

Student Loans

Loan Discharge Application: Total and Permanent Disability

Last Update 4/25/06 The government will discharge the student loan of an individual **Student Loans** who is totally and permanently disabled. **Total, permanent disability** is a condition that renders an individual unable to work and earn money (more than poverty level) (**poverty guidelines**), and that is expected to continue indefinitely or result in death. This definition is stricter than what is required for other disability requests such as social security disability benefits.

The Form

To request a discharge of a student loan go to the **Loan Discharge Application: Total and Permanent Disability**. For purposes of this document, it is also referred to as the Application, and it applies to the following loans:

- **Federal Family Education Loan Program** (FFELP);
- Federal **Perkins Loan Program**; and the
- William D. Ford Federal **Direct Loan** Program.

Physician's Certification

A doctor of medicine or osteopathy, legally authorized to practice in a State, must certify that the student-loan borrower's condition meets the definition of **total and permanent disability** in Section 5 of the Application set forth below. A physician cannot certify that the borrower has a total and permanent disability if, at the time of the certification, the borrower is able to work and earn money in any capacity.

A physician cannot certify that the borrower has a total and permanent disability if, at the time of the certification, the borrower is able to work and earn money in any capacity.

Conditional Discharge

After the borrower sends the Application to the **loan holder**, it is sent to the Department of Education, who makes an initial determination that the borrower has a total and permanent disability; and a conditional discharge is granted. A conditional discharge allows the borrower (and, if applicable, any endorser) to stop making payments on her/his loan(s) during the conditional discharge period while the Department of Education evaluates their eligibility for a final discharge. The conditional discharge period begins on the date that the borrower became totally and permanently disabled, as certified by the physician, and lasts for up to three years.

If the borrower attempts to work during the **conditional discharge** period, she/he may earn up to the poverty line amount each year during that period. This standard allows her/him to try to work without being disqualified from receiving a **final discharge**.

During the conditional discharge period:

- (A) you are not required to make any payments on your loan(s);
- (B) you are not considered to be delinquent or in default on your loan(s), unless you were delinquent or in default at the time the conditional discharge was granted;
- (C) you must promptly notify the Education Department if your annual earnings from employment exceed the poverty line amount for a family of two;
- (D) you must promptly notify Education Department of any changes in your address or telephone number; and
- (E) if requested, you must provide Education Department with additional documentation or information related to your eligibility for loan discharge.

Copies to More than One Loan Holder

You have to identify the **loan holder** for your loan, or if you have more than one loan, the holder for each loan. If you have more than one loan, you can send a photocopy of the original **Loan Discharge Application: Total and Permanent Disability** form completed by you (or your representative) and your physician. However, if you submit copies, each copy must include an original signature from you or your representative.

How About the Discharge of a Consolidation Loan?

If you are applying for discharge of a consolidation loan, your condition must not have existed at the time any of the loan(s) you consolidated were made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled. If requested, you must provide the holder of your consolidation loan(s) or the Department of Education with the disbursement dates of the loan(s) you consolidated.

Where Do I Send the Loan Discharge Application?

Send the Loan Discharge Application, when completed, to the **loan holder**.

If your loan holder determines that you appear to meet the eligibility requirements for a loan discharge based on total and permanent disability, your loan(s) will be assigned to the Department of Education.

Deconstructing the Application

The **Loan Discharge Application: Total and Permanent Disability** is divided into 10 sections. Sections 1 through 8 are set forth below:

SECTION I: BORROWER IDENTIFICATION

Please enter or correct the following information.

SSN

Name

Address

City, State, Zip

Telephone - Home ()

Telephone - Other ()

E-mail address (optional)

SECTION 2: BORROWER DISCHARGE REQUEST

Before signing, carefully read the entire form, including the instructions and other information on the following pages.

Borrower Request, Authorization, Understandings, and Certifications

I request that the U.S. Department of Education (ED) discharge my loan(s) made under the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins Loan) Program, and/or the William D. Ford Federal Direct Loan (Direct Loan) Program.

I authorize any physician, hospital, or other institution having records about the disability that is the basis for my request for a loan discharge to make information from these records available to the holder(s) of my loan(s).

I understand that I must submit a separate discharge application to each holder of the loan(s) that I want to have discharged. I further understand that I am not eligible to receive a final discharge of my loan(s) unless I meet certain requirements during and at the end of a conditional discharge period, as explained in Sections [6](#) and [7](#).

