University of Reading

Default Management Plan for US Federal Direct Loans

Below are some of the strategies the University of Reading employs to ensure that our US Loan students are aware of, and understand, their responsibilities in respect of utilising loans to fund their education. The purpose is to reduce, if not eliminate, the number of students who default on their loan repayments. It is based on the U.S. Department of Education's Sample Default Prevention and Management Plan.

Entrance Counselling:

All first time borrowers of Direct Loans, new students or students changing their course of study are required to complete Entrance Counselling, during which they will learn about the following:

- Master Promissory Note (MPN) and how it works,
- terms of their loan, including financial responsibility to them,
- the importance of repaying their loan,
- the consequences of default on the loan,
- and sample monthly repayment amounts.

The US Loans team (part of the Student Financial Support team) will verify if entrance counselling has been completed. A record of the completed Entrance Counselling will be downloaded and retained in the student's file, as per the Data Protection information advised within the Consumer Disclosures.

Financial Literacy for Borrowers

The University of Reading recommends that students only borrow what they need; it is not a requirement to borrow the maximum available loans. In turn, all students should make themselves aware of the repayment obligations of the loans they intend to borrow prior to confirming which loans they wish to borrow each academic year.

For students who are borrowing in subsequent years, the University of Reading strongly recommends that they review their borrowing to date by checking their loan history on the National Student Loans Data System (NSLDS), or when completing the Entrance Counselling again.

These recommendations will be included in Financial Aid communications sent to the student from the US Loans team. Students will be required to respond to these communications in writing confirming the borrowing amount and that they are aware of the future financial obligations of the borrowing. Any applications for US Federal Aid will not be taken further without this written confirmation.

Early Identification and Counselling for Students at risk of progression or withdrawal:

The University of Reading is responsible for identifying borrowers at risk of withdrawing or not making progression, and conduct counselling accordingly with a view to retaining those students.

Communication:

All US Federal Direct Loan students are directed to the University of Reading's Consumer Disclosure Information which is available from our website. Enrolment and information on academic progress are held on our central records system and are accessible to all relevant offices across the University, including the US Loans staff who authorise and disburse US Loan payments.

Up to date contact and next-of-kin information is obtained from students upon enrolment and maintained by them via the central records system.

Exit Counselling:

Graduating and withdrawing students are advised that they must complete Exit Counselling as part of the conditions of borrowing Federal Direct Loans. Students are directed to Exit Counseling | Federal Student Aid and are asked to send a screen shot to the US Loans team once complete. Students are also encouraged to complete Financial Awareness Counselling in addition to Entrance and Exit Counselling.

Timely and Accurate Enrolment Reporting:

The University of Reading complies with the requirement to submit accurate information on enrolments, including any enrolment changes or updates, to the National Student Loan Data System (NSLDS) at 60-day intervals throughout the year.

Data Analysis to Identify Defaulter Characteristics:

The University of Reading will examine default loan data to identify who is defaulting and why. We will use this information to improve our default prevention and management practices and initiatives. The Loan Record Detail Report (LRDR) will be reviewed to determine if there are common characteristics among defaulters. Data includes, but is not limited to, programme of study, demographics and grades.

Any students identified to be defaulting on their loans will be directed to their individual loan provider in the first instance to discuss repayment options.

Furthermore, the University of Reading will utilise the recommended tools (listed below) to ensure data accuracy and employ effective loan counselling and default prevention and management techniques to aid students in receipt of Federal Aid and the University itself.

Tool and Activities for Schools

Overview:

- Default Prevention and Management | Financial Aid Delivery

Loan Counselling:

- Student and Counsellors: https://studentaid.gov/
- Student Guide and NSLDS for Students: https://studentaid.gov/
- Estimate your Aid: https://studentaid.gov/aid-estimator/
- How will I pay? (Loan Simulator) https://studentaid.gov/loan-simulator/
- Will I make enough money in my chosen occupation to repay the student loans I receive? Earnings (CPS) : U.S. Bureau of Labor Statistics
- Repayment Plans | Federal Student Aid
- Ombudsman Office: https://studentaid.gov/help-center/answers/article/how-to-contact-ombudsman-group
- National Handbook of Best Practices- Ensuring Student Loan Repayment: https://ifap.ed.gov/eannouncements/attachments/0118nhbook1web.pdf
- SFA Assessments for Schools: http://ifap.ed.gov/dpcletters/attachments/GEN0514Attach.pdf
- Jump Start Coalition for Personal Financial Literacy: http://www.jumpstart.org

Enrolment Reporting and Data Accuracy

- NSLDS Enrolment Reporting Guide (formerly SSCR User's Guide): https://fsapartners.ed.gov/sites/default/files/attachments/2019-12/NewNSLDSEnrollmentReportingGuide_0.pdf
- NSLDS Date Entered Repayment Report, School Repayment Information Loan Detail Report, and Enrolment Reporting Summary Report: https://nsldsfap.ed.gov/login
- NSLDS Reports, requesting and formatting questions: https://nsldsfap.ed.gov/login
- Cohort Default Rate Guide for challenges, adjustments, and appeals information: https://fsapartners.ed.gov/knowledge-center/topics/default-management

Default Prevention

- FSA Assessments: https://fsapartners.ed.gov/sites/default/files/attachments/2021-02/2021AppendixD.pdf
- Ensuring Student Loan Repayment Best Practices: http://www.ifap.ed.gov/eannouncements/0119stuhbkbestprectice.html
- NSLDS Reports and Exit Counselling: https://nsldsfap.ed.gov/login
- NSLDS Reports, requesting and formatting questions: https://nsldsfap.ed.gov/login
- Default Prevention Strategies: https://studentaid.gov/manage-loans/default#understand-default or contact your Loan Servicer General

General Connections/Publications

- Information for Financial Aid Professionals (IFAP) Library with publications, training, tools, references, laws, etc.: https://fsapartners.ed.gov/home/

- The Office of Federal Student Aid: https://www.ed.gov/about/ed-offices/fsa/federal-student-aid
- The Student Guide: https://studentaid.gov/
- NSLDS: https://www.nsldsfap.ed.gov
- ED Pubs, the Department of Education Online Publication Ordering System, helps you identify and order free publications from the Department. Examples of resources available at ED Pubs include the following: http://www.edpubs.org
    - Repaying Your Student Loans (in English and Spanish)
    - The Student Guide
    - Getting Ready to Pay for College
    - Counsellors and Mentors Handbook

For enquiries about this document or US Federal Aid, please contact usloans@reading.ac.uk.