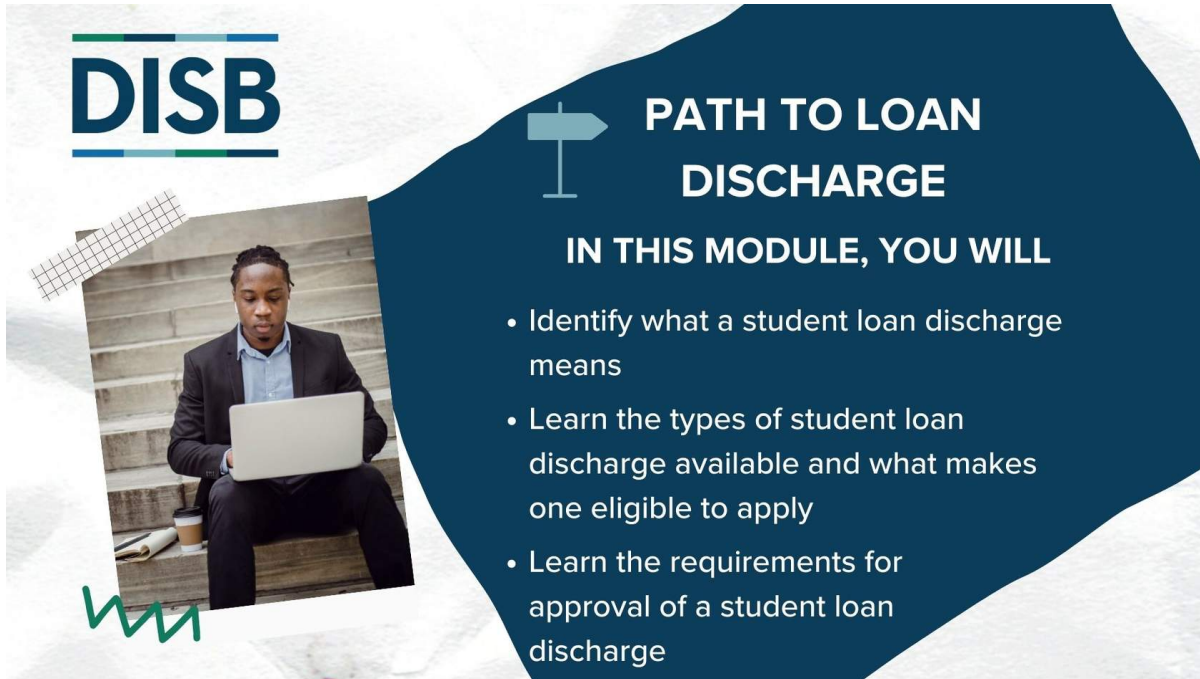
Start Your Path 1

Welcome



Start Your Path 2

Learning Objectives



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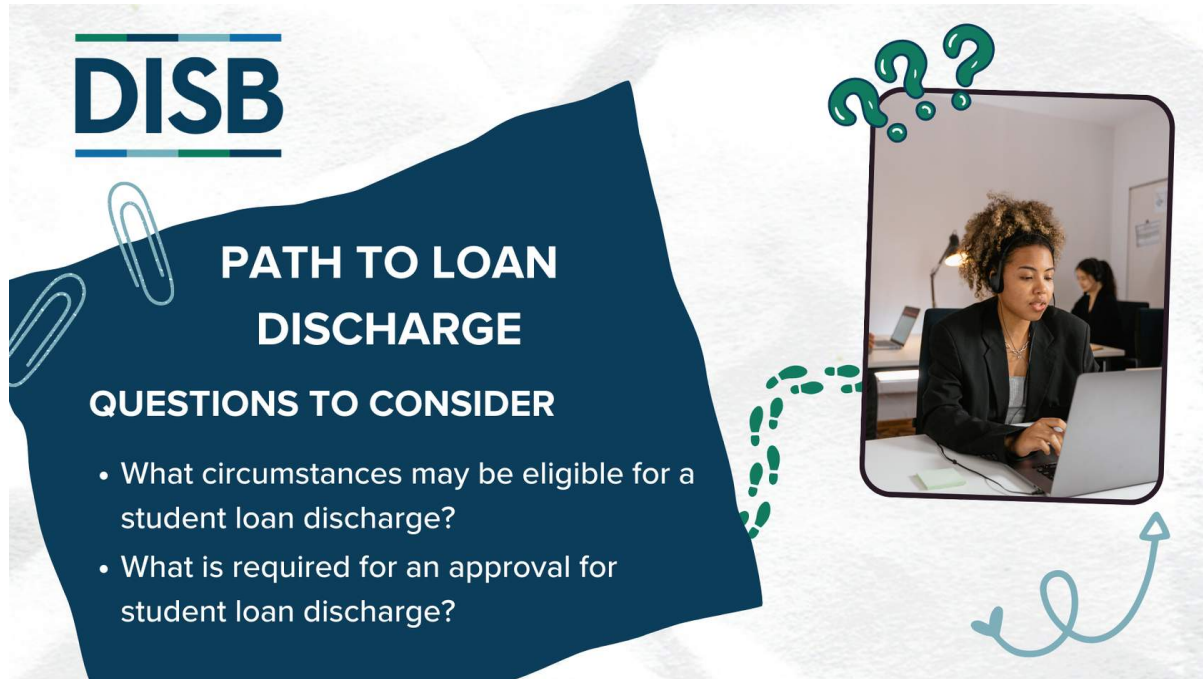
PATH TO LOAN DISCHARGE

IN THIS MODULE, YOU WILL

- Identify what a student loan discharge means
- Learn the types of student loan discharge available and what makes one eligible to apply
- Learn the requirements for approval of a student loan discharge

Start Your Path 3

Essential Questions



The infographic features a dark blue paper-like shape on a light background. At the top left, the letters 'DISB' are written in a bold, blue, sans-serif font, underlined with a blue and green horizontal bar. Below this, two white paperclip icons are positioned on the left edge of the blue shape. The main title 'PATH TO LOAN DISCHARGE' is centered in white, bold, uppercase letters. Below the title, the subtitle 'QUESTIONS TO CONSIDER' is also centered in white, bold, uppercase letters. A bulleted list follows, with two items: '• What circumstances may be eligible for a student loan discharge?' and '• What is required for an approval for student loan discharge?'. To the right of the blue shape, a photograph of a woman with curly hair wearing a headset and working on a laptop is shown within a rounded rectangular frame. Above the photo are three green question marks, and a green dotted line with an arrow points from the photo towards the blue shape. A light blue arrow curves from the bottom right of the photo area towards the bottom right of the page.

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PATH TO LOAN DISCHARGE

QUESTIONS TO CONSIDER

- What circumstances may be eligible for a student loan discharge?
- What is required for an approval for student loan discharge?

Start Your Path 4

Affirmation



**PATH TO LOAN
DISCHARGE**

MONEY MINDSET AFFIRMATION

“I AM WORTHY OF FINANCIAL ABUNDANCE.”

The graphic features a white background with a torn paper effect. On the left, the DISB logo is displayed in blue and green. Below it, a photograph shows a man and a woman smiling and holding fans of cash. To the right, a dark blue banner contains the text 'PATH TO LOAN DISCHARGE' and 'MONEY MINDSET AFFIRMATION' in white, bold, uppercase letters. Below this banner, the affirmation '“I AM WORTHY OF FINANCIAL ABUNDANCE.”' is written in white. In the top right corner, there are three blue arrows pointing right. In the bottom center, there is a small black paper airplane icon with a dashed line trailing behind it.

START YOUR PATH



Glossary

As you navigate your Loan Discharge Path, there are key terms to know. Take a moment to review.


Discharge

A federal student loan forgiveness process due to extenuating circumstances.

