



Testimony

Of

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*Opening Doors of Educational Opportunity*

Chairman Kline, Ranking Member Miller, and members of the Committee:

Thank you for inviting me to testify today. The National Association of Student Financial Aid Administrators, known as NASFAA, represents more than 17,000 financial aid administrators who serve more than 16 million postsecondary students each year. Our membership spans more than 3,000 colleges and universities from across the nation. Collectively, NASFAA schools serve 97 percent of all federal student aid recipients.

The job of the financial aid administrator has evolved over the last five decades as more students rely on federal, state, and institutional aid and programs have become more complicated, however the core mission remains the same: to ensure that no qualified student is denied access to postsecondary education due to a lack of financial resources. We have been pleased to work with legislators on both sides of the aisle, including many of you, to ensure continued funding for Federal Pell Grants and other vital forms of federal student aid, and we look forward to working with you to strengthen the federal student loan programs.

Almost 40 million Americans – both parents and students - have outstanding student loan debt (Lee, 2013). Based on current projections, in just a few short years, more Americans in this country will have outstanding student loans than receive Social Security (Social Security, 2013) or food stamps (Food Research and Action Center, 2012). And with federal loans making up 90 percent of the total student loan market (College Board, 2012), federal student loans will soon be the largest U.S. federal assistance program. Given these numbers, it's imperative that we get federal student loan policies right. We have a collective interest in ensuring that federal loans remain accessible, affordable, predictable, and fiscally sustainable.

Today I want to give you some of the practical insights on what financial aid administrators experience when working directly with students and parents on student loan issues. These insights will demonstrate why our current student loan policies – and how we handle

interest rates in particular - aren't working well for students and families. I'll divide my comments into two parts, first focusing on student loan interest rates and second focusing on the loan programs in general.

The current structure of federal student loan interest rates is out of step with market rates and thereby confuses students and families. Students and parents often question why federal student loan interest rates are higher than nearly all other installment loans, particularly for families with good credit. And the truth is, there is no good, reasonable answer to that question.

The Federal Stafford Loan program is divided into two parts: *subsidized* Stafford loans where the government pays the interest on the loans during periods of enrollment and deferment and *unsubsidized* loans, where interest accumulates while the student is enrolled in college. Federal PLUS loans may be taken by graduate students or parents of undergraduate students if they have no adverse credit history.

The current interest rate on federal unsubsidized Stafford Loans is near 7 percent. The current interest rate on federal PLUS loans for graduate students and parents is worse, at nearly 8 percent (and this is after a 4 percent off-the-top origination fee). Families ask, how can this be? Mortgage rates are currently below 4 percent and interest rates on private education loans for borrowers with good credit are also much lower. In fact, one major lender just announced a private education loan for graduate students with no origination fees, no prepayment penalties, and interest rates between 2.25 and 7.5 percent (Sallie Mae, 2013) – all of which are better than the current terms for federal PLUS loans.

While it is true that the interest rate on *subsidized* Stafford loans is currently at 3.4 percent - much closer to market rates - it is equally important to understand that overall, the subsidized Stafford loan program serves only a fraction of all federal loan borrowers. In fact, half of all *subsidized* Stafford loan borrowers also borrow *unsubsidized* Stafford loans, which results in students having an annual Stafford loan debt with a portion of their loans

at 3.4 percent and another portion at 6.8 percent. If financial aid weren't confusing enough, we've essentially created a situation where roughly 4 million students have basically one loan with two different interest rates (U.S. Department of Education, National Center for Education Statistics, 2007-08 National Postsecondary Student Aid Study).

The point is that few students are benefiting exclusively from the current 3.4 percent interest rate and, even after last year's temporary extension by Congress, the 3.4 percent interest rate is set to double to 6.8 percent this July.

From a public policy standpoint, it is generally better for students to borrow within the safety of the federal loan programs before using capital from private markets. The federal loan programs offer safeguards to help students avoid the dire consequences of delinquency and loan default. They contain deferment rights and mandatory forbearance options, loan forgiveness options, income-based repayment, and safeguards to protect students, parents, and co-signers against the collateral financial damage of total and permanent disability or death. And most importantly, federal student loans represent a public investment in students who otherwise wouldn't qualify for private market loans due to credit restrictions. They create opportunity.

