



# DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

## COMPLIANCE UPDATE By **Kim Slote, Assistant Associate**

### LOAN DEATH DISCHARGES

An [Electronic Announcement](#) was published by the USDE Feb. 22, 2021: Streamlined Loan Death Discharges Options. If a loan holder or the USDE possesses verification of a borrower or student's death from an approved authoritative Federal or State electronic database, a death discharge can be granted for loans under federal regulations 34 CFR 674.61, 682.402 and 685.212.

The National Student Loan Data System death discharge information was analyzed. First instances of death discharges were based on reliable information, such as a death certificate. Because of the quality of reporting to NSLDS, it was determined that a report could be created to identify other outstanding loans for deceased students or borrowers. The USDE has designated the "Death Status Conflict Report" as verification of a borrower or student's death. NSLDS is an electronic database approved by the Secretary of Education that can be used to grant a death discharge without further documentation.

The NSLDS Death Status Conflict Report contains data showing a death discharge has been applied to one or more loans for a student or borrower. The report also shows any outstanding loans remaining for the student or borrower that are eligible for discharge. Loans in the report should be considered automatically eligible for a death discharge without additional documentation. All loan holders with Federal Family Education Loan Program loans and Perkins Loans are encouraged to use this report to discharge loans due to death. TEACH Grant service obligations can also be discharged, using this report. Follow normal processes when reporting and claim filing.

This change will ensure proper procedural safeguards are in place, while reducing the burden on grieving families. The USDE will be using the NSLDS Death Status Conflict Report for their portfolio of loans as well.