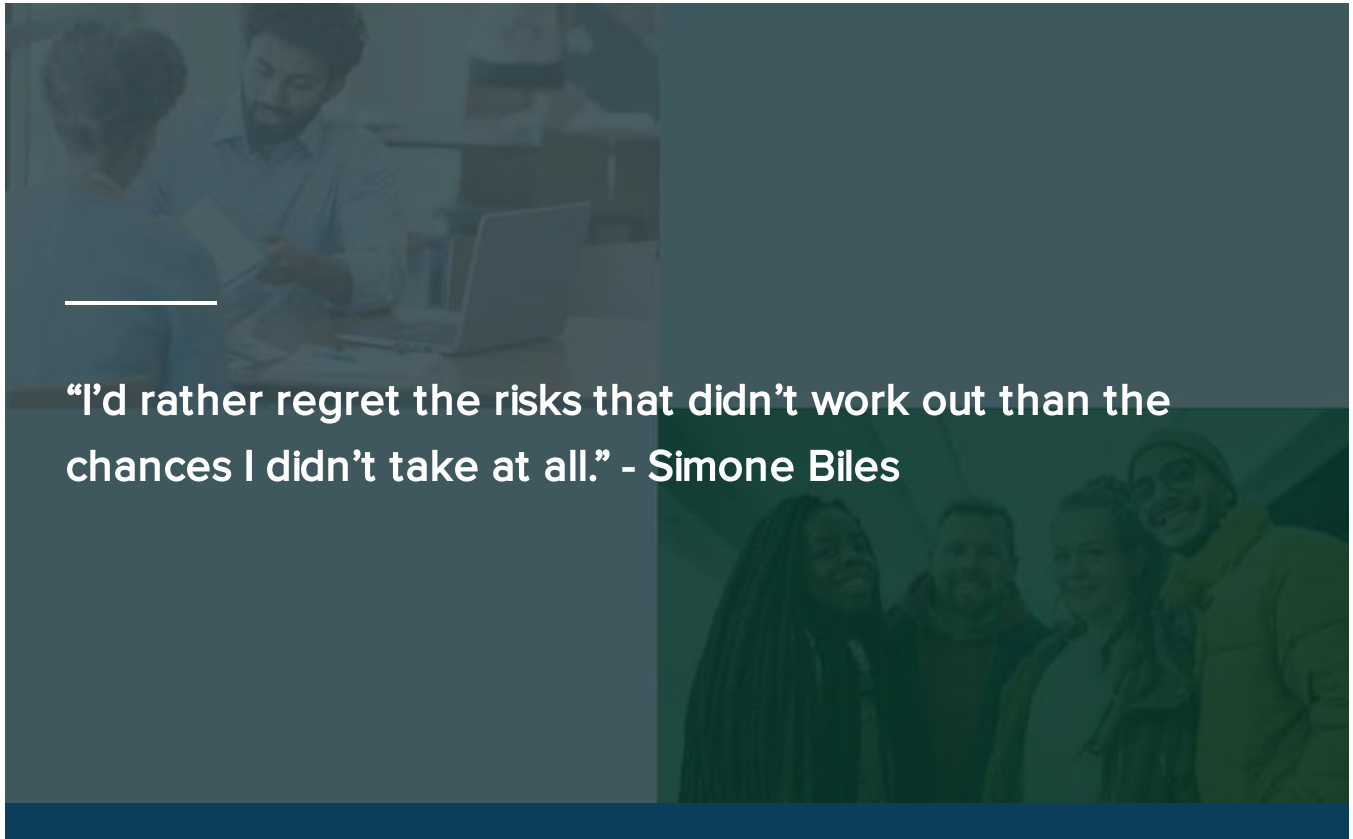
Types of Discharge

Closed School Discharge	a student loan discharge that may be granted if a school misled or engaged in misconduct that was in violation of state and federal laws. In this case, a Borrower may be eligible for a Borrower Defense Discharge.
Teach Out Agreement	a student loan discharge that may be granted to borrowers who attended a school that closed and would like to transfer credits to another school. This is a written or electronic course of action to ensure students can complete their program even if their school is closed.
Total and Permanent Disability (TPD)	a student loan discharge that TPD has determined eligible by the Social Security Administration (SSA), the United States Department of Veteran Affairs (VA), or a physician determines that a borrower is unable to work and is permanently disabled.
Borrower Defense Discharge	a student loan discharge that may be granted if a school misled or engaged in misconduct that was in violation of state and federal laws, borrowers may be eligible for the Borrower Defense Discharge.
Discharge of Bankruptcy	a student loan discharge that may be approved if the borrower files for adversary proceedings in bankruptcy court and it is determined by the bankruptcy bank that the repayment would impose undue hardship on you and your dependents.
Incarceration Relief	a student loan discharge that may be granted to an incarcerated student whose federal

	student loan is in default and they are incarcerated for more than 10 years.
Income-Driven Repayment Account Adjustment	a student loan discharge to students who have made 240-300 qualifying payments (payments over 20-25 years).

