

Education Dept. To Discharge Federal Student Loans Under Borrower Defense Rule

Ballard Spahr
LLP

Article By

[John L. Culhane, Jr.](#)

[Ballard Spahr LLP](#)

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In [a December 13 posting](#), the Department of Education announced that on December 14, it would begin sending emails to borrowers “to inform them that the company that handles billing and other services related to their federal student loans will discharge some or all of the borrower’s loans within the next 30-90 days.”

The discharges are required by Department’s “borrower defense” final rule which was issued in November 2016 and the subject of litigation that resulted in [an October 2018 ruling](#) requiring the Department to implement the rule. It provides for the automatic discharge of federal student loans made to borrowers who, in addition to other conditions, could not complete his or her program of study because the borrower’s school closed. Borrowers are also entitled to refunds of payments made on the loans.

According to [media reports](#), the Department is expected to discharge \$150 million in federal student loans owed by approximately 15,000 borrowers, with about half of the borrowers consisting of students who attended Corinthian Colleges.

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