



# EdFed

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America's Top Student Loan Consolidator

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## School-Related Discharges and False Certification

If the school that you attended closed before you could earn your degree, or if you withdrew from the school or were on an approved leave no more than 90 days before it closed, you can also qualify to get your student loans cancelled. Those of you who completed your studies elsewhere or by transferring academic credits from the closed school to another school are not eligible for this discharge.

The nice aspect about a closed-school discharge is that when a student loan debt is cancelled for this reason, you get a really sweet deal. For starters, you no longer owe anymore payments. Additionally, the government will actually give you money-by providing you with a refund for any student loan payments you made in the past in connection with a loan obtained at the closed school. Third, with any student loan that gets discharged, the servicing agency that has been handling your loan will notify all three of the credit bureaus that your loan was discharged. They, in turn, will delete any negative credit history, making you eligible to apply for federal student aid and get all the benefits that would be available to you if did not have any problems, such as a defaulted student loans.

A host of other school-related discharges also exist for student loan borrowers, and they fit under the umbrella of what's called false certification or improper certification. If you took out a direct loan or an FFEL on or after January 1, 1986, you might qualify for a false certification discharge if you (or your parents) received a loan that was falsely certified by an eligible school. According to the Department of Education, your eligibility to borrow is considered to have been falsely certified if any of the following conditions were met:

- The school admitted you on the basis of ability to benefit from its training, but you did not meet the applicable requirements for admission on the basis of ability to benefit.
- The school forged loan documents by signing your name without your permission on a loan application or promissory note.
- You had a physical, mental, or legal status or a condition at the time you enrolled in school that would've legally barred you from getting a job in your field of study. For example, you were imprisoned or had a conviction that prevented you from obtaining employment in your chosen area of study.
- You were the victim of identity theft. This new type of false certification discharge became effective July 1, 2006. As of this writing, discharge guidelines were still being developed. But in the meantime, the Department of Education says that you get forbearance and a halt to any collection activities if you show your lender or guaranty agency reasonably persuasive evidence that your loan may have been falsely certified as a result of a crime of identity theft.