Unfortunately, the current interest rate disparities between federal loans and private loans overshadow all of the benefits of federal student loans. This is naturally confusing to families, since financial aid administrators – not to mention required Truth in Lending Act (1968, as amended) disclosures – counsel families to use federal loans as their first option.

This interest rate discrepancy will continue to be a problem as long as we have fixed federal student loan interest rates. Prior to 2006, federal student loan interest rates were variable and changed annually based partially on the cost of government borrowing. (Interest rates were determined annually by adding on some additional basis points above the 91-day T-bill auctioned each May.) The numbers show that had we stayed with a variable interest rate in 2006, all student borrowers in the Stafford and PLUS loan

programs would actually have fared better than they have under the fixed interest rates of the last six years (See Appendix).

Based on Congressional Budget Office projections (2013), returning to a variable interest rate would also save students money into the foreseeable future, since the 91-day T-bill is projected to stay at or below 1 percent through 2017. Of course we acknowledge that making a change back to a 91-day T-bill could be costly.

One of the unintended consequences of our current interest rate policy is the unexpected revenue being returned to the federal government. In Fiscal Year 2013, the government is expected to earn 64 cents for each dollar lent to graduate students in the federal PLUS loan program, according to the Congressional Budget Office (2013). While we certainly want these programs to be fiscally sustainable, it is equally important to remember that the intent of the federal loan programs is to provide affordable and safe financing options for students who otherwise would not have had the opportunity to receive postsecondary education, and who go on to become productive taxpaying members of our society.

Unfortunately, our current student loan interest rate policy has undermined the very feature fixed interest rates were supposed to provide: predictability. For the last two years we've run up against harsh budget realities that have called into question the sustainability of fixed interest rates and made them anything but predictable.

This is the second year in a row policymakers have been left scrambling to keep interest rates down for subsidized Stafford Loan borrowers. Last year we kept interest rates from doubling from 3.4 percent to 6.8 percent for these borrowers at a cost of roughly \$6 billion. To partially offset that expense, Congress reduced eligibility for subsidized Stafford loans. As has become accepted business practice, we made another piecemeal patch that took funding away from some students to provide it to others, except in this instance we provided one benefit and took away another from the same students. In effect, we robbed Peter to pay Peter!

NASFAA continues to advocate for a long-term, market-based solution to these problems by returning to a variable interest rate, where the rate is determined based on the following: the cost of government capital and origination (without any reliance on origination fees), the cost of proper servicing and loan counseling, and future market risk. This should all be underscored by the idea that at no time should federal student loans turn into a profit-making venture for the federal government. We recognize that you as lawmakers must find the right balance between benefits to students and risks to taxpayers, who are the source of this student loan funding.

Several proposals have called for a variable fixed interest rate, or an annual fixed interest rate, where the interest rate would change for new loans originated each year, but would then remain fixed for the future life of the loan. Such a policy would ensure that federal loan rates are closer to market rates while simultaneously providing some degree of predictability for current borrowers.

Of course, interest rates are only one issue – albeit an immediate one – that needs to be addressed to strengthen the student loan programs. Federal student loans could further be strengthened through some additional practical policy changes. This is the second area I would like to address today.

Despite many anecdotes in the mainstream press about the student loan bubble and runaway student debt, the majority of student loan borrowers are leaving schools with a manageable amount of loan indebtedness. Unlike the horror stories we often read, only 2 percent of students who first enrolled at a postsecondary institution in 2003 had borrowed more than \$50,000 by 2009. Over 40 percent of that cohort did not borrow at all and another 25 percent borrowed less than \$10,000 (College Board, 2012). Unfortunately, the hyper-focus on statistical outliers – those students who have racked up \$100,000 in loans – diminishes our ability to focus on those students who find themselves most economically harmed by student loan debt.

