



NASFAA Authorized Event Overview of Direct Loan Counseling and Repayment

National Association of Student
Financial Aid Administrators

**Overview of
Direct Loan Counseling
and Repayment**
A NASFAA Authorized Event

Presented by
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Fundamentals**

Oct 24-25, 2021

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Entrance counseling
before borrowing Direct
Loan for first time

Road to Direct
Loan Borrowing

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Entrance
Counseling
Formats













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**Content of Entrance Counseling:
Subsidized/Unsubsidized Direct Loan**


| | | | |
|---|--|--|---|
|  Master promissory note (MPN) |  Seriousness of repayment |  Default consequences |  Obligation to repay full amount |
|  Monthly repayment examples |  Effect of loan on other aid |  Interest and capitalization |  Definition of half-time enrollment |
|  Withdrawing from school |  NSLDS |  Contact information |  Arbitration agreements, Class action waivers |

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**Content of Entrance Counseling:
Graduate PLUS Borrowers**



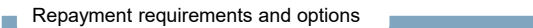


| | | | |
|--|--|--|--|
|  Sample monthly repayments |  Option to pay accruing interest |  Loan comparisons |  Master Promissory Note (MPN) |
|  Seriousness of repayment |  Default consequences |  Obligation to repay full amount |  Effect of loan on other aid |
|  Interest and capitalization |  Definition of half time |  Withdrawing from school |  NSLDS and contact information |


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Special Counseling for PLUS

PLUS borrowers with adverse credit have additional counseling requirements for each PLUS borrowed

-  Information on all Title IV programs
-  Borrower eligibility
-  Repayment requirements and options
-  Interest rates
-  Repayment calculators

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Exit counseling shortly before ceasing half-time attendance

Road to Direct Loan Borrowing

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Exit Counseling Formats

Within 30 days

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Content of Exit Counseling: Subsidized, Unsubsidized, and Graduate PLUS

- Average repayment
- Repayment plans
- Option to prepay
- Effects of consolidation
- Debt management
- MPN
- Default consequences
- Repayment in full
- Forgiveness/discharge
- Deferment
- Forbearance

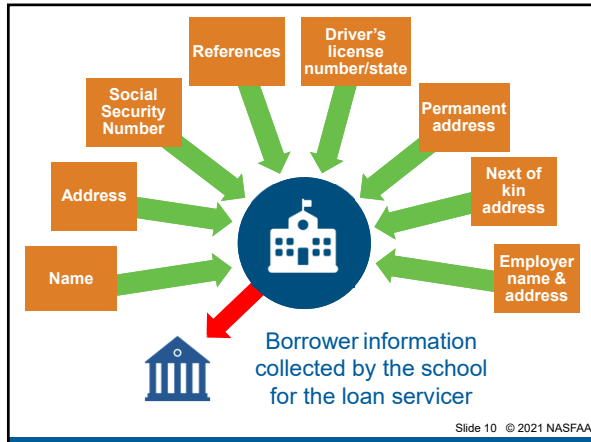
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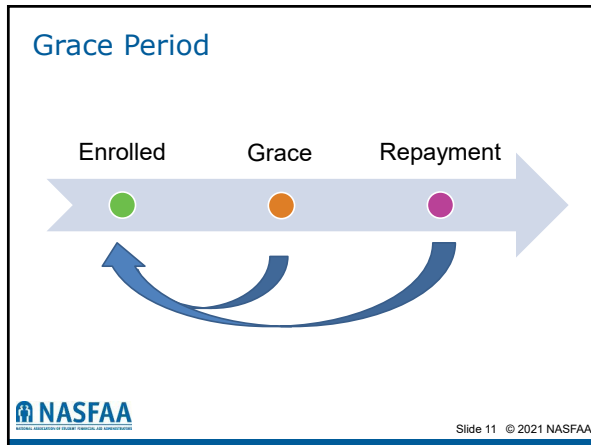
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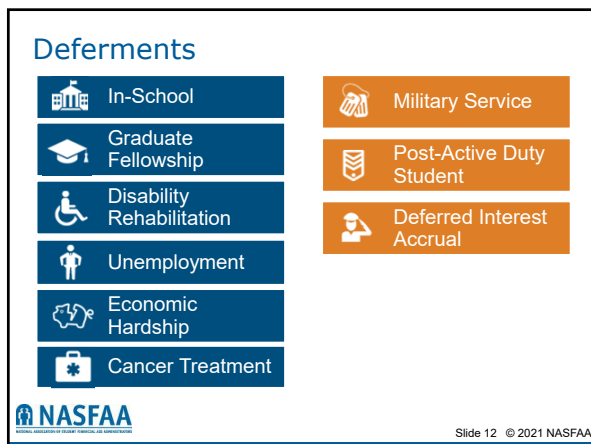
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Forbearance

