

Default Management Plan

Chester County Intermediate Unit, Practical Nursing Program is committed to promoting student success by helping our students learn, graduate, obtain employment and demonstrate financial responsibility through the repayment of the funds they borrow to finance their education. This default management plan is structured for student success and will be implemented as a school wide initiative.

Chester County Intermediate Unit, Practical Nursing Program is making significant efforts in the area of default prevention and debt management. The plan and its initiatives will be the key to the success of our default prevention and management goals

Overview

Chester County Intermediate Unit, Practical Nursing Program has determined that a Default Management Policy is the underlying support for a successful default prevention program. Our school focuses not just on those students who are enrolled during a specific academic year, but rather on all students – applicants and incoming freshmen, transfer students, alumni, and those students who withdraw without completing the program.

Presentations at orientations revolve around the idea of responsible borrowing. Common repayment/default topics are included in the presentations by the by the Financial Aid Office. Those presentations given by the Financial Aid Office include the following information regarding responsible borrowing and default prevention.

1. Average loan debt among graduates
2. Average borrowing rate among graduates
3. How additional levels (longer degree completion times) can affect overall loan debt
4. Satisfactory Academic Progress (SAP) and its effects on student completion
5. Basic information regarding common barriers to successful repayment

The inclusion of this information gives students the opportunity to consider their overall financial plan while in school.

Enrollment Efforts

Chester County Intermediate Unit, Practical Nursing Program's Default Management Plan focuses on communication with our students while they are still enrolled. It is during this crucial time that student involvement should be encouraged. Our goal is to ensure that students are active in their communication with the Financial Aid Office and loan servicers, aware of their debt, and prepared to take on future financial responsibility.

Financial Aid Packaging Policy

Chester County Intermediate Unit, Practical Nursing Program annually evaluates its financial aid packaging policy, taking into account student needs. The focus is to encourage conservative borrowing by students.

Entrance Counseling & Master Promissory Note

Before a student can borrow a Federal Direct Loan, he or she must complete Entrance Counseling. The Financial Aid Office reinforces this by explaining at new student orientation the importance of Entrance Counseling and the Master Promissory Note. The Financial Aid Office will also emphasize the importance of repayment, the consequences of default and the student borrower rights and responsibilities.

Enrollment Reporting

Chester County Intermediate Unit, Practical Nursing Program recognizes that timely and accurate enrollment reporting to NSLDS is required by regulation and promotes school and student success. Chester County Intermediate Unit, Practical Nursing Program also believes that there is a correlation between late or inaccurate enrollment reporting and loan defaults. Accurate reporting 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.

Exit Counseling

Chester County Intermediate Unit, Practical Nursing Program's Default Management Plan requires students to complete Exit Counseling when they graduate or leave/withdraw from the program. Exit Counseling can be completed online and will provide the student with important details regarding loan repayment options, borrower's rights and responsibilities, debt management and loan default consequences.

Conclusion

On a yearly basis, Chester County Intermediate Unit, Practical Nursing Program's will review the current Default Management Plan to determine what works well and what improvements can be made. Chester County Intermediate Unit, Practical Nursing Program's will evaluate plans used by similar school's to reevaluate the effectiveness of its own plan. Default prevention and debt management is a school wide initiative. Chester County Intermediate Unit, Practical Nursing Program's Financial Aid Office along with efforts from the faculty and staff will work together to provide our students with a comprehensive and effective default management program. This is part of our formula for student success, and we will continue to work diligently to assist our students in making sound investments in their education.

What is Default?

Default is the failure of a borrower to make installment payments when due, or to meet other terms of the signed promissory note. If you don't make your loan payments, and your loan is delinquent, you risk going into default. Defaulting on your loan has serious consequences.

What are the Consequences of Default?

