

# DRAFT

## 2008 Conducting Entrance & Exit Counseling



Entrance counseling requirements	
First-time borrowers	Recommended additional information
<p>Explain use of Master Promissory Note (MPN)</p> <p>Explain effect of accepting the loan on eligibility for other forms of student financial assistance</p> <p>Explain interest accrual and capitalization; option to pay interest while in school on Unsubsidized Stafford and PLUS loans</p> <p>Provide definition of half-time enrollment and consequences of dropping below half-time</p> <p>Discuss importance of keeping appropriate offices at the school informed if withdrawing prior to completion of studies so that exit counseling, repayment information and consolidation information can be provided</p> <p>Provide sample monthly repayment amounts based on:</p> <p style="padding-left: 20px;">1) a range of levels of indebtedness of borrowers of subsidized or unsubsidized Stafford loans <u>and</u> as appropriate, graduate borrowers of subsidized or unsubsidized Stafford loans or Grad PLUS loans; <b>or</b></p> <p style="padding-left: 20px;">2) average cumulative indebtedness of other borrowers in the same program of study at the same school</p> <p>Discuss importance of required repayment obligation, in full, regardless of program completion within the regular time for program completion</p> <p>Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under federal law, and litigation</p> <p>Provide information on the NSLDS and how to access borrower information</p> <p>Provide name and contact information for the individual the borrower may contact if questions about rights and responsibilities or the terms and conditions of the loan</p>	<p>Review terms and conditions of loans</p> <p>Review rights and responsibilities</p> <p>Review repayment options</p> <p>Discuss budgeting</p> <p>Discuss importance of keeping lender(s) informed of changes in enrollment status and demographics</p> <p>Review deferment, forbearance, and cancellation options</p> <p>Reminder of school's refund policies</p> <p>Reinforce importance of keeping good records</p> <p>Reminder of exit counseling requirements</p>

<b>Exit counseling requirements</b>	
<b>Stafford and Grad PLUS Borrowers</b>	<b>Recommended additional information</b>
<p>Provide information on available repayment plans, including a description of the different features of each plan</p> <p>Provide sample information showing the average anticipated monthly payments under each repayment plan</p> <p><b>Provide the difference in interest paid and total payments under each repayment plan</b></p> <p>Discuss debt management strategies designed to facilitate repayment</p> <p>Provide general descriptions of terms and conditions for full or partial forgiveness or cancellation, deferment, or forbearance</p> <p><b>Provide a copy of the information ED must provide under §485(d) (descriptions of the federal student assistance programs, including student's rights and responsibilities)</b></p> <p><b>Provide information on options to prepay each loan, to pay each loan on a shorter schedule and to change repayment plans</b></p> <p><b>Provide information on the consequences of defaulting on a loan, including adverse credit reports, delinquent debt collection procedures under federal law, and litigation</b></p> <p><b>Discuss the effects of consolidating Title IV loans under either the FFEL or DL programs and at a minimum, include:</b></p> <ul style="list-style-type: none"> <li><b>The effects on total interest to be paid, fees to be paid, and length of repayment</b></li> <li><b>The effects on underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities</b></li> <li><b>The option to prepay the loan or to change repayment plans</b></li> <li><b>The fact that borrower benefit programs may vary among different lenders</b></li> </ul> <p><b>Provide a general description of the types of tax benefits that may be available to borrowers</b></p> <p>Provide information on NSLDS and how it can be used to obtain information on the status of his/her loans</p>	<p>Stress importance of providing current contact information for borrower's lenders</p> <p>Note that failure to inform lender of address changes does not excuse delinquency or default</p> <p>Explain completion of deferment form/application process; preparation of correspondence to the lender</p> <p>Stress importance of keeping copies of all correspondence</p> <p>Stress that payments must be made even if no payment booklet or billing notice has been received</p> <p>Information on budgeting and financial management</p>

## References

**2008-2009 Federal Student Aid Handbook, Volume 2, Chapter 6** <http://www.ifap.ed.gov/sfahandbooks/attachments/Vol2Ch60809.pdf>

**Common Manual, Unified Student Loan Policy, Chapter 4** <http://nchelp.org/elibrary/CommonManual>

**34 CFR 682.604**

**Higher Education Act - §485 as amended by P.L. 110-315, Section 485(b) and 485(l)**