

## **PROPOSED REGULATORY TEXT:**

### **DISCHARGE OF LOANS FOR VICTIMS OF FALSE CERTIFICATION OF STUDENT ELIGIBILITY AND UNAUTHORIZED PAYMENT**

#### *SECTION 1: PURPOSE*

The purpose of this proposed regulatory text is to establish a process by which individuals who are victims of False Certification of Student Eligibility or Unauthorized Payment, particularly resulting from the crime of identity theft, may have their loan(s) discharge or forgiveness with an application process. Through this regulatory provision, the United States Department of Education (hereinafter referred to as "the Department" or "ED") seeks to provide relief to individuals whose loans were falsely certified, and to redress the fraudulent actions committed by educational institutions.

#### *SECTION 2: DEFINITIONS*

For the purposes of this regulation:

- a. False Certification of Student Eligibility: Refers to the act of a participating educational institution falsely certifying a student's eligibility for federal educational loans or aid, regardless of the intention or knowledge of the student involved.
- b. Unauthorized Payment: Refers to any payment made on behalf of a student, without the student's express authorization or knowledge.
- c. Identity Theft: Refers to the fraudulent acquisition and use of an individual's personal identifying information, such as their Social Security number or other identifiable data, for the purposes of financial gain.
- d. Loan Discharge/Forgiveness: Refers to the complete or partial cancellation of a loan obligation, either by relieving the individual of the responsibility to repay the loan or by forgiving a portion of the outstanding balance.

#### *SECTION 3: DISCHARGE OR FORGIVENESS OF LOANS*

- a. The victim shall be exempt from submitting a separate application to ED. Instead, ED shall automatically identify and evaluate the student loan accounts of individuals found to be victims, based on the outcomes of its internal investigations or review.
- b. If the Department finds that the participating educational institution committed a series of fraudulent loan certifications, directly impacting individuals' student loans or outstanding balance(s), the Department may grant partial or complete discharge or forgiveness, as deemed appropriate.