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JUDGE: M. A. Mahoney

PARTIES: Hettie P. Vaughn, Great Lakes Higher Education Corp., Csx Technology, Inc.

CHAPTER: 7

ATTORNEYS:

DATE: 3/31/98

KEY WORDS:

PUBLISHED:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF ALABAMA

In Re

HETTIE P. VAUGHN

Case No. 97-12605-MAM-7

Debtor.

HETTIE P. VAUGHN

Plaintiff,

v.

Adv. No. 97-1267

GREAT LAKES HIGHER
EDUCATION CORP. and
CSX TECHNOLOGY, INC.

Defendants.

**ORDER AND JUDGMENT DECLARING STUDENT
LOAN DEBT NONDISCHARGEABLE**

This case is before the Court for the trial on the pleadings of plaintiff/debtor's adversary complaint. The Court has jurisdiction to hear this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Order of Reference of the District Court. The matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). For the reasons indicated below, the Court concludes that the debt to CSX Technology, Inc. and Great Lakes Higher Education Corp. for a student loan is not dischargeable pursuant to 11 U.S.C. § 523(a)(8).

FACTS

Debtor Hettie Vaughn filed this Chapter 7 bankruptcy case on July 24, 1997. On May 20, 1988, she had obtained a student loan in the amount of \$10,882.03 through Sallie Mae, guaranteed by Great Lakes Higher Education Corp. The first payment was due on June 23, 1989. It appears

the loan was sold to CSX Technology, Inc. at some point or CSX is the servicer. Ms. Vaughn received three forbearances of repayment: (1) from 11/24/89 to 5/23/90; (2) from 7/23/90 to 12/23/90; and (3) from 4/20/96 to 2/21/97. The loan was in payment status during the following periods: (1) 6/23/89 to 11/24/89; (2) 5/23/90 to 7/23/90; (3) 12/23/90 to 4/20/96; and (4) 2/21/97 to 7/23/97. The number of days the loan was in “pay status” was 2,281. This constitutes 6.25 years.

LAW

Section 523(a)(8) of title 11 states that a student loan is nondischargeable unless “such loan . . . became due more than 7 years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition.” In this case, the forbearances were suspensions of the repayment period. The suspensions of 640 days were sufficient to disqualify this loan from dischargeability. Only 6 1/4 years have elapsed during the loan’s pay status.

THEREFORE, IT IS ORDERED that the debt of Hettie P. Vaughn to Great Lakes Higher Education Corp. and CSX Technology, Inc. incurred on May 20, 1988 is NONDISCHARGEABLE pursuant to 11 U.S.C. § 523(a)(8).

Dated: March 31, 1998

MARGARET A. MAHONEY
CHIEF BANKRUPTCY JUDGE