Who are these students? If we were to build a statistical profile of the average federal student loan defaulter, he or she would likely be a student who went to school for a very short period of time, usually less than one year, accumulated a small amount of loan debt, had a low GPA, and attended either a community college or proprietary institution. Two out of every three borrowers who enroll in college for one year or less will fall delinquent or default outright on their student loans, many on less than \$10,000 in total loan debt. Of all student loan defaulters, 70 percent dropped out of college (Loonin & McLaughlin, 2012).

Given these statistics, we need to examine policies that give institutions more flexibility in providing counseling and safeguards to ensure students are academically prepared, understand their loan obligations, and are able to keep loan borrowing in check.

Under current federal regulations, federal student loans are considered entitlement aid. Schools are prohibited from requiring additional loan counseling for students who appear to be over-borrowing or who are most at risk of defaulting. In addition, schools are not permitted, in any practical way, to limit part-time students from borrowing at full-time rates, or to deter students enrolled in two-year programs from borrowing up to four-year levels. Likewise, schools cannot halt or even slow over-borrowing by students enrolled in academic programs that produce a disproportionate share of loan defaults. In other words, students are currently entitled to borrow the maximum loan limits, and can only be deterred from over-borrowing on an individual, case-by-case basis.

Financial aid administrators, particularly at the community college level, need additional authority to limit or at least slow borrowing for specific groups of students, with discretion to allow borrowing up to the full federal loan limits on a case-by-case basis (NASFAA, 2013.). That would flip the current approach, to instead allow across-the-board reductions in loan eligibility for identifiable categories of students with expanded borrowing permitted on a case-by-case basis.

Additionally, more can be done to protect parent borrowers from over-borrowing. Since the recession, more schools are reporting instances of parents objecting to their own Federal PLUS loan approvals because their income is insufficient to repay the debt. Current PLUS loan underwriting standards simply examine whether a parent has any “adverse credit,” without considering whether a parent is financially able to repay the loan.

We would not want to mirror or duplicate commercial underwriting standards in the federal programs, since the purpose of the loan programs is to provide a public investment in college-ready students who otherwise would be unable to obtain credit. However, a simple debt-to-income ratio on parent loans would at least take into consideration a parent’s ability to repay the loan based on their current income. Under the Federal Family Education Loan Program (FFELP), which has since been phased out in favor of the Direct Loan Program, some lenders utilized debt-to-income ratios as part of their parent PLUS loan underwriting standards. In the Direct Loan program that simple financial stress test is not conducted. The result is that parents with no adverse credit, or even no credit, can be approved for tens of thousands of dollars of loans without any evaluation of their true ability to repay. If the mortgage meltdown taught us anything, it is that basic and proper underwriting not only protects lenders, it also protects borrowers.

Another factor in preventing over-borrowing and loan default is loan counseling. Current loan counseling requirements seem to be based on the principle that more is better. But anyone who has ever signed a home mortgage loan knows that receiving mountains of consumer information does not necessarily improve understanding – it often has the opposite result. We must streamline, consumer test, and pare down the amount of information we heap on students and parents in the name of good consumer disclosure. With the help of one of our member institutions, we have compiled this three ring binder that contains all of the consumer disclosures currently required under Title IV of the Higher Education Act (1965, as amended). Within the last year, we’ve counted no less than eight additional proposals from the Administration and members of Congress for even more consumer disclosures. The path to smarter decisions on student loans and college



costs will not be found in even more paperwork; it will be found through customized, streamlined, and consumer-tested information that gives students a complete picture of their student loan responsibilities and loan costs.

In many cases, averting student loan default can be as simple as making the repayment process as easy and safe as possible for students and parents. Automatic enrollment in income-based repayment would ensure that no borrower's repayment amount will ever exceed their ability to repay. NASFAA has worked with Congressman Petri to explore whether this can be accomplished through the current federal loan programs using payroll withdrawal and federal withholding. We believe we're closer than ever to being able to institute repayment pathways that ensure student loans are repaid on time and remain affordable. Whether one agrees or even likes the Federal Direct Loan program, the fact of the matter is that with one originator and holder of federal loans – the U.S. government – we have an opportunity to take a giant step forward in nearly eliminating student loan default.

