

**Supplemental Information
for the
Total and Permanent Disability Cancellation Request**

Federal Family Education Loan Program//William D. Ford Federal Direct Loan Program

This information sheet supplements the Total and Permanent Disability Cancellation Request form. Please read both documents carefully before completing your request for loan cancellation.

If your loan cancellation request is processed on or after July 1, 2002, some terms and conditions of the cancellation are different from the terms and conditions listed on the Total and Permanent Disability Cancellation Request form. (NOTE: "Processed" means the loan holder makes a preliminary determination of your loan cancellation).

The following information applies to total and permanent disability cancellation requests that are processed on or after July 1, 2002.

Definitions

- **Total and permanent disability** means that you are unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death. **NOTE:** (1) This standard may be different from standards used under other programs in connection with occupational disability or eligibility for social service or veterans benefits. (2) You cannot be considered to have a total and permanent disability if your condition existed at the time your loan(s) was made, unless your condition substantially deteriorated so that you are now totally and permanently disabled as certified by a physician.
- A **conditional discharge** due to a total and permanent disability allows you (and any endorser) to stop making payments on your loan(s) during the conditional discharge period (see definition below).
- The **conditional discharge period** begins when the Department of Education (ED) grants a conditional discharge of your loan(s) and lasts for up to three years after the date you became unable to work and earn money in any capacity, as certified by the physician who completes Section 3 of the Total and Permanent Disability Cancellation Request form. The conditional discharge period ends when ED either grants a final discharge (see definition below) or determines that you do not qualify for a final discharge. During the conditional discharge period, ED will monitor your eligibility for a final discharge.
- A **final discharge** due to a total and permanent disability cancels your obligation (and, if applicable, any endorser's obligation) to repay the remaining balance on your FFEL Program, and/or Direct Loan Program loan. ED grants a final discharge if you meet certain conditions during and at the end of the conditional discharge period.
- **State** includes the 50 United States, the District of Columbia, American Samoa, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

Eligibility Requirements for Loan Cancellation

1. Your condition must not have existed at the time your loan(s) was made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled.
2. If you are requesting cancellation of a consolidation loan, your condition must not have existed at the time any of the loan(s) you consolidated were made, unless your condition has substantially deteriorated so that you are now totally and permanently disabled. If requested, you must provide the holder of your consolidation loan(s) or ED with the disbursement dates of the loan(s) you consolidated.
3. To qualify for a **conditional discharge**, you must have a **total and permanent disability**, as defined above. This must be certified by a physician in Section 3 of the Total and Permanent Disability Cancellation Request form.
4. To qualify for a **final discharge**, you must meet the following conditions during and at the end of the conditional discharge period: **(A)** your annual earnings from employment must not exceed the poverty line amount (see NOTE below) for a family of two in your state (regardless of your actual family size), and **(B)** you must not receive a new loan under the FFEL Program, Perkins Program or the Direct Loan Program.

NOTE: A physician cannot certify that you have a total and permanent disability if, at the time of the physician's certification, you are able to work and earn money in any capacity. However, if you attempt to work during the conditional discharge period, you may earn up to the poverty line amount each year during that period. This standard allows you to try to work without being disqualified from receiving a final discharge. The poverty line amounts are updated annually. ED will notify you of the current poverty line amounts during each year of the conditional discharge period.

Loan Cancellation Process/Terms and Conditions for Loan Cancellation

1. If your loan(s) is held by a party other than ED, the holder will make a preliminary determination regarding whether you appear to meet the eligibility requirements for a loan cancellation based on a total and permanent disability. If so, your loan(s) will be assigned to ED. For FFEL Program loans currently held by a lender, this determination will be made by both your lender and guaranty agency. ED will become the new holder of your loan after this determination has been made.
2. After becoming the holder of your loan(s), ED will review the physician's certification in Section 3 of the Total and Permanent Disability Cancellation Request form and other information relating to your request for loan cancellation. Based on the results of this review, ED will make a **conditional discharge** determination. If ED determines that you meet the eligibility requirements, you will be notified that a conditional discharge has been granted for a period of up to three years from the date that you became totally and permanently disabled. If ED determines that you do not meet the eligibility requirements, you will be notified of that determination and you must resume repayment of your loan(s). ED will continue to be your loan holder.
3. During the **conditional discharge period**: **(A)** you are not required to make any payments on your loan(s); **(B)** you are not considered to be delinquent or in default on your loan(s), unless you were delinquent or in default at the time the conditional discharge was granted; **(C)** you must promptly notify ED if your annual earnings from employment exceed the poverty line amount for a family of two in your state; **(D)** you must promptly notify ED of any changes in your address or telephone number; and **(E)** if requested, you must provide ED with additional documentation or information related to your eligibility for loan cancellation. This may include, but is not limited to, documentation of your annual earnings from employment.
4. If you meet the conditions described in item #4 of this document under the "Eligibility Requirements for Loan Cancellation" during and at the end of the conditional discharge period, ED will grant a **final discharge** of your loan(s) at the end of the conditional discharge period. The final discharge will be reported to credit bureaus, and any payments you made after the date you became totally and permanently disabled will be returned to you.
5. If you do not meet the conditions described in item #4 of this document under "Eligibility Requirements for Loan Cancellation" at any time during or at the end of the conditional discharge period, the conditional discharge period will end and you will not receive a final discharge. This means that you will be responsible for repaying your loan(s) in accordance with the terms of your promissory note(s). However, you will not be required to pay the interest that accrued on your loan(s) from the date ED made an initial determination that you were totally and permanently disabled until the date the conditional discharge period ended. ED will continue to be your loan holder.

Eligibility Requirements to Receive Future Loans

1. If you are granted a **conditional discharge** of your loan(s) based on a total and permanent disability and you request a new FFEL, Perkins Loan or Direct Loan program loan during the conditional discharge period, you are not eligible to receive the new loan unless: **(A)** you obtain a certification from a physician that you are able to engage in substantial gainful activity; **(B)** you sign a statement acknowledging that neither the previous conditionally discharged loan(s) nor the new loan you receive can be discharged in the future on the basis of any injury or illness present when you requested a total and permanent disability discharge or at the time the new loan was made, unless your condition substantially deteriorates so that you are again totally and permanently disabled; **(C)** you sign a statement acknowledging that the conditionally discharged loan(s) will be removed from conditional discharge status; and **(D)** you resume repayment according to the terms of your promissory note. (See item #5 of this document under "Loan Cancellation Process/Terms and Conditions for Loan Cancellation")
2. If you are granted a **final discharge** due to total and permanent disability, you are not eligible to receive future loans under the FFEL, Perkins Loan or Direct Loan programs unless: **(A)** you obtain a certification from a physician that you are able to engage in substantial gainful activity, and **(B)** you sign a statement acknowledging that the new loan you receive cannot be discharged in the future on the basis of any injury or illness present at the time the new loan is made, unless your condition substantially deteriorates so that you are again totally and permanently disabled.

If you have any questions or concerns regarding any information included on this sheet, please contact: