

Entrance Counseling Requirements



Entrance Counseling for Stafford and Grad PLUS Loan Borrowers

A first-time Stafford and Grad PLUS loan borrower must complete entrance counseling prior to the disbursement of the first Stafford or Grad PLUS loan installment. The borrower must be provided with comprehensive information on loan terms and conditions and borrower responsibilities during an in-person counseling session, on a separate form the borrower must sign and return to the school, or as part of an online presentation provided the borrower acknowledges receipt of the information.

If entrance counseling is conducted online, the school must ensure the borrower receives the materials and completes the counseling, which could include completion of interactive testing on the borrower's understanding of the loan terms and conditions.

Stafford loan counseling must contain information about:

- ♦ Use of the Master Promissory Note.
- ♦ Importance/seriousness of repaying the loan.
- ♦ Consequences of default (adverse credit, litigation, federal delinquent debt collection procedures, federal offset).
- ♦ Requirement to repay the loan even if borrower does not complete his program of study or complete his program within the normal time frame for completion, can't find a job or is otherwise unhappy with his school.
- ♦ Sample monthly payment amounts based on a range of debt of Stafford loan borrowers (or Stafford loan and PLUS loan borrowers, if borrowers have both loan types) or the average debt of other borrowers in the same program at the same school.
- ♦ The option to pay interest that accrues on unsubsidized Stafford and Grad PLUS loans while in school.
- ♦ The effect of accepting the loan on the borrower's eligibility for other types of aid.
- ♦ Information explaining how interest accrues and is capitalized when not paid and the borrower's option to pay interest on unsubsidized Stafford loans while enrolled.
- ♦ The definition of half-time enrollment during regular and summer terms and the consequences of not maintaining at least half-time enrollment.
- ♦ The importance of contacting the appropriate school offices if the borrower withdraws so that exit counseling can be provided, including information on repayment options and loan consolidation.
- ♦ Information on the National Student Loan Data System and how the borrower can access his information.
- ♦ The name and contact information the borrower can use to ask questions about loan terms and conditions or rights and responsibilities.

Grad PLUS loan counseling must contain information about:

- ♦ Sample monthly payment amounts based on a range of debt of Grad PLUS loan borrowers (or PLUS loan and Stafford loan borrowers, if the borrower has both loan types) or the average debt of other borrowers in the same program at the same school.
- ♦ The option to pay interest on the PLUS loan while in school.
- ♦ If borrower has a prior Stafford loan:
 - Maximum interest rate for both loan types.
 - Periods when interest accrues for both loan types.
 - When repayment begins for both loan types.
- ♦ If borrower does not have a prior Stafford loan:
 - Use of the MPN.
 - Importance/seriousness of repaying the loan.
 - Consequences of default (adverse credit, litigation, federal delinquent debt collection procedures, federal offset).
 - Requirement to repay the loan even if borrower does not complete his program of study or does not complete his program of study within the normal time frame for completion, can't find a job or is otherwise unhappy with his school.
 - The effect of accepting the loan on the borrower's eligibility for other types of aid.
 - Information explaining how interest accrues and is capitalized when not paid and the borrower's option to pay interest on unsubsidized Stafford and PLUS loans while enrolled.
 - The definition of half-time enrollment during regular and summer terms and the consequences of not maintaining at least half-time enrollment.
 - The importance of contacting the appropriate school offices if the borrower withdraws so that exit counseling can be provided, including information on repayment options and loan consolidation.
 - Information on NSLDS and how the borrower can access his information.
 - The name and contact information the borrower can use to ask questions about loan terms and conditions or rights and responsibilities.