Finally, the best way to strengthen the loan programs is to ensure adequate grant funding at the institutional, local, state, and federal levels. Our federal student aid programs are founded on the idea that grants, not loans, are the best way for qualified, low-income students to obtain access to higher education. Polls show time and again that the public supports continued funding of higher education and we're grateful for bipartisan support for programs like the Pell Grant. For those families that need to fall back on loans, the strongest program will be one where interest rates are fair and understandable, additional safeguards are in place to deter over-borrowing, consumer information is streamlined and delivered in a way that is easy for students and parents to understand, and loan repayment is simple and affordable.

Thank you for your time. I am happy to answer any questions.

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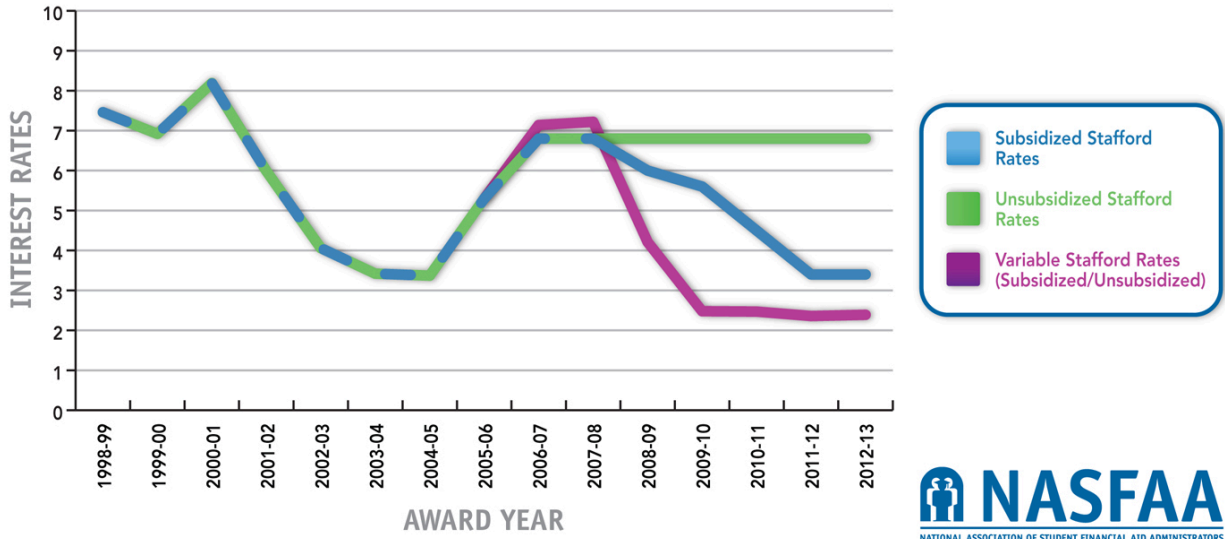
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Appendix A – Stafford Loan Interest Rate Comparison Chart

# STAFFORD LOAN INTEREST RATE COMPARISON



**Appendix B – Annual and Aggregate Direct Loan Program Limits**

| Academic Level  | Base Annual Loan Limit for Academic Year (Subsidized and Unsubsidized Direct Loans)   | Additional Unsubsidized Limit for Dependent Students Whose Parents Can Borrow PLUS | Additional Unsubsidized Limit for Independent Students and Dependent Students Whose Parents Cannot Borrow PLUS |
|---|---|--|--|
| First-Year Undergraduate  | \$3,500   | \$2,000  | \$6,000  |
| Second-Year Undergraduate   | \$4,500   | \$2,000  | \$6,000  |
| Third-Year and Beyond Undergraduate   | \$5,500   | \$2,000  | \$7,000  |
| Preparatory Coursework for Enrollment in an Undergraduate Program   | \$2,625   |  | \$6,000  |
| Preparatory Coursework for Enrollment in a Graduate/Professional Program  | \$5,500   |  | \$7,000  |
| Coursework for Teacher Certification/Credential   | \$5,500   |  | \$7,000  |
| Graduate/Professional   | \$0   |  | \$20,500   |
| <p><b>Prorated Loan Limits:</b><br/>Applicable to undergraduates enrolled in program less than an academic year (AY)</p>  | <p>Annual loan limit for grade level, multiplied by the lesser of:</p> $\frac{\text{\# of weeks in program}}{\text{\# of weeks in AY}}$ <p style="text-align: center;"><b>or</b></p> $\frac{\text{\# of credit/clock hours in which student will enroll}}{\text{\# of credit/clock hours in AY}}$ |  |  |
| <p><b>Prorated Loan Limits:</b><br/>Applicable to undergraduates enrolled in remaining period of enrollment less than an AY (when program length is one AY or longer)</p> | <p>Annual loan limit for grade level, multiplied by:</p> $\frac{\text{\# of credit/clock hours in which student will enroll}}{\text{\# of credit/clock hours in AY}}$   |  |  |

