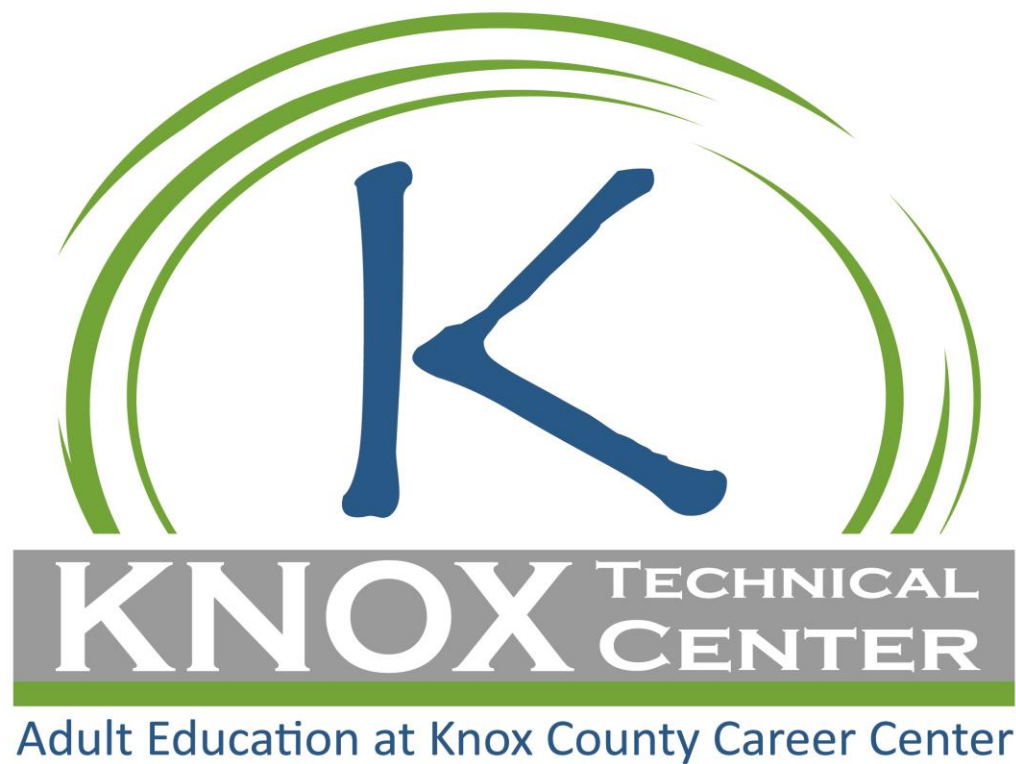


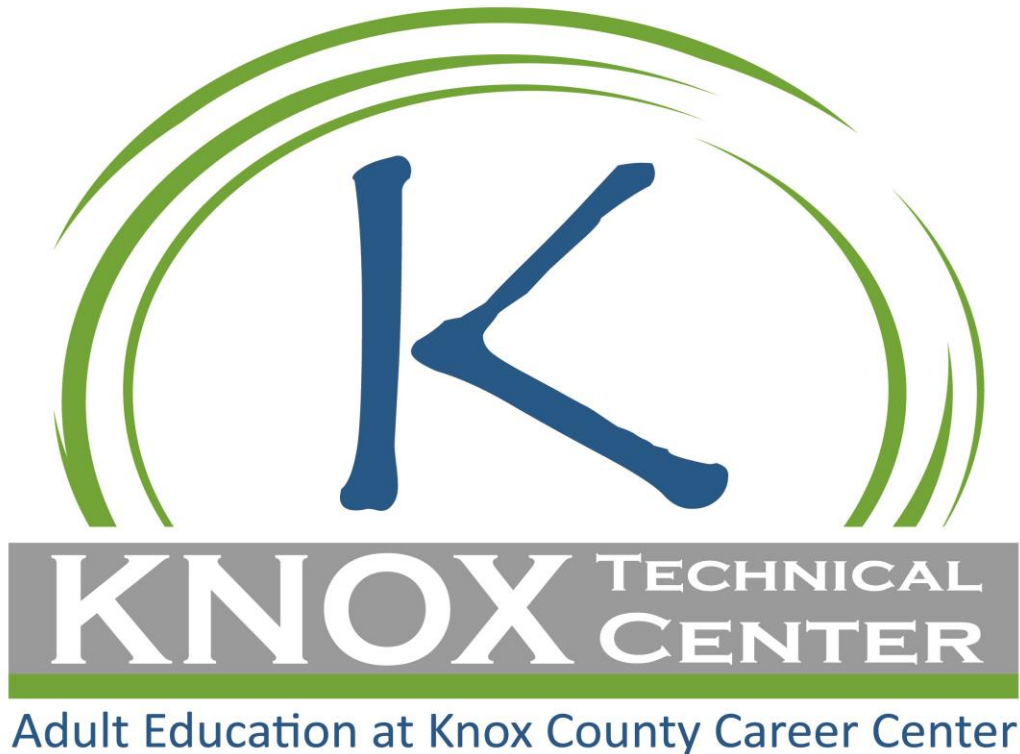
DEFAULT PREVENTION



**A MODEL FOR
KNOX COUNTY CAREER CENTER**

KNOX COUNTY CAREER CENTER

DEFAULT PREVENTION PLAN



It is the goal of the Knox County Career Center to have a 0% default rate. The KCCC staff realizes that the default management process begins with the loan application process and continues after graduation. We strive to maintain contact with our previous graduates in repayment status to assist with their needs in managing a successful repayment plan.

