

ELEMENTS OF EXIT COUNSELING

Schools must provide exit counseling for Grad PLUS, Stafford and Perkins loan borrowers shortly before they leave school. The counseling must be in simple, understandable terms. For the most effective counseling, consider which option would suit your students best—online, face-to-face, individual or group. If a student withdraws without notifying the school, the school must confirm the student has completed counseling or the school must mail exit counseling materials to the student's last known address within 30 days of determining the student has withdrawn. Schools are required to document that exit counseling was completed or that the materials were mailed to the withdrawn student.

REQUIRED ELEMENTS

ENTRANCE COUNSELING REVIEW

- Emphasize the seriousness and importance of the repayment obligation
- Remind the borrower about the use of the MPN and ensure he or she understands his or her rights and responsibilities
- Stress that repayment is required regardless of educational outcome – the borrower must repay the loan even if he or she:
 - Doesn't complete the program or doesn't complete it within the regular timeframe for program completion
 - Is unable to find employment after graduating or leaving school
 - Is dissatisfied with the school's educational program or other services
- Describe the consequences of default, such as:
 - Adverse effect on credit reports and scores
 - Other federal delinquent debt collection procedures
 - Litigation
 - Withholding of federal and state tax refunds and/or other federal payments

REPAYMENT INFORMATION

- Provide the borrower average anticipated monthly repayment amounts based on:
 - The borrower's indebtedness -- OR --
 - The average indebtedness of borrowers at the same school, in the same program of study with the same types of loan(s)
- Review the loan repayment options and provide comparisons of each option, including the average projected monthly payment, the difference in interest paid over the life of the loan and the total amount repaid
 - Standard
 - Graduated
 - Income-based (HEOA requirement as of 7/1/09)
 - Extended
 - Income-sensitive/contingent/Pay As You Earn
- Inform the borrower of options to prepay his or her loan(s), ask for a shorter repayment schedule and change payment plans
- Stress the importance of using debt management strategies
 - Make a "my student loan" file to keep lender correspondence and loan documents.
 - Pay accruing interest on student loans during grace periods, deferments and forbearances
 - When possible, pay more than the minimum monthly payment required to reduce interest cost
 - If you have difficulty repaying your loan, contact your lender about:
 - changing your repayment plan to lower your monthly payment
 - requesting a deferment or forbearance



REPAYMENT INFORMATION (CONT.)

- Discuss the availability of consolidation loans and their effect on:
 - Total interest and fees paid and length of repayment
 - Grace periods, deferments, discharge and forgiveness
 - Options to prepay or change repayment plans
 - Borrower benefits that may differ between lenders
- Explain available tax benefits such as interest deduction, the Hope Credit and the Lifetime Learning Credit

FORBEARANCE, DEFERMENT, FORGIVENESS AND DISCHARGE

- Provide information and explain the conditions for loan deferment, forbearance, discharge and cancellation
- Provide a copy of the Department of Education's publication(s) about forbearance, deferment, discharge and forgiveness (HEA 485(d)) when it becomes available

NSLDS AND FEDERAL STUDENT AID (FSA) OMBUDSMAN

- Offer information about the National Student Loan Data System (NSLDS) website, www.nsls.ed.gov
 - PIN is required for access
 - View loan history on the site
 - Call 800.433.3243 to identify loan holder(s)
 - Information may differ from what's provided by loan holder(s)
- Provide contact information for the FSA Ombudsman's Office
 - Website: studentaid.gov/repay-loans/disputes/prepare
 - Toll-free phone number: 877.557.2575
 - Resource when other approaches to resolve problems have failed
 - Use only after attempting resolution by contacting the school, lender or other organization(s) involved

UPDATED CONTACT INFORMATION

- Collect the following borrower information and provide it to the guarantor within 60 days of receipt:
 - Name
 - Driver's license number and state of issuance
 - Address
 - Permanent address after leaving school
 - References
 - Name and address of next of kin
 - Social Security number (SSN)
 - Name and address of expected employer (if known)

ADDITIONAL RECOMMENDATIONS FOR EXIT COUNSELING

- Provide the borrower the lender's contact information and stress that he or she must communicate status changes to the lender(s)
- Inform the borrower that the lender isn't required to send a repayment schedule until the grace period
- Emphasize the importance of keeping copies of all loan correspondence (both received and sent)
- Remind the borrower that loan payments are required - even if he or she doesn't receive a payment booklet or billing notice



ADDITIONAL RECOMMENDATIONS FOR EXIT COUNSELING (CONT.)

- Stress the importance of debt management and realistic budgeting strategies based on expected salary
 - Only use credit cards for emergencies and pay the balance in full monthly
 - Keep track of all your debt, including student loans
 - Compare your estimated monthly salary with your estimated monthly loan payment
 - Remember that your student loan payment is a fixed expense, like rent or a car payment
- Explain how to complete forms and prepare correspondence to the lender or guarantor
- Emphasize that in most cases, the borrower must request the deferment, forbearance or cancellation from his or her lender(s)