

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON
EUGENE DIVISION**

IN THE MATTER OF:

**NAME: SEALY, HAROLD E.
SEALY, SHIRLEY A.**

CHAPTER 7 CASE NO. 04-67701-AER7

DEBTORS

**Shirley Sealy
Plaintiff**

**v.
United States Department of Education
William D. Ford Federal Direct Loan
Program,
Defendants.**

Adv. Proceeding No. 06-06116-aer

**Complaint to Determine Dischargeability
of Student Loan**

1. The Debtor filed this case under chapter 7 of the Bankruptcy Code on September 30, 2004. This Court thus has jurisdiction over this action under 28 U.S.C. § 1334. This proceeding is a core proceeding.

2. One of the unsecured debts owing by the Debtor and listed in Schedule F is a student loan owing to Defendant.

3. Defendant, United States Department of Education, holds a claim against the Plaintiff in the amount of approximately Seven Thousand Thirty Nine Dollars and Fifty Three Cents (\$7039.53) plus interest plus interest incurred through educational loan disbursements. Defendant William D. Ford Federal Direct Loan Program administers the servicing of said loan.

4. Plaintiff's student loans constitute a debt for an educational benefit overpayment or loan made, insured or guaranteed by a government unit, or made under any program funded in whole or in part by a governmental unit of nonprofit institution, or for an obligation to repay funds received as an educational benefit, scholarship or stipend.

5. Excepting such debt from discharge under 11 U.S.C. §523 will impose an undue hardship on the Plaintiff and the debtor's dependents.

6. This loan was incurred to pay expenses at Grants Pass Beauty College, in Grants Pass, Oregon, a cosmetology school, where the Plaintiff attended in 1984-1985. Plaintiff only attended

six months of the school before relocation forced her to drop out of the program.

7. Since the time the Debtor left school, the Debtor relocated, remarried, and has been unemployed since approximately 1995 as she began raising her granddaughter. Debtor managed to make a few payments on the loan but generally, the loan has been in deferment. The Debtor is a 63 year old woman who can not work in the cosmetology field in the future due to degenerative arthritis and severe carpal tunnel syndrome. She is currently receiving social security benefits.

8. The Debtor and her husband have raised their granddaughter and the income from husband's employment has been reduced due to cancer treatment and surgeries. His income covers the family's necessities and nothing else.

9. The Debtor has no current or anticipated available income or resources with which to pay the aforementioned loan and any payments on that loan could be made only at great hardship to the Debtor and her family.

WHEREFORE, the Debtor prays that this Court enter an Order declaring the student loan debt of the Debtor to be dischargeable in this bankruptcy case.

Dated this the 27th day of March, 2006

/s/Karen M. Oakes
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