

# Exit Counseling Requirements



## Exit Counseling for Stafford and Grad PLUS Loan Borrowers

A school must conduct exit counseling before a borrower ceases to be enrolled at least half time. If the borrower fails to complete exit counseling as scheduled, the school must ensure that the borrower participates in counseling provided via interactive means or it must mail the exit counseling materials to the borrower's last known address within 30 days after the school learns the borrower did not complete the scheduled counseling.

### **Loan counseling must contain all of the following information:**

- ♦ Average monthly payment amount based on the student's debt or average indebtedness of Stafford or Grad PLUS loan borrowers at that school (or borrowers with Stafford and Grad PLUS loans, if the borrower has both loan types).
- ♦ All available repayment options and the different features of each plan, including sample monthly payment amounts and the difference in interest and total payments under each plan.
- ♦ Debt management strategies that are designed to facilitate repayment of the loan and explain the borrower's option to prepay, pay on a shorter repayment schedule and change repayment plans.
- ♦ 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 the borrower does not complete the program of study or does not complete the program of study within the normal time frame for completion, can't find a job or is otherwise unhappy with the school.
- ♦ Forbearance, deferment and loan discharge information, including discharge benefits for a Federal Family Education Loan Program borrower who consolidates into the Federal Direct Loan Program.
- ♦ Ombudsman contact information.
- ♦ Information on the National Student Loan Data System and how the borrower can access loan information, and how to use NSLDS to identify which loan servicer is servicing each outstanding loan, and how NSLDS can be used to obtain loan status information, and a copy (paper or electronic) of information the Department of Education makes available under 485(d) of the Higher Education Act.
- ♦ Information about loan consolidation including:
  - The effect on interest and fees to be paid and the length of repayment.
  - The effect on the benefits of underlying loans such as grace periods, deferment, cancellation and forgiveness.
  - The option to prepay, accelerate payment and change repayment plans.
- ♦ Certain tax filers may qualify for tax deductions based on payment of interest on student loans.

### **In addition, the school must collect from the borrower:**

- ♦ Name.
- ♦ Address.
- ♦ Social Security number.
- ♦ References.
- ♦ Driver's license number and state.
- ♦ Expected permanent address.
- ♦ Address of next of kin.
- ♦ Name and address of expected employer.

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