

## **Closed School Discharge**

Learn about the eligibility requirements for closed school loan discharge and how you can apply.

If your school closes while you're enrolled or soon after you withdraw, you may be eligible for discharge of your federal student loan. Loan discharge is the removal of your obligation to repay your loan under certain circumstances.

There are certain eligibility requirements to qualify for a closed school loan discharge; you must apply to get a discharge.

It's important for you to obtain your academic and financial aid records if your school closes, since you might need those records if you plan to attend another school or want your student loans discharged.

### **Loan Discharge Criteria**

You may be eligible for a 100 percent discharge of your William D. Ford Federal Direct Loan (Direct Loan) Program loans, Federal Family Education Loan (FFEL) Program loans, or Federal Perkins Loans if you were unable to complete your program because your school closed, and if

- you were enrolled when your school closed;
- you were on an approved leave of absence when your school closed;
- your school closed within 120 days after you withdrew, if your loans were first disbursed before July 1, 2020; or
- your school closed within 180 days after you withdrew, if your loans were first disbursed on or after July 1, 2020.

You are not eligible for discharge of your loans if your school closes and any of the following is true:

- Except in exceptional circumstances, you withdrew more than 120 days before the school closed, if your loans were first disbursed before July 1, 2020; or
- Except in exceptional circumstances, you withdrew more than 180 days before the school closed, if your loans were first disbursed on or after July 1, 2020.
- You are completing a comparable educational program:
  - through a teach-out,
  - by transferring academic credits or hours earned at the closed school to another school, or
  - by any other comparable means.
- You completed all the coursework for the program before the school closed, even if you did not receive a diploma or certificate.

## **Loan Discharge Process**

If you meet the eligibility requirements for a discharge of loans you obtained to attend a school that closed, the Secretary will automatically send you an application you can submit to your loan servicer.

Or, you can contact your loan servicer directly about the application process for getting your loan discharged.

## **Automatic Closed School Loan Discharge**

If you meet the eligibility requirements for a closed school discharge of your loans obtained to attend a school that closed on or after Nov. 1, 2013, but before July 1, 2020, and you have not enrolled at another school that participates in the federal student aid programs within three years of the date your school closed, you will receive an automatic closed school discharge. This discharge will be initiated by the U.S. Department of Education (ED), and you will be notified by your loan servicer.

Although this closed school loan discharge is granted automatically after three years have passed since your school's closure, nothing prevents you from applying for and receiving a closed school discharge as soon as your school's official closure date is confirmed by ED. If you 1) attended a school that closed less than three years ago, 2) meet the eligibility requirements for a closed school discharge, and 3) want your loans discharged, contact your loan servicer about applying for a closed school discharge now instead of waiting for three years to receive an automatic closed school discharge.

For more information about closed school loan discharges and answers to frequently asked questions, please visit the U.S. Department of Education's website at:  
[studentaid.gov/manage-loans/forgiveness-cancellation/closed-school - process](https://studentaid.gov/manage-loans/forgiveness-cancellation/closed-school-process)