If I am a veteran, I understand that the certification by a physician on this form is only for the purposes of establishing my eligibility to receive a discharge of a FFEL Program, Perkins Loan Program, or Direct Loan Program loan and is not for purposes of determining my eligibility for or the extent of my eligibility for Department of Veterans Affairs benefits.

I certify that I have a total and permanent disability, as defined in Section 5. In addition, I certify that I have read and understand the information on the loan discharge process, the terms and conditions for discharge, the eligibility requirements for loan discharge, and the eligibility requirements to receive future loans as explained in Sections [6](#), [7](#) and [9](#).

Signature of Borrower or Borrower's Representative Date Printed Name of Borrower's Representative (if applicable)

Address of Borrower's Representative (if applicable) Representative's Relationship to Borrower (if applicable)

SECTION 3: PHYSICIAN'S CERTIFICATION

Instructions for Physician: The borrower identified above is applying for discharge of his/her federal education loan(s) based on total and permanent disability. You should complete and sign the certification below only if you are a doctor of medicine or osteopathy legally authorized to practice in a State (see definition in Section 5) and if the borrower's condition meets the definition of total and permanent disability in Section 5. Provide all requested information and attach additional pages if necessary. Type or print in dark ink. Please return the completed form to the borrower or the borrower's representative. The holder(s) of the borrower's loan(s) (see definition in Section 5) may contact you for additional information or documentation.

Note: The standard for determining disability for discharge of the borrower's loan(s) may be different from standards used under other programs in connection with occupational disability, or eligibility for social service or veterans benefits.

1. Diagnosis/explanation of the borrower's present medical condition (identify the borrower's condition and explain how it prevents the borrower from working and earning money in any capacity). Do not use abbreviations or insurance codes.

2. When did the borrower's medical condition begin? (MM-DD-YYYY)

3. a. Does this medical condition prevent the borrower from being able to work and earn money in any capacity? Yes No

b. If Yes, when did the borrower become unable to work and earn money in any capacity? (MM-DD-YYYY)

I certify that, in my best professional judgment, the borrower identified above is unable to work and earn money because of an injury or illness that is expected to continue

indefinitely or result in death. I understand that a borrower who is currently able or who is expected to be able to work and earn money, even on a limited basis, is not considered to have a total and permanent disability.

I am a doctor of (check one) medicine osteopathy legally authorized to practice in the state of _____.

My professional license no. is _____.

(Subject to verification through State records.)

Physician's Signature (a signature stamp is not acceptable)

Date Printed Name of Physician

Address City, State, Zip

Telephone Fax (optional) E-mail address (optional)

SECTION 4: INSTRUCTIONS FOR COMPLETING THE FORM

Type or print in dark ink. A representative may sign on your behalf in Section 2 if you are unable to do so because of your disability. Have Section 3 completed and signed by a doctor of medicine or osteopathy. If you are applying for discharge of more than one loan and your loans are held by more than one loan holder, you must submit a separate discharge application (original or copy) with any accompanying attachments to each holder. A "copy" means a photocopy of the original form completed by you (or your representative) and your physician. If you submit copies, each copy must include an original signature from you or your representative.

SECTION 5: DEFINITIONS

The Federal Family Education Loan (FFEL) Program includes Federal Stafford Loans (both subsidized and unsubsidized), Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, and Federal Consolidation Loans.

The Federal Perkins Loan (Perkins Loan) Program includes Federal Perkins Loans, National Direct Student Loans (NDSL), and National Defense Student Loans (NDSL).

The William D. Ford Federal Direct Loan (Direct Loan) Program includes Federal Direct Stafford/Ford Loans (Direct Subsidized Loans), Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans), Federal Direct PLUS Loans (Direct PLUS Loans), and Federal Direct Consolidation Loans (Direct Consolidation Loans).

A conditional discharge due to a total and permanent disability allows you (and, if applicable, any endorser) to stop making payments on your loan(s) during the conditional discharge period (see definition) while ED evaluates your eligibility for a final discharge. A conditional discharge is granted when ED makes an initial determination that you have a total and permanent disability as defined in this section. See also Sections 6 and 7.

The conditional discharge period begins on the date that you became totally and permanently disabled, as certified by the physician who completes Section 3, and lasts for up to three years. The conditional discharge period ends when ED either grants a final discharge or determines that you do not qualify for a final discharge.

During the conditional discharge period, ED will monitor your eligibility for a final discharge. See also Sections 6 and 7.

A final discharge due to a total and permanent disability condition cancels your obligation (and, if applicable, any endorser's obligation) to repay the remaining balance on your FFEL Program, Perkins Loan Program, and/or Direct Loan Program loan. ED grants a final discharge if you meet certain conditions during and at the end of the conditional discharge period. See Section 7.

