

DEFAULT PREVENTION



PLAN/PROCEDURES FOR:

KNOX COUNTY CAREER CENTER/KNOX TECHNICAL CENTER

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DEFAULT PREVENTION PLAN



It is the goal of the Knox County Career Center/Knox Technical Center to have a 0% default rate. The KCCC/KTC 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/Knox Technical 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.studentaid.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.studentaid.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

40-60 Days
Deliquent

- Mail
- Letter

60-90 Day
Deliquent

- Letter
- Mail
- Follow-up Call

90 Day up to
Default

- Call Student
- Offer Assistance
- Mail Forms
- Follow-up Call to Student

Defaulted

- Call Student
- Offer Assistance
- Mail forms or Contact Lender on Behalf of Student
- Follow-up Call to Student

(Sample letter sent to delinquent student)

Date

Student Name

Address

City, State Zip

Dear Student:

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/Knox Technical 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,

Amy Leeper-Thompson

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.



APPEAL FOR FINANCIAL AID PROBATION

Procedures for completing a Financial Aid Appeal:

- Complete this appeal form within 5 business days of your Financial Aid probation letter.
- Be sure to attach documentation to support your appeal.
- Submit the completed form and documentation to the Financial Aid office.
- The Program Coordinator and Financial Aid Coordinator will review your attendance and/or academic status to determine if it is possible to continue under an academic plan towards the completion of your program. If it is determined that you have the potential to successfully complete this plan, the Program Coordinator will meet with you to develop a plan for implementation. If followed, this plan will allow you to meet attendance/academic standards for the completion of your program. (Please note: If it is determined that you would not be able to complete the program under an academic plan and your appeal is denied you will be notified in writing within 5 business days of your dated appeal.)
- The Financial Aid Office will award, **one payment period only** and review your attendance/academic status at the end of the probation period/payment period to determine if you are eligible for financial aid. This review will occur after each payment period (prior to any financial aid disbursement) until you regain acceptable Satisfactory Academic Progress standing.
- **Failure to successfully complete your academic plan may result in the immediate loss of your financial aid eligibility at the Knox Technical Center.**

PLEASE INDICATE THE NATURE OF PROBLEMS THAT HAVE CONTRIBUTED TO YOUR INABILITY TO MAINTAIN SATISFACTORY ACADEMIC PROGRESS (CHECK ALL THAT APPLY)

- Personal problem (family or relationship issues).
- Adjustment to school (first time in post secondary, study skills, issues with adjusting to academic demands).
- Issues with balancing school and work (the combination of work, school and family is overwhelming).
- Illness (recent or long-term), death of an immediate relative, family crisis, or injury.
- Job-related problems (working full, need to find a job, need to change jobs).
- Other, please specify: _____

DESCRIBE WHAT HAS CHANGED THAT WILL ALLOW YOU TO DEMONSTRATE SATISFACTORY ACADEMIC PROGRESS DURING THE NEXT PERIOD OF ENROLLMENT:

Print Name: _____

Student Signature: _____ Date: _____

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Notice of Federal Student Financial Aid Penalties for Drug Law Violations

As required by law, this notice provides separate, clear, and conspicuous written notification of the penalties associated with drug-related offenses under section 484(r) of the Higher Education Act. It also provides notice on how to regain eligibility after conviction of a drug related offense under HEA Sec. 484(r)(2); (20 U.S.C. 1091(r)(2)).

The Higher Education Act requires that the school's notice advises the student that being convicted for any offense involving the possession or sale of illegal drugs, under any federal or state law, while the student is enrolled and receiving Title IV, HEA program funds, will result in the loss of the student's eligibility for any Title IV, HEA grant, loan, or work-study assistance. This loss is the result of the penalties under HEA Sec. 484(r)(1).

Notification of Penalties for Convictions

IN GENERAL- A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

For convictions involving the possession of a controlled substance, the ineligibility period is:

- First Offense = 1 year
- Second Offense = 2 years
- Third Offense = Indefinite

For convictions involving sale of an illegal substance, the ineligibility period is:

- First Offense = 2 years
- Second Offense = Indefinite

The term 'controlled substance' has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

Notification of Rehabilitation Requirements to Regain Eligibility

A student whose eligibility has been suspended may resume eligibility before the end of the ineligibility period shown above if:

- (A) the student satisfactorily completes a drug rehabilitation program that--
 - complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph; and
 - includes two unannounced drug tests; or
- (B) the conviction is reversed, set aside, or otherwise rendered nugatory.

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Phone: (740) 393-2933 • email: KTCinfo@knoxcc.org

GRIEVANCE FORM

Date of Incident: _____ Grievance #: _____

(To be assigned by KTC Director)

Statement of Grievance:

Relief Sought:

Signature of Grievant(s)	Date
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(Continued)

Level One-Instructor

Date of Meeting (within 3 days of date of grievance): _____

Individuals Present: _____

Disposition by Instructor: _____

Level Two-Coordinator

Date of Meeting (within 3 business days of date of Level One meeting): _____

Individuals Present: _____

Disposition by Coordinator: _____

Level Three-Director

Date of Meeting (within 3 business days of date of Level Two meeting): _____

Individuals Present: _____

Disposition by Director: _____

Level Four-Superintendent

Date of Meeting (within 3 business days of date of Level Three meeting): _____

Individuals Present: _____

Response of Grievant: _____

Disposition by Superintendent: _____

Signature of Superintendent	Date:
Received by Grievant	Date:

Note: For grievances not resolved at the institutional level you may contact the Council on Occupational Education: 7840 Roswell Road, Building 300, Suite 325, Atlanta, GA 30350 – www.council.org - 1-800-917-2081 or 770-396-3898