Procedure For Clearing C Flag For Students With Previous Loan Discharge Due To Disability
(Comment Code 115)

Per federal regulations [section 682.201(a)(6)(i) through 682.201(a)(6)(iii) of the Higher Education Act], students who have had previous federal loans discharged due to final determination that they are totally and permanently disabled are currently classified as *ineligible* to borrow through the Federal Stafford Loan or Federal Perkins Loan program. However, they are still eligible to receive aid through other financial aid programs which they qualify for. These students will have a comment code 115 as well as a C FLAG appearing on their ISIR. As a result, the required document DISCH will posted to the students tracking requirements, indicating the student must provide clearance of previous loan discharge.

To clear this document and the C Flag, the student must submit (or have on file) a SFA Eligibility Reinstatement for Students with Previous Disability Discharge Form. The form can be downloaded from the Office of Student Financial Aid Forms to Download website.

Depending on the documentation the student submits with the form, 1 of the 2 actions will be taken:

1. If the student has submitted the required documentation to regain FFELP eligibility (see form for details), (1) the document should be **completed**, (2) the C flag should be cleared, and (3) a note should be placed on screen 348 stating that student has turned in acceptable documentation to have FFELP eligibility reinstated after previous loan discharge due to disability. The student should be allowed to be packaged by the automated packaging program.

2. If the student returns the form, but is unable to provide the required documentation to regain FFELP eligibility (see form for details), (1) the document should be **waived**, (2) the C flag should be cleared, and (3) a note should be placed on screen 348 stating that student is UNABLE to submit acceptable documentation to have FFELP eligibility reinstated after previous loan discharge due to disability. The student should be packaged manually by the counselor for the remaining financial aid programs the student qualifies for (other than loans). It will be the responsibility of the counselor to code the student appropriately so that they are NOT packaged by the automated packaging program.

After the student has submitted this form in the “current” year, the decision regarding the same student in future years should be based on the status of the DISCH document in the previous year. A student with a **completed** DISCH document in the previous year should once again have the document completed in accordance with procedure (1) above. A student with a **waived** DISCH document in the previous year should once again have the waived according with procedure (2) above.