- The entire unpaid balance of your loan and any interest you owe becomes immediately due.
- You can no longer receive deferment or forbearance, and you lose eligibility for other benefits, such as the ability to choose a repayment plan.
- You will lose eligibility for additional federal student aid.
- The default will be reported to credit bureaus, damaging your credit rating and affecting your ability to buy a car or house or to get a credit card.
- Your tax refunds and federal benefit payments may be withheld and applied toward repayment of your defaulted loan.
- Your wages will be garnished. This means your employer may be required to withhold a portion of your pay and send it to your loan holder to repay your defaulted loan.
- Your loan holder can take you to court.
- You may not be able to purchase or sell assets such as real estate.
- You may be charged court costs, collection fees, attorney's fees, and other costs associated with the collection process.
- It may take years to reestablish a good credit record.
- Your school may withhold your academic transcript until your defaulted student loan is satisfied. The academic transcript is the property of the school, and it is the school's decision—not the U.S. Department of Education's or your loan holder's—whether to release the transcript to you.

Default Management and Prevention is here to assist you.

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Paying for College – Student Loans

Student loans must be repaid with interest. Students usually pay back the money when they are no longer in school or become enrolled less than half-time. Students are not required to pay for any loans while in school. However, interest can be paid on an Unsubsidized loan while in school, if the student elects to do so.

Federal Student Loans: The Federal Direct Loan Program

- There are two types of Federal Direct Stafford Loans:

- **Subsidized Loan-** available to students who meet certain financial need requirements. The Federal government pays the interest on the loan while you are in school.
- **Unsubsidized Loan-** available to students regardless of financial need. Students are responsible for the interest that accumulates on the loan.

Entrance Counseling

U.S. Department of Education regulations require Federal Direct Stafford Loan recipients to complete Entrance Counseling before their first loan disbursement is received by Chester County Intermediate Unit, Practical Nursing Program. Entrance Counseling provides an overview of the Federal Direct Loan Program and provides important information about the types of Direct Loans available, the cost of borrowing, eligibility and repayment options. Entrance Counseling can be complete online: <https://studentloans.gov>.

Exit Counseling

U.S. Department of Education regulations require Federal Direct Stafford Loan recipients to complete Exit Counseling upon graduating or leaving Chester County Intermediate Unit, Practical Nursing Program. Exit Counseling provides important information such repayment options, grace periods, loan repayment schedules, obligations and information about deferment. Exit Counseling can be complete online: <https://studentloans.gov>.

Avoid Default

You can avoid default and work with the servicer of your loan in the event that you encounter repayment problems. Take the time to fully understand your loan agreement and the types of loans you are receiving. It is also important that you not borrow more than you need or more than you expect to be able to repay. Develop a sound and realistic financial plan.

Keep the following important documents in an organized file:

- Financial aid award letters
- Loan counseling materials (entrance counseling and exit counseling)
- Your promissory note(s)
- Amount(s) of all student loans you borrow
- Account number for each student loan you receive
- Loan servicer contact information
- Loan disclosure(s)
- Payment schedules
- Record of your monthly payments

Resources to Assist Borrowers

As you repay your student loan(s), you should be aware of additional resources to assist you. You have repayment options. Students can make monthly installments toward the repayment of student loans. Different repayment plans are available to fit your budget or situation. Speak with the servicer of your loan about different options that are available.

Students may be allowed the opportunity to postpone payments for a period of time as determined by the servicer of the loan

Repayment option link:

<https://studentaid.ed.gov/sa/repay-loans>

Repayment tool link:

<https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

NSLDS for Students

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's central database for student aid. It receives data from schools, agencies that guaranty loans, the Direct Loan program, the Pell Grant program, and other U.S. Department of Education programs. NSLDS provides a centralized, integrated view of all Title IV loans and Pell grants that are traced through their entire cycle: from aid approval through closure. You can access NSLDS online: https://www.nsls.ed.gov/nsls/nsls_SA/ to check the status of your student loan amounts. Or you can call the Federal Student Aid information center 1.800.4FEDAID. If you have a dispute with your school, or servicer of your student loan(s), and you've been unable to resolve the issue, you may contact the U.S. Department of Education's Federal Student Aid Ombudsman's office at 1.877.557.2575.