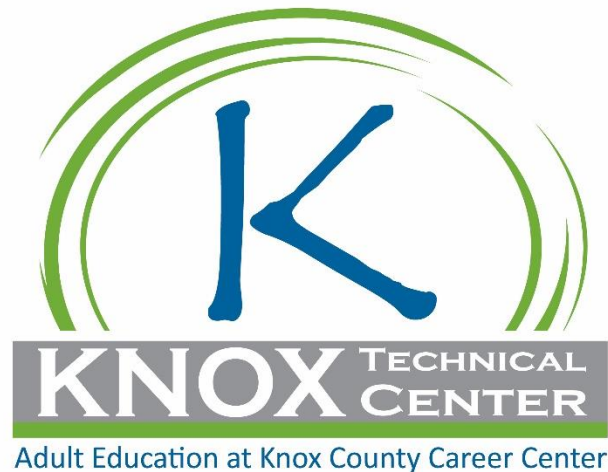


DEFAULT PREVENTION AND MANAGEMENT



**A MODEL FOR
KNOX TECHNICAL CENTER
308 MARTINSBURG ROAD
MOUNT VERNON, OH 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...

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
- ❖ Cover the consequences of default
- ❖ Forward updated student information to the guarantor
- ❖ Require completion of exit 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
- ❖ 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

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.

40-60 Days
Deliquent

- Mail Letter

60-90 Day
Deliquent

- Mail Letter with Forberance form
- Follow-up Call

90 Day up to
Default

- Call Student
- Offer Assistance
- Mail Forms

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)

July 22, 2019

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

Knox Technical Center

Standard 10

TITLE IV STUDENT LOAN DEFAULT MANAGEMENT PLAN

All Programs

Introduction:

It is the goal of the Knox Technical Center (KTC) to have a 0% default rate. The KTC staff realizes that the default management process begins with the financial aid application process and continues after graduation. We strive to maintain constant contact regarding information available to students who are beginning the enrollment and loan process, students who have officially enrolled and are receiving loan(s), and graduates who are in the repayment status.

Staff Responsibilities:

The KTC Default Prevention and Management Plan provide an overview of the efforts and dedication to promote student success and reduce student loan defaults in the William D. Stafford Direct Loan program. This plan shows both how KTC meets the requirements for the U.S. Department of Education and the Council on Occupational Education in assisting students with their needs in managing a successful repayment plan by addressing the following requirements.

- Entrance counseling to all Borrowers –all incoming students who complete an award package requesting the William D Stafford loan(s) must complete entrance counseling at www.studentloans.gov or have COD acknowledgement of previous completion. Students who need assistance with this process can request a financial aid appointment.
- Distribution of appropriate written information regarding the student loan program – Potential students are encouraged to meet with the Financial Aid Coordinator prior to enrolling to view an estimated shopping sheet of program cost and financial aid award. A brief summary of the student loan process is explained at this time with written information on how to access www.studentloans.gov. If a potential student chooses not to meet with the Financial Aid Coordinator when the award package is mailed, it contains information on how to complete entrance counseling. Potential students are also given literature from Federal Student Aid. Upon the first disbursement of loan monies in each program students receive a summary of their “My Student Data Download” from the Student Interface Access on NSLDS with a copy of their servicers’ web page encouraging them to register and view their loans as they process and/or manage previous loans.
- Appropriate counseling on the part of the institution to provide guidance in debt management - Debt management is included in both the entrance counseling and exit counseling through www.studentloans.gov. Graduating students are also encouraged

prior to graduation to meet with the financial aid coordinator to discuss any concerns regarding the management of their debt.

- Appropriate notification to lenders and guarantee agency regarding a student change in status – As part of Title IV regulations, institutes are required to complete a NSLDS roster quarterly with any student changes. Students who withdraw or graduate are reported to NSLDS prior to the quarterly reports.
- Appropriate exit counseling process with students withdrawing or graduating from the institution – Prior to graduation students are notified to complete exit counseling and upon withdrawing students are notified in writing of the requirement to complete exit counseling with an invitation to meet with the financial aid coordinator if assistance is needed. Students receive a summary of their “My Student Data Download” from the Student Interface Access on NSLDS, a copy of their servicers’ web page, and a copy of the web page for NSLDS for Students to assist with managing previous loans and selection of a repayment plan.
- A procedure to communicate with the borrower during a grace period – previously high risk programs from previous default data were selected for follow up during their 6 month grace period. A letter and phone call for follow up reminding students of their repayment obligations and offering assistance on any questions is extended during the follow up. In the future this will be extended to all students.

EVALUATION/EFFECTIVENESS of PLAN

A systematic annual evaluation of its default management –KTC will begin an annual evaluation of its default management and prevention at the start of each fiscal year. Student and Faculty will both have access to this plan through handbooks and web page to suggest improvements of this plan.

Revised: 7/22/2019