

Student Loans

On October 7, 1998 the Federal Government amended Title 11 U.S.C., Section 523(a)(8)(A) of the Bankruptcy Code which previously allowed the discharge ability of a borrowers loan if the borrower had been in repayment for more than 7 years from the date the bankruptcy petition was filed. The new law interacted October 7, 1998, eliminated the 7 years provisions. Student loans are no longer eligible for discharge regardless of the length of time the loan has been in repayment. However, the provision provided for discharge of in a case of undue hardship under Title 11 U.S.C. Section 523(a)(8)(A) continues to apply. Therefore it is the position of the governmental agencies that student loan debt is not dischargeable. Collection activity will cease during the pendency of the bankruptcy case pursuant to Title 11 U.S.C., Section 362. It will resume upon the issuance of a discharge.