The holder of your FFEL Program loan(s) may be a lender, a guaranty agency, or the U.S. Department of Education (ED). The holder of your Perkins Loan Program loan(s) may be a school you attended or ED. The holder of your Direct Loan Program

loan(s) is ED.

State includes the 50 United States, the District of Columbia, American Samoa, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

If you have a total and permanent disability, this means that you are unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death.

NOTE: (1) This standard may be different from standards used under other programs in connection with occupational disability or eligibility for social service benefits. (2) You cannot be considered to have a total and permanent disability if your condition existed at the time your loan(s) was made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled.

SECTION 6: LOAN DISCHARGE PROCESS / TERMS AND CONDITIONS FOR LOAN DISCHARGE

1. If your loan holder (other than ED) determines, based on a review of your loan discharge application, that you appear to meet the eligibility requirements for a loan discharge based on total and permanent disability, your loan(s) will be assigned to ED. For FFEL Program loans currently held by a lender, this determination will be made by both your lender and guaranty agency. ED will be your new loan holder.

2. After receiving your loan(s), ED will review the physician's certification in Section 3 and other information relating to your application for loan discharge. Based on the results of this review, ED will make an initial determination on your application. If ED determines that you have a total and permanent disability, you will be notified that a conditional discharge has been granted for a period of up to three years from the date that you became totally and permanently disabled. If ED determines that you do not have a total and permanent disability, you will be notified of that determination and you must resume repayment of your loan(s).

3. During the conditional discharge period: (A) you are not required to make any payments on your loan(s); (B) you are not considered to be delinquent or in default on your loan(s), unless you were delinquent or in default at the time the conditional discharge was granted; (C) you must promptly notify ED if your annual earnings from employment exceed the poverty line amount for a family of two; (D) you must promptly notify ED of any changes in your address or telephone number; and (E) if requested, you must provide ED with additional documentation or information related to your eligibility for loan discharge. This may include, but is not limited to, documentation of your annual earnings from employment.

4. If you meet the conditions described in Section 7, Item 4, during and at the end of the conditional discharge period, ED will grant a final discharge of your loan(s) at the end of the conditional discharge period. The discharge will be reported to credit

bureaus, and any payments you made after the date you became totally and permanently disabled will be returned to you.

5. If you do not meet the conditions described in Section 7, Item 4, at any time during or at the end of the conditional discharge period, the conditional discharge period will end and you will not receive a final discharge. This means that you will be responsible for repaying your loan(s) in accordance with the terms of your promissory note(s). However, you will not be required to pay interest that accrued on your loan(s) from the date ED made an initial determination that you were totally and permanently disabled until the date the conditional discharge period ended. ED will continue to be your loan holder.

SECTION 7: ELIGIBILITY REQUIREMENTS FOR LOAN DISCHARGE

1. Your condition must not have existed at the time your loan(s) was made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled.

2. If you are applying for discharge of a consolidation loan, your condition must not have existed at the time any of the loan(s) you consolidated were made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled. If requested, you must provide the holder of your consolidation loan(s) or ED with the disbursement dates of the loan(s) you consolidated.

3. To qualify for a conditional discharge, you must have a total and permanent disability, as defined in Section 5. This must be certified by a physician in Section 3.

4. To qualify for a final discharge, you must meet the following conditions during and at the end of the conditional discharge period described in Section 6:

(A) your annual earnings from employment must not exceed the poverty line amount (see NOTE below) for a family of two in your state (regardless of your actual family size), and

(B) you must not receive a new loan under the FFEL Program, the Perkins Loan Program, or the Direct Loan Program.

NOTE: A physician cannot certify that you have a total and permanent disability if, at the time of the physician's certification, you are able to work and earn money in any capacity. However, if you attempt to work during the conditional discharge period, you may earn up to the poverty line amount each year during that period. This standard allows you to try to work without being disqualified from receiving a final discharge. The poverty line amounts are updated annually. ED will notify you of the current poverty line amounts during each year of the conditional discharge period.

SECTION 8: WHERE TO SEND THE COMPLETED LOAN DISCHARGE APPLICATION

Send the completed loan discharge application and any attachments to:

(If no address is shown, return to your loan holder.) If you need help completing this form, call:

Information for Sections 9. and 10. are on the form.

SECTION 9: ELIGIBILITY REQUIREMENTS TO RECEIVE FUTURE LOANS

SECTION 10: IMPORTANT NOTICES