Student assistance funds, including loans, grants, and work assistance, may be garnished to collect debts owed to the Department of Education.\footnote{144} However, these funds (or property traceable to them) cannot be garnished by other collectors.\footnote{145} For example, a private collection agency pursuing a student for credit card debt cannot garnish or attach that student’s federal student loan funds to collect the debt. These student assistance funds also cannot be seized through administrative offset.\footnote{146} At least one court has held that student loan funds do not lose their exempt status once deposited in a private account.\footnote{147}

Footnotes

\footnote{144}{20 U.S.C. § 1095a(d).}

\footnote{145}{Id.}


\footnote{147}{Brindle v. Arata, 940 N.E.2d 320 (Ind. Ct. App. 2010) (a contrary conclusion would effectively eviscerate the protections of § 1095a and render it all but meaningless). See also In re Drescher, 2013 WL 4525232 (D. Or. Aug. 27, 2013).}