

Date Updated and Published: April 2016**Revision History:****Review:** Annually**Last Date Reviewed:** December 2019

DEFINITIONS

Bankruptcy Codes as set for in NSLDS (National Student Loan Data System) are as follows:

- BC (Bankruptcy Claim, Discharged – Eligible for Title IV because loan was not in default and it was discharged)
- DK (Defaulted, then Bankrupt, Discharged, Chapter 13 – Eligible for Title IV because defaulted loan has been totally discharged)
- OD (Defaulted, then Bankrupt, Discharged, Other – Eligible for Title IV because defaulted loan has been totally discharged)
- BK (No Prior Default, Bankruptcy Claim, Active – Eligible for Title IV because loan was not in default)

POLICY

The following guidelines shall be followed whenever an above-noted bankruptcy code is encountered:

1. Students with any of the NSLDS bankruptcy codes listed above are eligible for FSA loans, grants, and work-study and should not be denied Federal Financial Aid assistance.
2. New students with any of the NSLDS bankruptcy codes shall not be denied admittance to Bethel University based solely on their bankruptcy status.
3. Current students with any of the NSLDS bankruptcy codes shall not be excluded from class based solely on their bankruptcy status.

4. All new and current students in active bankruptcy will be asked to provide a letter from the bankruptcy court allowing them to incur additional debt for the current academic year.
5. If a letter is received from the bankruptcy court allowing the student to incur additional debt, but it is not on file at the time the student is packaged for financial aid, all financial aid accepted by the student will not be delayed.
6. When a student with any of the NSLDS bankruptcy codes is notified that their Federal Financial Aid has been awarded the following disclaimer should also be included in the notice if a letter to incur additional debt is not on file:

"We highly recommend that you obtain permission from the bankruptcy court to incur additional debt before accepting any student loans if you are in active bankruptcy."

7. All new and current students with any of the NSLDS bankruptcy codes that deny student loans and do not have other funds available to cover any remaining direct costs must have a payment plan in place with the business office. Students who request for the University to provide financing through a payment plan must have a letter, on file, issued by the bankruptcy court to incur additional debt. Issues with students falling into this category must be resolved before they are admitted or allowed to continue their enrollment.
8. Students with any other NSLDS bankruptcy codes will be handled on a case by case basis according to Title IV regulations to assist the student in obtaining financial aid assistance.

RESPONSIBLE PARTIES

University Financial Aid personnel

Publication

This policy is published on the University's website.