 Borrowers are encouraged to contact their service loan provider to communicate their circumstances and needs. Upon inquiry, the service loan provider will specify the Discharge requirements to complete for consideration.

DISCHARGE LITERACY CHECKPOINT



Borrower Profile Checkpoint



Paulette enjoys her position as a Medical Billing Coder and would like the opportunity of advancement. Should she be found eligible to receive a student loan discharge due to falsifying information shared by *District Online University*, Paulette could consider the possibility of financially affording to continue her educational pursuit in earning her Associates Degree. Borrowers should note that *District Online University* is a learning reference for [Federal Student Aid Borrowers Defense Findings for ITT Technical Institute](#).

Meet Paulette

Paulette is a 45-year-old happily married mother. Upon graduating from *District High School*, she chose to join the workforce. She landed a job at District Hospital as a Medical Secretary and was happily employed. A few years later, she married her high school sweetheart, and they had twin sons. While home on maternity leave, a commercial for *District Online University* is shown on the television. The school boasts about

convenience, 90% job placement rate and transferable courses. Paulette desired to go to school to earn her Certificate in Medical Billing and Coding and felt now was the right time considering her growing family. She applied to the *District Online University* and was accepted. She was awarded \$14,750 in student loans.

Paulette eventually gets hired for a new role at District Hospital in Medical Billing and Coding. She enjoyed the role and her colleagues. During a bi-annual review, her manager shares that she'd like to promote her but it required her to have her Associates Degree. Paulette and her husband were empty nesters. Her sons were away at college and she felt now was a better time than ever to pursue her Associates Degree. Her husband and her sons were rooting for her!

The Challenge

Paulette desired the comradery of others and wanted to attend the *District Community College* versus returning to *District Online University* and set out to have her certification courses transferred so that she could begin the Associates program. Sadly she discovered that courses were not transferrable as the *District Online University* stated. In order for her to receive her Associates Degree, she would have to start from the beginning in course work. So, she decided to continue working in her present position and give time to consider all options.

One day, while home from work, there was a commercial speaking about a lawsuit against *District Online University* for false advertising. Borrowers who attended school during 2008-2015 were possibly entitled to federal loan discharge. Paulette was eager to find out more information because her attendance and certification was earned during that time frame.

Paulette reached out to the *DISB P.A.T.H Center* and has been encouraged to reach out to her loan service provider to inquire about the requirements needed to see if her federal loan would be eligible for discharge due to courses taken at *District Online University* not being transferable as the school had informed.

Teach Out Plans to Consider

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Teach Out Plan

According to Federal Student Aid, FSA, “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.”



Borrowers are encouraged to speak to their loan service provider to ensure they receive a clear understanding of the Teach Out Plan and what support they may be able to receive.

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Teach Out Written Agreement

Plans include written agreements between closing school and school campus still operating to continue education.



Borrowers are encouraged to speak to their loan service provider to ensure they receive a clear understanding of the Teach Out Plan and what support they may be able to receive.



Borrowers are encouraged to speak to their loan service provider to ensure they receive a clear understanding of the Teach Out Plan and what support they may be able to receive.

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Teach Out Agreement Contract

Plan that includes a contracted agreement between schools to allow students to finish their program in one or more schools



Borrowers are encouraged to speak to their loan service provider to ensure they receive a clear understanding of the Teach Out Plan and what support they may be able to receive.

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REPAYMENT LITERACY CHECKPOINT



Now that you have learned the different types of loan discharge, let's put your knowledge to the test.

Match the terms with description to check your understanding.

