

ENTRANCE COUNSELING REQUIREMENTS – EFFECTIVE AUGUST 14, 2008

The Higher Education Opportunity Act of 2008 (HEOA) includes new requirements for entrance counseling. Prior to the HEOA, entrance counseling requirements were discussed only in the regulations (§682.604(f)); entrance counseling is now added to the statute. Also note that the requirements for entrance counseling now appear to be consistent for both first-time Stafford borrowers and for first-time Grad PLUS borrowers; prior to August 14, 2008, a school was required to provide one set of counseling information to Grad PLUS borrowers who also had Stafford Loans, and a different set of counseling information to Grad PLUS borrowers who did not have Stafford Loans.

Following is a list of ALL of the current entrance counseling requirements (exit counseling requirements are listed separately).

- ⇒ Schools must provide entrance counseling either at or prior to the delivery of the student's first disbursement of the loan. This information must be in simple, understandable text and address the terms and conditions of the loan, and borrower responsibilities associated with the loan.
- ⇒ Counseling can be conducted in person, or through the use of written or online tools. Interactive counseling with tests or quizzes is encouraged.
- ⇒ The student must acknowledge receipt of written or online counseling. If the school uses a written counseling form, the student must sign and return the form to the school. If the school uses online counseling tools, those tools must include a method for the student to provide acknowledgement.
- ⇒ An individual with Title IV expertise must be available shortly after the counseling to answer questions.
- ⇒ The school must maintain documentation that the student completed entrance counseling.

Counseling must include the following (new requirements are bolded):

- ⇒ Use of the Master Promissory Note (MPN).
- ⇒ **Effect of accepting the loan on eligibility for other aid.**
- ⇒ Seriousness and importance of the repayment obligation.
- ⇒ For Grad PLUS borrowers, if the school determines the student has not met his/her maximum eligibility for Stafford loans, the school must notify the student of the amount s/he is eligible to receive, a comparison of the maximum interest rates for Stafford and PLUS loans, a comparison of periods when interest accrues on Stafford and PLUS loans, a comparison of when Stafford and PLUS loans enter repayment. (If the financial aid award letter includes the required information and is provided to the student prior to loan certification, it would meet this requirement.)
- ⇒ **How interest accrues and is capitalized when not paid by the student or the Department.**
- ⇒ **Option to pay interest on unsubsidized Stafford and Grad PLUS loans while in school.**
- ⇒ **Definition of half-time enrollment for all terms, including summer, and the consequences of not maintaining half-time enrollment.**
- ⇒ **Importance of contacting the appropriate office at the school if the student plans to withdraw before completing the program, so the school can provide exit counseling.**
- ⇒ **Obligation to repay the loan even if the student does not complete the program or does not complete the program within the regular time for program completion, is unable to obtain employment, is dissatisfied with the school or does not receive the services purchased from the school.**
- ⇒ Consequences of default, including adverse credit reports, federal offset, **other federal delinquent debt collection procedures and litigation.**
- ⇒ **Sample monthly repayment amounts have been revised, and now must be based on either:**
 - A range of levels of indebtedness of
 - Borrowers of subsidized or unsubsidized Stafford loans; and
 - As appropriate, graduate borrowers of unsubsidized Stafford loans or Grad PLUS loans; or
 - The average cumulative indebtedness of other borrowers in the same program as the borrower, at the same school
- ⇒ Information concerning NSLDS and how the student can access his or her records on NSLDS.
- ⇒ Name and contact information the student may use if he or she has questions about rights and responsibilities or loan terms and conditions.