# UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

**September 2005**

**Subject:**     **Approval of Loan Discharge Applications**

**Summary:**    **This letter announces the approval of revised School Closure, False Certification of Ability to Benefit, False Certification (Disqualifying Status), and Unauthorized Signature/Unauthorized Payment loan discharge applications and provides guidance on the implementation of these revised forms.**

Dear Colleague:

The attachments to this letter contain revised OMB approved loan discharge application forms for use in the Title IV student loan programs - the Federal Family Education Loan (FFEL) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, and the Federal Perkins Loan (Perkins Loan) Program. Each form reflects the unique federal requirements pertaining to its specific loan discharge, as follows:

- Loan Discharge Application: School Closure - Used by borrowers in all three Title IV loan programs (FFEL, Direct Loan, and Perkins Loan) who were unable to complete their program of study because their school closed.

- Loan Discharge Application: False Certification of Ability to Benefit - Used by borrowers in the FFEL and Direct Loan programs who did not possess a high school diploma (or its equivalent) and whose "ability to benefit" (ATB) was falsely certified by their school.

- Loan Discharge Application: False Certification (Disqualifying Status) - Used by borrowers in the FFEL and Direct Loan programs whose eligibility was falsely certified by their school due to a disqualifying status or condition of the student.

- Loan Discharge Application: Unauthorized Signature/Unauthorized Payment - Used by borrowers in the FFEL and Direct Loan programs when there was an unauthorized signature/endorsement or unauthorized payment by the school.

## Implementation and Transition to New Forms

The attached OMB-approved forms are available for immediate use. Program participants may begin distributing the revised form immediately. Beginning February 28, 2006, only the attached loan discharge forms may be provided to eligible borrowers. However, the previous versions of the forms may continue to be processed after that date.

## Imaging Technology

Each enclosed loan discharge application requires the borrower to complete and sign the form in ink. This request is made to accommodate imaging technology, but a pencil signature does not invalidate a form. Requiring the borrower to complete and sign the loan discharge application in ink is consistent with the use of other common FFEL and Direct Loan program forms.

In developing the forms, consideration was given to bar coding. Accordingly, space at the top, bottom, or sides of the forms may be used for this purpose.

## Printing Instructions

The enclosed forms must be printed using black ink on white paper. The typeface, point size, and general presentation of the forms may not be changed. The program names appear in the header of each form. While a program participant may change the order of the program names, the names of the other program(s) must remain on the form.

Program participants should pre-print their name and address and provide a contact number for borrowers to call in the boxes provided for that purpose in Section 8 on page 2 of each form.

## Obtaining Copies for Reproduction

These forms are available in PDF format as Attachments to this letter. In addition, the forms are available on the National Council of Higher Education Loan Programs (NCHELP) web site at www.nchelp.org.

Guaranty agencies and Perkins Loan school lenders are responsible for ensuring that the forms they use are identical to the forms approved by the Secretary. No changes may be made to the forms except those expressly authorized above.

Sincerely,

Jeff Baker
Director, Policy Liaison and Implementation
Federal Student Aid

Attachments:  Loan Discharge Application:  School Closure
　　　　　　　 Loan Discharge Application:  False Certification of Ability to Benefit
　　　　　　　 Loan Discharge Application:  False Certification (Disqualifying Status)
　　　　　　　 Loan Discharge Application:  Unauthorized Signature/Unauthorized Payment