

Student Loans in Bankruptcy

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Obtaining a college degree can be quite costly. Many students graduate owing thousands on their [student loans](#). Often, these graduates consider filing a bankruptcy case to get relief from the burdensome debt. **It is important for debtors to understand that it is difficult to [discharge student loans](#), but it can be done.**

In order for a debtor to discharge a student loan, it must be shown that payment of the student loan “will impose an undue hardship on you and your dependants.” There are a variety of tests used by the courts in determining whether the debtor has proven undue hardship. If a debtor is successful in proving an undue hardship, the court will allow the student loans to be discharged or eliminated. If undue hardship cannot be proven by the debtor, it is still possible for bankruptcy to provide relief.

If a debtor files a Chapter 13 case, a plan of reorganization is submitted which proposes how the debtor will repay all of his creditors (including the lender of the student loans). Paying a student loan under the plan may be beneficial to a debtor because the debtor, not the lender, gets to determine the amount of the loan payments. In other words, while you are in bankruptcy (which is 3 to 5 years under Chapter 13), you will make the payments as determined by the plan. When your case ends, you will still be liable to pay the remainder of the balance on your student loan, but hopefully your financial situation has improved by then and you are in a better position to resume making the regular payments.

If you have student loan debt and you are considering filing for bankruptcy, it is important that you obtain advice from a qualified bankruptcy attorney. Proving undue hardship typically requires the assistance of an attorney.

If you are considering filing for bankruptcy protection, call Fresno bankruptcy attorney [Jerry R. Lowe](#) at (559)513-8535. Mr. Lowe provides representation for debtors in Chapter 7 and Chapter 13 bankruptcy matters throughout California’s Central Valley in communities such as Fresno, Clovis, Reedley, Sanger, Selma, Madera, Chowchilla, Oakhurst, Coarsegold, Auberry, Prather, Coalinga, Avenal, Corcoran, Hanford, Lemoore, Tulare and Visalia.