

## EXIT COUNSELING REQUIREMENTS – EFFECTIVE AUGUST 14, 2008

The Higher Education Opportunity Act of 2008 (HEOA) includes new requirements for exit counseling. Exit counseling is now required for Grad PLUS loan borrowers, in addition to Stafford and Perkins loan borrowers.

Following is a list of ALL of the current exit counseling requirements (entrance counseling requirements are listed separately).

- ⇒ Schools must provide exit counseling shortly before a student ceases at least half-time enrollment. This information must be in simple, understandable text and address the terms and conditions of the loan, and borrower responsibilities associated with the loan.
- ⇒ Counseling can be conducted in person or online. Interactive counseling with tests or quizzes is encouraged. If a borrower drops out without notifying the school, the school must confirm that the borrower has completed online counseling, or mail exit counseling material to the borrower at his or her last known address within 30 days of learning that the borrower has withdrawn or failed to participate in an exit counseling session. The school must maintain documentation that the student completed exit counseling.

Counseling must include (new requirements are bolded):

- ⇒ Repayment plans available **and a comparative analysis of the features of each of those plans, including average projected monthly payments under each plan and the difference in interest and total payments the student can expect to pay under each plan.** (Note: It is not clear if this requirement replaces or complements the current requirement to provide average anticipated monthly repayment amounts. Schools should consider including both types of information until ED issues further guidance.)
- ⇒ **Terms and conditions to obtain full or partial loan forgiveness or discharge.**
  - A copy of a U.S. Department of Education publication that describes assistance programs.
- ⇒ **Terms and conditions to obtain deferment and forbearance.**
  - A copy of a U.S. Department of Education publication that describes assistance programs.
- ⇒ **Explanation that the student can prepay the loan(s), request a shorter repayment schedule, and change repayment plans.**
- ⇒ Debt management strategies to assist the student in repaying the loan(s).
- ⇒ Information about the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers in attendance at the same school and for the same program of study who have obtained the same types of loans as the student borrower.
- ⇒ A review from entrance counseling on the use of the Master Promissory Note, the importance of repaying, and the obligation to repay even if the student did not complete the program **or did not complete the program within the regular completion time for that program**, is unable to obtain employment, or is dissatisfied with the education received.
- ⇒ Consequences of default, including adverse credit reports, federal offset, **other federal delinquent debt collection procedures**, and litigation.
- ⇒ **Effects of loan consolidation, including:**
  - **Effect on total interest and fees to be paid and length of repayment term;**
  - **Effect on borrower benefits on underlying loans, such as grace periods, deferment and loan forgiveness and discharge;**
  - **Option to prepay or change repayment plans; and**
  - **How borrower benefits may differ between lenders.**
- ⇒ **Tax benefits available to the student.**
- ⇒ Information concerning NSLDS **and how the student can use the system to access his or her records on NSLDS.**
- ⇒ Information on the availability of the Student Loan Ombudsman's Office.

Schools must collect the following information as part of exit counseling and provide it to the guarantor(s) within 60 days of receipt:

- ⇒ Name
- ⇒ Address
- ⇒ SSN
- ⇒ References
- ⇒ Driver's license number and state
- ⇒ Expected permanent address
- ⇒ Name and address of next-of-kin
- ⇒ Name and address of employer or expected employer