*Note: If a financial aid administrator exercised professional judgment authority for a dependent student to offer only unsubsidized Direct Loan funds because the student’s parents no longer financially support the student, will not support the student in the future, and refuse to complete the Free Application for Federal Student Aid (FAFSA), eligibility is limited to the applicable base annual unsubsidized loan limit plus \$2,000 per academic year in additional unsubsidized loan funds.*

*Note: For periods of enrollment beginning on or after 7/1/12, graduate and professional students are no longer*

eligible for Direct Subsidized Loans.

| Academic Level  | Base Annual Loan Limit for Academic Year (Subsidized and Unsubsidized Direct Loans)  | Additional Unsubsidized Limit for Dependent Students Whose Parents Can Borrow PLUS | Additional Unsubsidized Limit for Independent Students and Dependent Students Whose Parents Cannot Borrow PLUS   |
|---|--|--|--|
| Graduate in Public Health, Masters or Doctoral Degree in Health Administration, Degree in Clinical Psychology, Doctor of Pharmacy or Chiropractic         | \$0  |  | <p style="text-align: center;">\$20,500 + \$12,500*<br/><i>(for 9-month AY)</i></p> <p style="text-align: center;">\$20,500 + \$16,667*<br/><i>(for 12-month AY)</i></p> |
| Doctor of Allopathic Medicine, Osteopathic Medicine, Dentistry, Veterinary Medicine, Optometry, Podiatric Medicine, Naturopathic Medicine, or Naturopathy | \$0  |  | <p style="text-align: center;">\$20,500 + \$20,000*<br/><i>(for 9-month AY)</i></p> <p style="text-align: center;">\$20,500 + \$26,667*<br/><i>(for 12-month AY)</i></p> |
| <b>PLUS</b> (for parents of dependent undergraduates and graduate/professional students)  | Cost of attendance (COA) minus estimated financial assistance (EFA) for loan period ( <i>Note: PLUS funds are unsubsidized. Graduate/professional students must complete the FAFSA and be given an opportunity to apply for their maximum eligibility in unsubsidized Direct Loan funds first.</i> ) |  |  |

*\*Increased unsubsidized annual loan limit available for certain health professions students due to phase out of the Health Education Assistance Loan (HEAL) Program. The 9-month increased unsubsidized loan limit must be prorated for programs having an academic year of 10 or 11 months. For additional information, see pages 3-92 through 3-94 of the 2011–12 FSA Handbook.*

