



## **Default Prevention and Management Plan for US Federal Direct Loans**

Queen's University Belfast endeavours to help students manage their US Federal loans, understand the responsibilities of borrowing and to reduce the number of students who default on their loan repayments.

### **Default Prevention and Management Activities:**

*Entrance Counselling and Exit Counselling*

*Financial Literacy for Borrowers*

*Communication*

*Enrolment Reporting*

*Satisfactory Academic progress (SAP)*

*Data analysis to identify common characteristics among defaulters*

*Resources for Students*

*Resources for Queen's University Belfast*

### **Entrance Counselling and Exit Counselling**

Students complete entrance counselling annually at Queen's University Belfast. The entrance counselling is completed at [www.studentloans.gov](http://www.studentloans.gov) as part of the loan application process at Queen's and must be completed before loan origination. The entrance counselling fulfils the counselling requirement for undergraduate and postgraduate students borrowing Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans.

Entrance counselling covers the following points:

- The master promissory note
- The importance of repayment
- Repayment estimates
- The consequences of defaulting on a loan

If a student or parent has an adverse credit history and they have obtained an endorser or documented extenuating circumstances then they are directed to [www.studentloans.gov](http://www.studentloans.gov) to complete PLUS Credit Counselling. PLUS Credit Counselling reviews the obligations associated with borrowing a PLUS loan and helps students and parents to make informed decisions about taking on student loan debt.

Exit counselling must be completed by students who are graduating, withdrawing or dropping below half-time enrolment. Students are directed to [www.studentloans.gov](http://www.studentloans.gov) to complete exit counselling



and also receive the exit counselling document my email within 30 days of their enrolment status change. Exit counselling provides important information including the length of a student's grace period and repayment options available.

Both counselling sessions help students to understand their rights and responsibilities as a borrower.

### **Financial Literacy for Borrowers**

The US Federal Loan application form at Queen's University Belfast is accompanied by information on disbursements, satisfactory academic progress (SAP), annual notifications and loan charges. The information provided covers the following points:

- How and when students will receive their loan?
- How much students should expect to receive in GBP?
- Disbursement conditions
- Cancellation Policy
- Annual notifications in line with US Department of Education regulations
- Default management
- Direct Subsidised Loans-maximum eligibility period
- Repayment estimator
- Loan origination charges and interest rates
- When and how SAP is confirmed?
- What happens if students don't make satisfactory progress?

When students complete the US Federal Loan application they request the amount and type of loans they wish to borrow. The application form highlights that students do not have to borrow the maximum cost of attendance available. Students are also advised to borrow the maximum amount available in Direct Subsidised and Direct Unsubsidised Loans before borrowing any amount in a Direct PLUS loan that carries less favourable rates. Students sign the application form to confirm that they have read and understand all the important information and advice provided.

### **Communication**

#### Annual notifications

US Federal Loan applicants receive annual notifications and important information during the application process. Students are directed to the University's US Federal Loan webpage which displays consumer information, information required to be disclosed, the SAP policy, the return of funds policy and information on default management.

#### US Federal Loan confirmation letters and emails



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After loan origination and before each disbursement date, students receive a confirmation letter highlighting payment details and the payment date. The letter confirms the total amount requested in each loan type, how and when those funds will be disbursed.

In advance of every loan disbursement, students are reminded of the SAP and cancellation policy through an email communication.

As soon as the University is aware that a student may cease half-time enrolment, the student receives an email notification explaining; how the withdrawal will affect the student's federal loans; where they can find information on repayment options; and the exit counselling requirements. The exit counselling document is attached to the email and posted to the student's permanent address.

#### Student contact details

During enrolment and registration students provide current contact information which is recorded in the Queens Student Information System (Qsis). Students are required to update their contact information annually as part of the enrolment process. Student contact details recorded in Qsis are checked against the details recorded in the National Student Loan Data System (NSLDS) and NSLDS is updated accordingly. Students are also advised of the importance of keeping their contact details up to date during the loan application process.

#### **Enrolment Reporting**

Queen's University Belfast certifies student enrolment data accurately online at least every two months, and within 15 days of the date that the roster file is send to the University. Student enrolment status reports are checked on Qsis every month and any enrolment changes are updated on NSLDS. This ensures any changes that occur between rosters are reported to the Department of Education promptly.

Research has shown that there is a direct link between late or inaccurate reporting and loan defaults. Accurate and timely reporting ensures that borrowers get their full grace period and it supports good communication between the servicer and borrower.

#### **Satisfactory Academic progress (SAP)**

US Federal Loan applicants at Queen's University Belfast receive information on the University's SAP policy during the application process. Prior to each US Federal Loan disbursement SAP is reviewed and Schools provide evidence to verify student attendance and progress.



### **Data analysis to identify common characteristics among defaulters**

The following reports will be used to improve default prevention and management processes and initiatives.

#### NSLDS Date Entered Repayment (DER) Report

Queen's University Belfast will review the DER report to ensure that a borrower's DER is correct. The report is compared to University records and any corrections are made on NSLDS.

#### Early and Late Stage Delinquency Assistance (ESDA/LSDA)

The ESDA and LSDA report will be reviewed the University will attempt to contact borrowers who have delinquent loans; to provide information on repayment options and to encourage borrowers to get in contact with their loan servicer.

#### Loan Record Detail Report (LRDR) Data Review

The LRDR report will be reviewed to determine who is defaulting and why and also to determine if there are common characteristics amongst defaulters such as grades or programme of study. The LRDR report will also be used to review the CDR and make any corrections necessary.

### **Resources for Students**

Federal Student Aid <https://studentaid.ed.gov/sa/>



The National Student Loan Data System (NSLDS) [https://www.nsls.ed.gov/nsls/nsls\\_SA/](https://www.nsls.ed.gov/nsls/nsls_SA/)



Jump\$tart Coalition for Personal Financial Literacy <http://www.jumpstart.org/>



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### Repayment Tools

[Mapping your future](#)

[Repayment Estimator](#)

Who is my loan servicer?

Visit [My Federal Student Aid](#) to find contact information for the loan servicer for your loans.

[The Federal Student Aid \(FSA\) Ombudsman](#)

[Mapping your future](#)

[Understanding Default](#)

### **Resources for Queen's University Belfast**

[NSLDS for professionals](#)

[Cohort Default Rate Guide](#)

[Default Management Tools for Schools](#)

[Default Prevention & Management Assessment](#)

[The Default Management website](#)

[A Plan for Student and School Success](#)

U.S Federal Loans  
PG Awards Team, Graduate School  
[usloans@qub.ac.uk](mailto:usloans@qub.ac.uk)

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