



## Loan Forgiveness Information Federal Stafford Loans, Federal PLUS Loans, and Federal Consolidation Loans

Under certain circumstances, the federal government will cancel or “forgive” all or part of an educational loan. This practice is called **loan forgiveness**. Private/non-federal loans are not included in the federal loan forgiveness programs. The following includes information on certain loan forgiveness programs. You can obtain more information from the websites cited for use in this publication.

- **Federal Stafford Loans** include Federal Direct Loans and Federal Family Education Loan Program except where otherwise noted.
- **Federal PLUS Loans** include loans for parents or graduate students.
- Only a portion of a **Federal Consolidation Loan** may be eligible for forgiveness.

### The following programs are eligible for loan forgiveness:

**Teacher.** To qualify for teacher loan forgiveness for Federal Stafford Loans or Consolidation Loans of up to \$5,000, teachers must meet all of the following criteria:

- You must not have had an outstanding balance on a Federal Family Education Loan (FFEL) Program or Federal Direct Program loan as of October 1, 1998 or on the date you obtained a FFEL Program or Federal Direct Program loan after October 1, 1998.
- You must have taught full time at a designated school for five consecutive, complete academic years. At least one of the years of teaching service must be after the 1997-98 academic year.
- The loan for which you are requesting forgiveness must have been made before the end of your fifth year of qualifying teaching service.
- You must have performed your teaching service at an elementary or secondary school in a low-income school district that is listed in the Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits (<http://studentaid.ed.gov/PORTALSWebApp/students/english/cancelstaff.jsp?tab=repaying>).
- If you performed your teaching service in an elementary school, the chief administrative officer of the school where you performed the service must certify that you demonstrated knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum.
- If you performed your teaching service in a secondary school, the chief administrative officer of the school where you performed the service must certify that you taught in a subject area that was relevant to your academic major.
- If your teaching service began on or after October 30, 2004, you must meet this additional criteria: The chief administrative officer of the school where you performed your service must certify that you meet the definition of "highly qualified" as defined in the No Child Left Behind Act of 2001 (<http://www.whitehouse.gov/infocus/compassionate/education.html>).

**-Information Continued on Next Page-**

**Child Care Provider.** Available for Federal Stafford Loans only. Certain child care providers who have outstanding federal student loans may be eligible to have their loans forgiven (in other words, you won't have to repay the amount). This program is offered on a first-come, first-served basis, **subject to the availability of funds.** To be eligible for loan forgiveness, all of the following criteria must be met:

- You must be a new borrower as of Oct. 1, 1998 (i.e., have no outstanding balance on a Federal Family Education Loan (FFEL) Program or Federal Direct Program loan as of that date).
- You must have obtained an associate's or bachelor's degree in early childhood education from an institution of higher education. If you originally received a degree in another area of study, but later obtained a degree in early childhood education, forgiveness will be limited to eligible loans you obtained for a maximum of two of the academic years required to obtain the early childhood education degree.
- You must have worked full time as a child care provider in a facility that serves a low-income community for the two consecutive years preceding the year during which you requested loan forgiveness. At least 70 percent of the individuals that facility serves must be from families that earn less than 85 percent of the state median household income.
- You must not have received benefits for the same child care service under the National and Community Service Act of 1990 (AmeriCorps).

Forgiveness Amounts:

To be eligible for forgiveness, you must maintain full-time employment for successive, uninterrupted 12-month periods. A proportion of the balance of your FFEL Program or Federal Direct Loans (including interest that accrues) may be forgiven in the following increments:

- 20 percent after completing two consecutive years of qualifying employment
- 20 percent after completing the third consecutive year of qualifying employment
- 30 percent after completing the fourth consecutive year of qualifying employment
- 30 percent after completing the fifth consecutive year of qualifying employment

**Public Sector Employee.** Available for Direct Loans only (including Direct Subsidized/Unsubsidized, Direct PLUS, and Direct Consolidation Loans). The College Cost Reduction and Access Act of 2007 established a new public service loan forgiveness program. This program discharges any remaining debt after 10 years of full-time employment in public service.

- The borrower must have made 120 payments as part of the Direct Loan program in order to obtain this benefit.
- Only payments made on or after October 1, 2007 count toward the required 120 monthly payments. (Borrowers may consolidate into Direct Lending in order to qualify for this loan forgiveness program starting July 1, 2008.)

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Information in this publication was adapted from:

- Mapping Your Future: <http://www.mapping-your-future.org/paying/loanForgiveness.htm>
- FinAid: <http://www.finaid.org/loans/forgiveness.phtml>
- Student Aid on the Web: <http://www.studentaid.ed.gov/PORTALSWebApp/students/english/cancelstaff.jsp>

Students who believe they are eligible for loan forgiveness should contact their loan holder.

- Direct Loan Borrower Services: 800-848-0979
- National Student Loan Data System (NSLDS) for a record of all federal loans with lender contact information: [www.nsls.ed.gov](http://www.nsls.ed.gov)

OSU Office of Scholarships and Financial Aid  
119 Student Union, Stillwater, OK 74078  
Email: [finaid@okstate.edu](mailto:finaid@okstate.edu)  
Phone: 405-744-6604  
Web: [www.okstate.edu/finaid](http://www.okstate.edu/finaid)