Answer Choice	Loan Repayment Term		Loan Repayment Meaning
	1. Teach Out	A	a student loan discharge that may be granted to an incarcerated student whose federal student loan is in default and they are incarcerated for more than 10 years.
	2. Discharge	B	a student loan discharge that may be approved if the borrower files for adversary proceedings in bankruptcy court and it is determined by the bankruptcy bank that the repayment would impose undue hardship on you and your dependents.
	3. Closed School Discharge	C	a student loan discharge that may be granted to borrowers who attended a closed school and would like to transfer credits to another school is a written or electronic course of action to ensure students can complete their program even if their school is closed.
	4. Borrower Defense Discharge	D	a student loan discharge to students who have made 240-300 qualifying payments (payments over 20-25 years).
	5. Discharge of Bankruptcy	E	a student loan discharge that may be granted because the post-secondary institution closes while a student is enrolled or shortly after the student withdraws.

Answer Choice	Loan Repayment Term		Loan Repayment Meaning
	6. Total and Permanent Disability (TPD)	F	a federal student loan forgiveness process due to extenuating circumstances.
	7. Incarceration Relief	G	a student loan discharge that TPD has determined eligible by the Social Security Administration (SSA), the United States Department of Veteran Affairs (VA), or a physician determines that a borrower is unable to work and is permanently disabled.
	8. Income Driven Repayment Account Adjustment	H	a student loan discharge that may be granted if a school misled or engaged in misconduct that was in violation of state and federal laws, borrowers may be eligible for the Borrower Defense Discharge.

Answer keys

1.C 2.F 3.E 4.H 5.B 6.G 7.A 8.D

Great job for **continuing the path!** The **Student Loan Repayment process** can feel overwhelming. You are on your path to **financial freedom** and that is **worth the extra push** to continue your journey.

Pause to take a **mindfulness moment** to remind yourself, **“Money expands my life’s opportunities and experiences.”** When you are ready, **“I am worthy of financial abundance.”** the Path to Loan Discharge.

Application Checkpoint

Now that you have learned what is defined as loan discharge, learn the many ways a Borrower may be eligible for a discharge, you will begin to explore a few different types of loan discharge and receive guidance as to what questions Borrowers should ask their loan service provider in order to receive the best support needed. Click the link to “Continue”.



Loan Discharge Glossary Knowledge Chart.pdf

52.9 KB



Total and Permanent Disability



Damion is the Manager of the warehouse of a major online ecommerce supplier. Most days his hours are spent in the office sorting through paperwork to ensure the warehouse is operating at its best.

Whenever an extra hand was needed, Damion didn't hesitate to fill the gap. One day a worker called out and Damion stepped right in. As he was lifting a few boxes, he injured his back. He was certain a few weeks in physical therapy would be sufficient, but test results showed differently.

The doctors informed him that his work environment was not a place he could continue to work. Damion was saddened by the news of his disability and became concerned about his monthly student loan payments now that he could no longer continue to work as before.

Question 1: What should Damion do to address his financial concerns about his student loan repayment?

- A. Damion should call his service loan provider to inform them of his financial difficulties.
- B. Damion should reach out to *Federal Student Aid* for financial support.

Question 2: What student loan servicer option should Damion consider as a financial solution to his decrease in income?

- A. Damion should push to pay a reduced rate and consider the Income-Driven Payment plan to meet her

financial need.

B. Damion should Inquire about the Total and Permanent Disability to gain approval for a temporary repayment pause to help alleviate the financial strain until there is a monthly income increase.

Answer keys

Question 1: What should Damion do to address his financial concerns about his student loan repayment?

Correct answer: A. Damion should call his service loan provider to inform them of his financial difficulties.

Feedback: Yes! Damion should reach out to his service loan provider to learn of all available options to meet his financial needs.

Question 2: What student loan servicer option should Damion consider as a financial solution to his decrease in income?

Correct answer: B. Damion should inquire about the Total and Permanent Disability to gain approval for a temporary repayment pause to help alleviate the financial strain until there is a monthly income increase.

Feedback: A more suitable choice!

Bankruptcy Discharge



Brenda is an Event Planner for a *District Design Co.* Brenda was a part of a creative team that often prepared spaces for corporate events, weddings, and personally hosted parties.

