

Entrance & Exit Counseling Chart

Entrance Counseling

Required Elements

- Reinforce importance of repayment
- Describe consequences of default, including adverse credit, delinquent collection procedures and litigation
- Explain use of master promissory note (five new items):
 1. Effect of accepting loan on other types of financial aid
 2. How interest accrues and is capitalized when not paid by borrower or ED
 3. Option to pay interest while borrower is in school (unsubsidized and Grad PLUS loans)
 4. Definition of half-time enrollment at school during regular terms and summer school and consequences of not maintaining half-time enrollment
 5. Explanation of importance of contacting appropriate school offices if borrower withdraws before completing program so school can provide exit counseling
- Stress that repayment is required regardless of educational outcome: if student does not complete program or if student does not complete program within the regular time for program completion, and subsequent employability
- Inform about availability of loan information through NSLDS Web site
- Provide a contact for questions about rights and responsibilities or loan terms and conditions

Required Elements *continued*

- Provide sample monthly repayment based on either:
 1. A range of levels of indebtedness of
 - Borrowers of subsidized or unsubsidized Stafford loans; and
 - As appropriate, graduate borrowers of unsubsidized Stafford loans or Grad PLUS loans;
 2. Or
 - Average cumulative indebtedness of other borrowers in borrower's program or at same school

Recommended Elements

- Review terms and conditions of loan
- Review repayment options
- Discuss how to manage expenses (budgeting) while in school
- Reinforce importance of communicating change of status, etc., with the lender
- Review deferment, forbearance, cancellation options and procedures
- Review Borrower's Rights and Responsibilities
- Review refund and other policies affecting withdrawals
- Reinforce importance of keeping loan records
- Remind student of exit counseling requirement

➤ New requirement or additional information needed per The Higher Education Opportunity Act of 2008.
 • Federal loan counseling regulations: <http://ifap.ed.gov/sfahandbooks/attachments/Vol2FSAHBKCh60708.pdf>.
 * Available 07/01/2009.

Entrance & Exit Counseling Chart

Exit Counseling

Required Elements

- Review information from entrance counseling
- Provide anticipated monthly payment as well as difference in interest paid and total payments, under each plan, based on borrower's indebtedness or average debt of Stafford borrowers at school or in same program
- Describe features of repayment options (standard, extended, graduated, income sensitive/contingent, income based*) through comparative analysis including average projected monthly payments and the difference in interest and total payments under each plan
- Discuss debt management strategies
- Describe consequences of default, including adverse credit, delinquent collection procedures and litigation
- Review terms and conditions to obtain a deferment and forbearance; and how to obtain a full or partial loan forgiveness or discharge
 1. Provide a copy of an ED publication describing assistance programs.
- Explain options to prepay, shorten repayment schedule or change repayment plans
- Ensure they understand their rights and responsibilities
- Collect and update personal contact information
- Review tax benefits
- Talk about accessing loan information online via NSLDS, and availability of FSA Student Loan Ombudsman's Office

Required Elements *continued*

- Review pros and cons of consolidation, including:
 1. Effect on total interest paid and length of repayment
 2. Effect on benefits like grace period, deferment, cancellation/forgiveness
 3. Option to repay or change repayment plans
 4. Variability of benefits offered by lenders

Further Recommendations

- Provide lender contact information. Reinforce importance of communicating change of status, etc.
- Emphasize keeping copies of all loan correspondence
- Explain how to complete deferment forms and prepare correspondence to lender
- Stress making loan payments even if payment booklet or billing notices are not received

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