### Direct Loan Program Aggregate Loan Limits

| Academic Level   | Aggregate Loan Limit:<br>Subsidized Borrowing | Aggregate Combined Loan Limit:<br>Subsidized and Unsubsidized<br>Borrowing*<br>(maximum subsidized) |
|--|---|---|
| <b>Dependent Undergraduate<br/>Whose Parent Can Borrow<br/>PLUS</b>  | \$23,000                                      | \$31,000<br>(maximum \$23,000 subsidized)   |
| <b>Independent Undergraduate<br/>and Dependent Undergraduate<br/>Whose Parent Cannot Borrow<br/>PLUS</b>   | \$23,000                                      | \$57,500<br>(maximum \$23,000 subsidized)   |
| <b>Graduate/Professional</b>   | \$65,500                                      | \$138,500<br>(maximum \$65,500 subsidized)  |
| <b>Graduate in Public Health,<br/>Masters or Doctoral Degree in<br/>Health Administration, Degree<br/>in Clinical Psychology, Doctor<br/>of Pharmacy or Chiropractic</b>                 | \$65,500                                      | \$224,000<br>(maximum \$65,500 subsidized)  |
| <b>Doctor of Allopathic Medicine,<br/>Osteopathic Medicine,<br/>Dentistry, Veterinary<br/>Medicine, Optometry,<br/>Podiatric Medicine,<br/>Naturopathic Medicine, or<br/>Naturopathy</b> | \$65,500                                      | \$224,000<br>(maximum \$65,500 subsidized)  |
| <b>PLUS</b> (for parents of dependent<br>undergraduates and for<br>graduate/professional students)   | No aggregate limits                           |   |

*\*The amounts in the "Aggregate Combined Loan Limit: Subsidized and Unsubsidized Borrowing" column represent the total amount of Direct Loans that may be borrowed for the student's current program of study. If the student later enrolls in a program with a lower aggregate combined loan limit, the student reverts to the aggregate combined loan limit applicable to his or her new program. The same principle applies if the amount of a student's eligibility for the additional unsubsidized loan limits changes due to a change in dependency status from independent to dependent or a change in the inability of a dependent student's parent to borrow a PLUS. That is, the amounts under the increased additional unsubsidized loan limit do not count toward the new aggregate combined loan limit.*

### Appendix C – Direct Loan Counseling Requirements

The following compilation includes all current Direct Loan Program requirements related to initial counseling (required before a first-time borrower can receive the first loan installment) and exit counseling (required when a student ceases half-time enrollment).

| Counseling Requirements   | Initial Counseling | Exit Counseling |
|---|--------------------|-----------------|
| Conduct with any first-time borrower of subsidized, unsubsidized, or graduate PLUS loan before releasing the first installment of any loan proceeds   | ✓                  |                 |
| May be provided in person, on written form that borrower must sign and return to school, online, or through interactive electronic means with borrowers acknowledging receipt of materials  | ✓                  |                 |
| Must take reasonable steps to ensure the borrower receives the counseling materials, and participates in and completes the counseling   | ✓                  |                 |
| Someone with expertise in Title IV programs must be reasonably available shortly following counseling to answer borrower questions  | ✓                  | ✓               |
| Provide and/or explain:   |                    |                 |
| <ul style="list-style-type: none"> <li>• Use of the master promissory note (MPN)</li> </ul>   | ✓                  | ✓               |
| <ul style="list-style-type: none"> <li>• Seriousness and importance of the repayment obligation</li> </ul>  | ✓                  | ✓               |
| <ul style="list-style-type: none"> <li>• Consequences of loan default, including adverse credit reports, federal delinquent debt collection procedures, and litigation</li> </ul>   | ✓                  | ✓               |
| <ul style="list-style-type: none"> <li>• The borrower’s obligation to repay the full loan amount even if the borrower does not complete the program, takes longer than normal to complete the program, is unable to obtain employment upon completion, or is otherwise dissatisfied with or does not receive educational or other services purchased from the school</li> </ul>   | ✓                  | ✓               |
| <ul style="list-style-type: none"> <li>• Examples of monthly repayment amounts based at various ranges of student indebtedness in subsidized, unsubsidized, and graduate PLUS loans, depending on the types of loans the borrower has obtained, or average cumulative indebtedness of other borrowers in the same programs of study as the borrower at the same school</li> </ul> | ✓                  | ✓               |
| <ul style="list-style-type: none"> <li>• To extent practicable, any effect accepting the loan will have on a student’s eligibility for other forms of student aid</li> </ul>  | ✓                  |                 |
| <ul style="list-style-type: none"> <li>• Information on how interest accrues and is capitalized during periods</li> </ul>   | ✓                  |                 |

