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## 4 Alternatives to Bankruptcy for Repaying Student Loans

Are you struggling to repay your student loans? This is not an uncommon situation. You might owe \$100,000 in student loans but your only earn \$30,000 in your first job. And with other commitments you have, it's impossible to repay your loans according to the schedule. Can you seek bankruptcy protection to absolve this debt? The short answer is 'no'.

With the inception of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) 2005, all student loans, whether public or private, are no longer dischargeable unless you can prove undue hardship on your part. The legal definition of 'undue hardship' goes beyond not being able to repay your student loans because you earn too little. The definition of undue hardship comes from the legal case Brunner vs. New York State Higher Education Services Corp in 1987. According to this case, undue hardship is seen when three things occur:

1. The debtor cannot maintain a minimal standard of living based on current income and expenses, if he or she repays the student loan

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2. Additional circumstances indicate that this state of affairs is likely to persist for a significant portion of the repayment period of the student loan

3. The debtor has made genuine efforts to repay the student loan

Arising from this definition, it means that the only way you can have a discharge to your student loans is if you have a mental or physical condition that prevents you from working. Since it is highly unlikely that you will get your student loan discharged, what alternatives are there open to you?

Here are 4 alternatives that may reduce or relieve your student loan. 1.

**1. Opt for a New Repayment Plan** One type of repayment plan is an income-based one where you pay based on the amount you can afford. However, if you choose an income-based loan, it will be more than your total debt and interest divided over 25 years. The good news is that if you can afford more (which you should as your salary increases), you would be able to repay your loan in less than 25 years. On the other hand, if you choose a consolidated loan repayment plan, it fixes the repayment amount regardless of your salary. Each repayment plan has its own pros and cons so you should choose wisely. 2.

**2. Obtain a Payment Reprieve** You can get a temporary stay on your repayment by requesting a forbearance or deferment form. This applies to federal student loans.

You may be granted such a stay of repayment due to active military duty or temporary financial problems. 3.

**3. Negotiate for Fresh Terms** If you are on a private student loan, talk to your loan provider and try to negotiate a temporary reduction in repayment amount or an extension on the repayment term. 4.

**4. Keep Track of Legislation** Congress may change legislation governing repayment of student loans in future. But as of now, the non-dischargeability of student loans through bankruptcy remains. Reducing your burden in repaying student loans is possible when you explore the four alternatives above. Although

bankruptcy cannot eliminate student loans, it can absolve other unsecured debts like credit card and medical bills. Get more information about how bankruptcy can discharge your debts by calling (813) 200-4133 or visit <http://tampabankruptcy.pro>.