- Mandatory
- Mandatory Administrative
- Administrative

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Discharge

- Death
- Total and Permanent Disability
- Bankruptcy
- Borrower Defense
- School Closure
- False Certification or Unauthorized Disbursement by School
- False Certification Due to Identity Theft
- Unpaid Refunds by School to Loan Holder

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Loan Forgiveness

- Teacher Loan Forgiveness Program
- Public Service Loan Forgiveness Program
- Civil Legal Assistance Attorney Student Loan Repayment Program
- Service in Areas of National Need Loan Forgiveness Program

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Consolidation

- Combine certain student loans to simplify repayment (e.g., single payment, extended repayment period, lower interest rate, etc.)
- May be used to resolve defaulted loan



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Direct Loan Repayment Plans

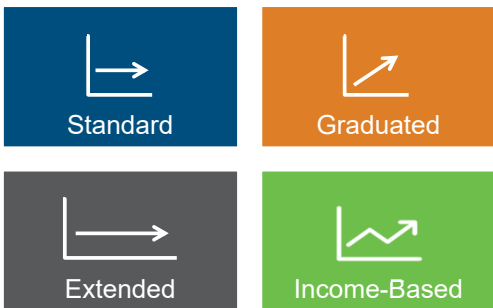
- Repayment plan options are based on the loan type
- Borrowers may choose between available repayment plans
- There are advantages and disadvantages with each repayment plan
- Prepayment without penalty



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Direct Loan Repayment Plans

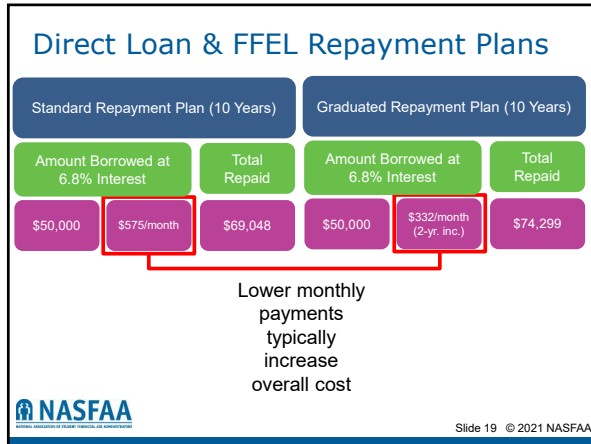


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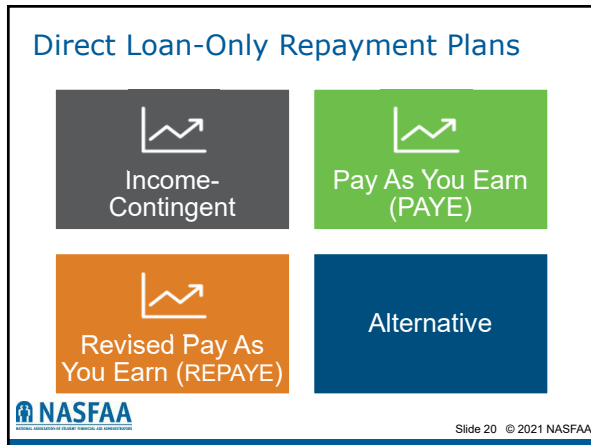
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If you could design a loan counseling session for student-borrowers of Direct Loans, what elements would you incorporate to engage and inform students?

Which repayment counseling tools does your school use or recommend to your student borrowers?

Do you think the available deferments adequately address circumstances for which a borrower should not be expected to make payments?

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