



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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## Other Categories

Other categories that you might qualify for with regard to getting your student loans discharged or cancelled pertain to service-based work. You can get your educational loans cancelled, or at least greatly offset, for jobs in teaching and public service. Teachers qualify for loan forgiveness in the amount of \$5,000 or \$17,500 under the Teacher Loan Forgiveness Program. The money is usually doled out to those who teach in low-income neighborhoods, those who teach certain math, science, and special education subjects, and individuals who work in places where there are critical shortages of qualified educators. Additionally, child-care providers, nurses, and others in the medical field who are helping individuals in impoverished areas or high-need communities can also qualify for loan discharges. So if you happen to be a doctor or nurse working in one of these areas, by all means investigate and see whether you qualify for a loan cancellation and in what amount.

### **Military Discharges**

Effective October 7, 1998, all borrowers of Perkins loans are entitled to have those loans discharged if they served in the U.S. armed forces. This cancellation privileges applies to Perkins loan recipients regardless of when the loan was made or what the terms on the original promissory note are. Military personnel qualify for loan cancellations in an amount up to 50 percent of their Perkins loans if they serve in areas of hostility or regions of imminent danger.

### **Bankruptcy Discharges**

Under federal law, as of October 8, 1998, you can no longer discharge student loan debt in a bankruptcy proceeding. As with most laws, however, there are loopholes and exceptions to the rule. In this case, it is technically legally possible to have your student loans discharged when you file for bankruptcy protection, but as a practical matter it is very, very difficult to get a judge to sign off on it. To have your student loans cancelled via bankruptcy, you have to prove to a judge that repaying your educational debt would cause you a substantial and undue hardship as defined by case law in your jurisdiction. Historically, most judges have been loathe to allow students to get rid of their student loans in bankruptcy court. Each claim is assessed on a case-by-case basis, and student loan discharges via bankruptcy are highly rare, even among those who've tried to demonstrate severe financial hardships.