

Default Prevention and Management Plan

BLUE HILLS REGIONAL TECHNICAL SCHOOL - PRACTICAL NURSING PROGRAM

OVERVIEW

The activities in this Default Prevention and Management Plan promote student and school success by increasing retention and reducing delinquency and default. Students benefit by having continued access to Title IV Student Financial Assistance Programs, learning good debt management practices, and establishing a healthy credit history. Schools that are actively committed to promoting student success help their students learn, graduate, obtain employment, and demonstrate financial responsibility through repayment of the funds borrowed to finance their education.

Consequences of Default for Borrowers

Borrowers who default on student loans face serious consequences. Direct loans are considered in default after 270 days without payment. At the time of default, outstanding interest is capitalized and collection fees may be added, resulting in a loan balance that is higher than the amount borrowed. Defaulted loans are reported to credit bureaus, causing borrowers to sustain long-term damage to their credit rating. Defaulters may also face difficulty in securing mortgages or car loans, may have their wages garnished, and their federal income tax refunds and other federal payments seized. Until the default is resolved collection efforts continue and the defaulter will be ineligible for additional federal student aid. The Department, guarantors, and servicers undertake many activities to prevent borrowers from defaulting. With a minimal amount of time, effort, and expense, schools can play a critical role in helping borrowers avoid the damaging consequences of default.

Consequences of Default for Schools

Schools may face serious consequences due to high Cohort Default Rates. Consequences include the loss of participation in the Direct Loan and/or Pell Grant programs. Schools may also be provisionally certified. Effective, easy-to-implement tools that reduce defaults, promote student and school success, help preserve the integrity of the loan programs, and reduce costs to taxpayers are available to schools.

COMPONENTS OF THE PLAN

Entrance Counseling

Regulations require that first time borrowers of Direct Loans receive entrance counseling. During entrance counseling, schools must explain how the master promissory note works, emphasize the importance of repaying the loan, describe the consequences of default, and show borrowers sample monthly repayment amounts based on their program of study at your school. Entrance counseling may be enhanced to include financial literacy and ensure that borrowers thoroughly understand all information. In addition, schools should collect as much contact information about borrowers as possible during entrance counseling to facilitate future contact if needed. These activities will ensure more knowledgeable, responsible borrowers, and result in fewer defaulters as well.

All new students who desire to be financial aid recipients at Blue Hills Regional Technical School are required to complete entrance counseling at www.studentloans.gov. Federal loan funds are not disbursed until entrance counseling completion has been confirmed.

Financial Literacy for Borrowers

The Department recommends that schools provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, adding the information to award letters, or using a combination of methods.

Students are informed of the availability of Financial Awareness Counseling available at <https://studentloans.gov/>. Students are encouraged, but not required, to complete Financial Awareness Counseling.

Communication Across Campus

Communication of information relevant to the prevention and management of defaults must be a school-wide effort and should not be the responsibility of only a single office. While communicating certain information across campus is mandatory, communicating additional information is highly recommended. To promote success, school officials should examine their communication procedures for effectiveness and inclusiveness.

Satisfactory Academic Progress (SAP) is checked at the end of each module. Any student who does not meet the academic standards of the program is dismissed, meets with the Director of Admissions & Financial Aid for an exit interview and receives an exit packet.

Exit Counseling

Regulations require that schools provide exit counseling. Exit counseling reminds borrowers of their rights and responsibilities. In addition, it focuses on fully explaining repayment plans, clearing up any misconceptions students may have about their loan obligations and emphasizing the consequences of default.

Withdrawn and graduating students must have an in-person exit interview with the Director of Admissions & Financial Aid. Students are directed to complete exit counseling online at <https://studentloans.gov/>. In addition to the interview, the student receives an exit packet.

Any student who does not meet in person with the Director of Admissions & Financial Aid has an exit packet mailed to their home address within 30 days of their last day of attendance (in the case of graduation) and within 30 days of the date of determination (in the case of a withdrawal).

Timely and Accurate Enrollment Reporting

Timely and accurate enrollment reporting is required by regulation. This school activity ensures that borrowers receive their full grace period, and further ensures that contacts from the loan servicer such as correspondence and telephone calls occur in the appropriate timing and sequence.

Enrollment reporting is completed every 60 days through the Enrollment Report [previously called Student Status Confirmation Report (SSCR)] received via SAIG. Enrollment status of withdrawn students is updated when R2T4 is performed.

