Exit Counseling Requirements
For Direct Subsidized, Unsubsidized and Grad PLUS Loan Borrowers

34 CFR 682.604(g)
34 CFR 685.304(b)
Accurate as of: May 5, 2015

A school must provide exit counseling shortly before the 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 withdrew or did not complete the scheduled counseling. The school also may e-mail the counseling materials to the borrower's home (not school) e-mail address, if known. The school may provide the Exit Counseling Guide for Federal Student Loan Borrowers to meet this requirement.

Exit counseling must contain the following information*:

- 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.
- Average monthly payment amount based on the student’s debt or the average indebtedness of students at the school in the same program of study. The amounts must be based on the types of loans the student borrowed in the following groups:
  - Direct Subsidized and Unsubsidized Loans.
  - Direct Grad PLUS Loans.
  - All Direct Loans to students.
  - FFEL Stafford Loans.
  - FFEL Grad PLUS Loans.
  - All FFEL loans to students.
- 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.
- 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.
Loan counseling for first-time borrowers on or after July 1, 2013, also must contain information about:

- How the Department determines the maximum eligibility period, remaining eligibility period and subsidized usage period.
- The sum of the student’s subsidized usage periods at the time exit counseling is provided.
- The possible loss of eligibility for Direct Subsidized loans.
- How the borrower may use NSLDS to determine if he is responsible for accruing interest on a Direct Subsidized loan(s) and if the borrower has remaining eligibility for Direct Subsidized loans.
- The consequences of continued Direct Subsidized and Unsubsidized loan borrowing and enrollment in additional undergraduate programs.
- The possible responsibility to pay accruing interest on Direct Subsidized loans and subsidized portions of Consolidation loans during in-school, grace and deferment periods as well as certain periods of repayment under the income-based or Pay As You Earn repayment plans.
- The impact of accruing interest on total borrower debt.