The onset of Covid resulted in Brenda being laid off. Her unemployment impacted her monthly income. She found it quite difficult to maintain her expenses, including her student loan.

As things began to shift to normalcy, she was granted covid relief assistance and work resumed part-time. However, her debt equaled more than her income. After much consideration, she decided to file for bankruptcy and was curious how this could impact her student loan repayment.

Question 1: What should Brenda do to address her financial concerns for her student loan repayment?

A. Brenda should attempt to figure out a way to continue to make her monthly loan payments regardless of her bankruptcy.

B. Brenda should call her service loan provider to inform them of her present situation and gain insight on the best possible actions to take to address his financial concerns.

Question 2: What student loan servicer option should Brenda consider as a temporary financial solution to her temporary leave of absence?

A. Brenda should push to pay a reduced rate and consider the Income Driven Payment plan to meet her financial need.

B. Brenda should complete the Bankruptcy Discharge Form to gain approval for a loan discharge due to the financial hardship.

Answer keys

Question 1: What should Brenda do to address her financial concerns for her student loan repayment?

Correct answer: B. Brenda should call her service loan provider to inform them of her present situation and gain insight on the best possible actions to take to address his financial concerns.

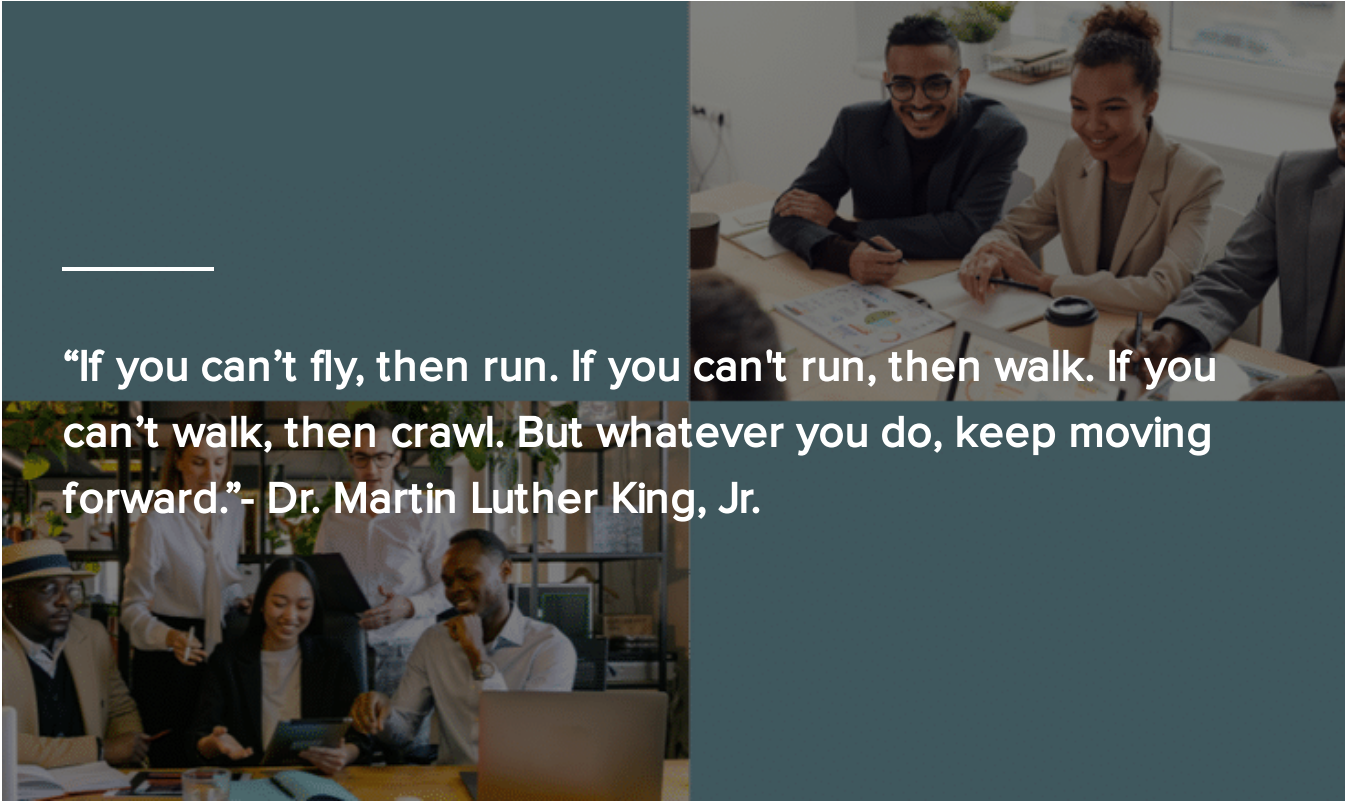
Feedback: Absolutely! Brenda should reach out to her service loan provider to learn of all available options to meet her financial needs.