|  |   |   |
|--|---|---|
| when interest is not paid by the borrower or ED  |   |   |
| <ul style="list-style-type: none"> <li>• His or her option to pay unsubsidized loan interest while in school</li> </ul>  | ✓ |   |
| <ul style="list-style-type: none"> <li>• School’s definition of half-time enrollment, during regular terms and summer periods, and consequences of not maintaining half-time enrollment</li> </ul>   | ✓ |   |
| <ul style="list-style-type: none"> <li>• Importance of contacting the appropriate school offices if he or she withdraws prior to completing the program of study so the school can provide exit counseling, including information regarding his or her repayment options and loan consolidation</li> </ul>   | ✓ |   |
| <ul style="list-style-type: none"> <li>• Information on the National Student Loan Data System (NSLDS) and how to access his or her records</li> </ul>  | ✓ | ✓ |
| <ul style="list-style-type: none"> <li>• Names and contact information of individuals to contact with questions regarding his or her rights and responsibilities or loan terms and conditions</li> </ul>   | ✓ | ✓ |
| <ul style="list-style-type: none"> <li>• For first-time graduate PLUS borrowers, borrower’s option to pay graduate PLUS interest while in school</li> </ul>  | ✓ |   |
| <ul style="list-style-type: none"> <li>• For each graduate PLUS borrower who has previously received a subsidized or unsubsidized loan, comparisons of maximum interest rates for unsubsidized loans and for graduate PLUS, periods when interest accrues on unsubsidized loan and on graduate PLUS, and points at which unsubsidized loans and graduate PLUS enter repayment</li> </ul> | ✓ |   |
| Must ensure exit counseling is conducted with each subsidized and unsubsidized loan, and graduate PLUS borrower shortly before he or she ceases at least half-time enrollment in person, by audiovisual presentation, online, or through interactive means   |   | ✓ |
| If borrower leaves school without school’s knowledge or fails to complete counseling, provide counseling by electronic means or by mailing written materials to the borrower’s last known address within 30 days of learning that a borrower has left the school or has failed to complete exit counseling   |   | ✓ |
| If student is enrolled in study abroad or correspondence and school chooses to provide the borrower written exit counseling materials, must mail the materials within 30 days after borrower completes program   |   | ✓ |
| Provide and/or explain:  |   |   |



|   |  |   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Available repayment plan options, including a description of the different features of each plan and sample information showing, for each plan, the average anticipated monthly payments, interest paid, and total payments</li> </ul>   |  | ✓ |
| <ul style="list-style-type: none"> <li>• Option to prepay each loan, pay on a shorter schedule, or to change repayment plans</li> </ul>   |  | ✓ |
| <ul style="list-style-type: none"> <li>• Effects of loan consolidation on total interest and fees to be paid, length of repayment, underlying loan benefits (e.g., grace periods, forgiveness, deferments, etc.), prepayment and change of payment plan options, and borrower benefit programs that may vary among different lenders</li> </ul>                             |  | ✓ |
| <ul style="list-style-type: none"> <li>• Debt-management strategies designed to facilitate repayment</li> </ul>   |  | ✓ |
| <ul style="list-style-type: none"> <li>• General description of the terms and conditions for full or partial forgiveness or discharge of principal and interest, deferment of principal or interest, and forbearance, including forgiveness or discharge benefits available to a FFEL borrower who consolidates his or her loan into a Direct Consolidation Loan</li> </ul> |  | ✓ |
| <ul style="list-style-type: none"> <li>• A copy, either on paper or by electronic means, of the information ED makes available under Section 485(d) of the HEA</li> </ul>   |  | ✓ |
| <ul style="list-style-type: none"> <li>• Availability of the ED's Federal Student Aid (FSA) Ombudsman's office</li> </ul>   |  | ✓ |
| <ul style="list-style-type: none"> <li>• General description of the types of tax benefits that may be available to borrowers</li> </ul>   |  | ✓ |
| Collect borrower's name, address, Social Security Number, references, driver's license number and state of issuance (if applicable), expected permanent address, name and address of next of kin and expected employer, and provide within 60 days to the Direct Loan Servicing Center  |  | ✓ |
| Document, for each borrower, compliance with counseling requirements  |  | ✓ |