

**UNITED STATES BANKRUPTCY COURT**

**NORTHERN DISTRICT OF NEW YORK**

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October 16, 1998

# **NOTICE**

## **Re: New Legislation Affecting Dischargeability of Student Loans**

The Bankruptcy Judges Division sent out a memo to all bankruptcy judges on October 8, 1998 regarding the new legislation which makes all student loans nondischargeable in cases under Chapter 7 and 13 (and cases under Chapter 11 involving an individual debtor) unless excepting the debt from discharge would impose an undue hardship on the debtor and the debtor's dependents.

Section 523(a)(8) now reads:

(8) for an educational benefit overpayment or loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution, or for an obligation to repay funds received as an educational benefit, scholarship, or stipend \*\* (added) unless excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

This amendment applies to cases commenced after October 7, 1998, the date of enactment of the legislation.