Question 2: What student loan servicer option should Brenda consider as a temporary financial solution to her temporary leave of absence?

Correct answer: B. Brenda should complete the Bankruptcy Discharge Form to gain approval for a loan discharge due to the financial hardship.

Feedback: A more suitable choice!

FINAL DESTINATION



“If you can’t fly, then run. If you can’t run, then walk. If you can’t walk, then crawl. But whatever you do, keep moving forward.”- Dr. Martin Luther King, Jr.



DISB P.A.T.H to Resources

With time to learn the types of student loan discharge, explore the different types of deferments and forbearances, and watch the Federal Student Aid video “How To Manage Your Student Loans”, you have gained a better understanding of the loan discharge request process. To extend your learning about gaining a loan discharge, please browse to learn more.

Student Loan Ombudsman Repayment

To learn more about the **DISB** and how they can extend support, take a moment to view this informational video to learn about the many loan repayment options and support.

INFORMATIONAL VID...

DISB Financial Resource Guide

Would having a financial guidebook be useful when you need a reference to help understand student loan repayment options as well as what to consider when choosing a loan repayment plan? Visit *DISB Financial Resource Guide* for more details.

DIGITAL RESOURCE

Closed School Discharge

Would you like to learn more about *Closed School Discharge*? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Borrower Defense

Would you like to learn more about *Borrower Defense* Discharge? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Teach Out Agreement

Would you like to learn more about *Teach Out Agreement* Discharge? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Bankruptcy Discharge

Would you like to learn more about *Bankruptcy Discharge*? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Total and Permanent Disability

Would you like to learn more about *Total and Permanent Discharge*? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Income-Driven Repayment Account Adjustment

Would you like to learn more about *Income-Driven Repayment Account Adjustment*? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

Incarceration Relief

Would you like to learn more about [Incarceration Relief](#)? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

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Path to Understanding

Question 1: TRUE/FALSE A Student Loan Discharge is the dismissal of the obligation to repay a federal student loan because of fraud. Borrowers granted discharge are no longer required to repay loan amount, may receive reimbursement of payments made voluntarily or through forced collection.

- A. TRUE
- B. FALSE

Question 2: Which of the following reasons may qualify for a student loan Discharge?

- A. Total and Permanent Disability
- B. Bankruptcy
- C. Teach Out Agreement
- D. Borrower Defense
- E. Economic Hardship
- F. Incarceration

Answer keys

Question 1: TRUE/FALSE A Student Loan Discharge is the dismissal of the obligation to repay a federal student loan because of fraud. Borrowers granted discharge are no longer required to repay loan amount, may receive reimbursement of payments made voluntarily or through forced collection.

Correct answer: A. TRUE

Feedback: You got it! A Student Loan Discharge is the dismissal of the obligation to repay a federal student loan because of fraud. Borrowers granted discharge are no longer required to repay loan amount, may receive reimbursement of payments made voluntarily or through forced collection.

Question 2: Which of the following reasons may qualify for a student loan Discharge?

Correct answer:

- A. Total and Permanent Disability
- B. Bankruptcy
- C. Teach Out Agreement
- D. Borrower Defense
- F. Incarceration

You've Arrived!

**Congratulations! You have completed Module 5-
Path to Loan Discharge of the DISB P.A.T.H. Loan
Repayment Course.**