Knox County Career Center
308 Martinsburg Road, Suite A
Mount Vernon, Ohio 43050
740.393.2933

Study Student Population

- ❖ **Analyze student population** (Previous experience with Student Loan process –vs- new 1st time borrowers)
- ❖ **Identify common characteristics** between
 - Defaulters and non-defaulters
 - Borrowers and non-borrowers
- ❖ **Examine variables**
 - GPA
 - Income
 - Year in college
 - Assessment scores
 - Dislocated Worker
- ❖ **Examine demographic variables**
 - Student population by county
 - County employment and unemployment rates
 - Per capita income by county
- ❖ **Identify “best practices” among institutions and emulate them**

Target Defaulters or Students with current loans as a previous borrower

- ❖ Find alternative funding sources (Scholarships, WIA, Grants, other miscellaneous community resources)
- ❖ Promote conservative borrowing
- ❖ Offer comprehensive counseling services
- ❖ Prepare a realistic budget with student
- ❖ Discuss expenses and money-saving strategies
- ❖ Analyze salary surveys
- ❖ Assist students with researching wages through ONET and Ohio Means Jobs
- ❖ Check for previous student loans and amounts remaining for repayment
- ❖ Assist previous borrowers with contact information through the U. S. Department of Education or servicers with forms for Deferment, Forbearance, Consolidation, etc...
- ❖ Continue professional development by accessing webinars on the latest techniques in working with borrowers

Enhanced Entrance Counseling

- ❖ Distribute materials containing loan information to the borrowers for future reference www.studentloans.gov
- ❖ Provide access to a staff member/computer/ resources to complete entrance counseling
- ❖ PROMOTE ATTENDANCE
- ❖ Offer one-on one counseling to students throughout their enrollment period
- ❖ Provide disclosure statements
 - Cumulative amount borrowed
 - Estimated interest
 - Estimated monthly payments
- ❖ Provide loan summaries
- ❖ Remind students of their rights and responsibilities
- ❖ Distribute form towards end of training that updates address and phone numbers
- ❖ Cover the consequences of default
- ❖ Forward updated student information to the guarantor
- ❖ Require completion of exit counseling providing access to a staff member/ computer/ resources to complete counseling **prior** to the end of enrollment

Offer comprehensive counseling to Delinquent and Defaulted Borrowers

- ❖ Counsel and assist delinquent and/or defaulted borrowers either in person or over the phone.
- ❖ Act as a liaison between student and lender.
- ❖ Facilitate the completion of documents such as deferments, forbearances, and consolidation in order to expedite the clearing of accounts.
- ❖ Educate delinquent borrowers on repayment options
 - Standard repayment
 - Graduated repayment
 - Income sensitive
 - Repayment sensitive
 - Consolidation
- ❖ Educate defaulted borrowers on repayment options:
 - Regaining eligibility for Title IV aid
 - Loan rehabilitation
 - Consolidation

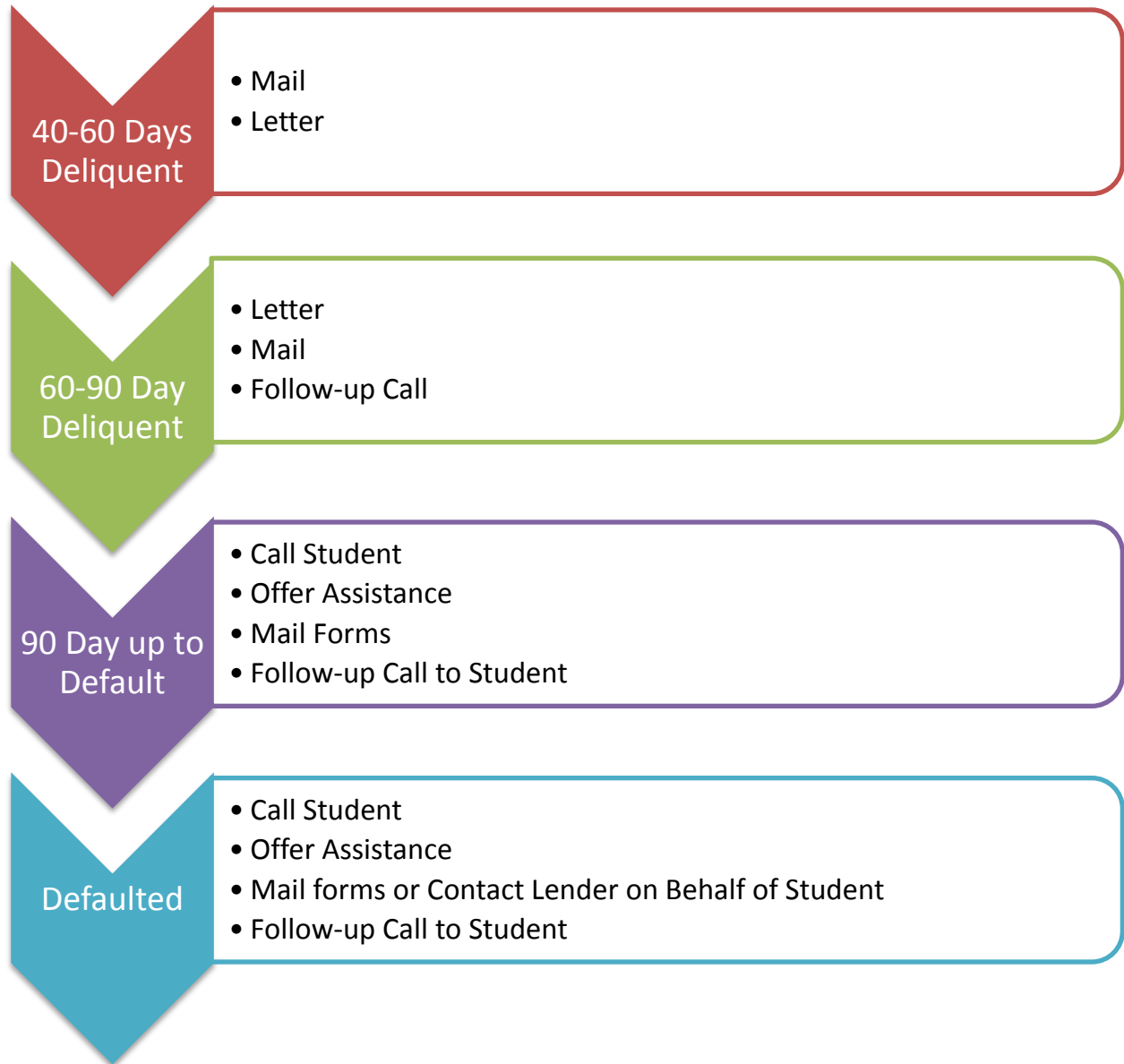
Enhance Exit Counseling

- ❖ Provide students with a loan summary that includes the names and phone numbers of lenders, services, and guarantee agencies
- ❖ Let students know that they can call the school for assistance
- ❖ Identify any students who may require additional counseling (students with previous loans)
- ❖ Send borrowers a letter during grace period reminding them of their rights and responsibilities

Internet Access

- ❖ Provide links for students to other financial aid and scholarship sites.
- ❖ View and print loan summaries from NSLDS
<https://www.nsldsfa.gov> to share with borrower
- ❖ Show borrowers how to download and print deferment and forbearance forms
- ❖ Use email to communicate with borrowers
- ❖ Encourage students to use email as a way to communicate with financial aid office staff

Download Electronic School Report



(Sample letter sent to delinquent student)

December 17, 2016

A Cr
Quail
Newark, OH 43055

Dear C,

We have recently received information from the Loan Origination that your student loan has been referred to us for collection assistance. This means that your account is currently delinquent.

There could be a variety of reasons that this has happened. Please contact me as soon as possible to assist you with your account. The Federal Family Education Loan Program was a valuable asset to you when you attended the Knox County Career Center. If this loan were to go into default not only will it affect you; it will affect funding for students in the future.

The most important thing to remember about your student loan is that no matter what happens or how bad your situation gets, you should continue to communicate with us. Defaulting on a student loan is serious. This could mean that you would not be able to obtain a credit card, a mortgage, or a car loan. Your name will also be given to the Internal Revenue Service (IRS) who may take your federal income tax refund. You will also lose your rights to deferments and forbearances. Finally, legal action may be taken against you resulting in an increased interest rate and garnished wages.

Please contact the U.S. Department of Education at 1-800-848-0979 and let them know why your loan is currently delinquent. They can discuss your options for repayment or what qualifies for deferment or forbearance. If you have Internet access you can also go to www.directloan.ed.gov and request forms for deferment or forbearance.

Please contact me at (740) 393-2933 immediately if you have any questions about your repayment obligation and the options available to you.

Sincerely,

Sheryl Mickley
Financial Aid Coordinator

Consequences of Default for the Borrower

- ❖ Credit report damaged (7-year min.) + higher interest rates for years
- ❖ Wage Garnishment
- ❖ Seizure of federal and state tax refunds
- ❖ Seizure of portion of any federal payment
- ❖ Legal action in federal district court
- ❖ Title IV ineligible
- ❖ May lose state occupational license
- ❖ No mortgage loans
- ❖ May have difficulty obtaining car loans
- ❖ May be unable to rent an apartment
- ❖ May be turned down for jobs.