



# What They Should Know Before They Go

Your guide to conducting an exit interview



New York State Higher Education Services Corporation

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# Exit counseling is mandatory for your students before they leave school.

Your school must provide exit counseling to your students before they leave school. You may counsel your students in person (one-on-one or in groups), with audiovisual materials, or by sending them HESC's free brochure, *Paying Your Student Loans is Serious Business*.

Interactive electronic exit counseling is also offered on the Web at [www.mapping-your-future.org](http://www.mapping-your-future.org).

- Your borrowers should complete online exit counseling or an in-person counseling session shortly before they graduate or drop below half-time enrollment.
- Knowledgeable staff from your financial aid office should be available to answer borrowers' questions.

*Exit counseling gives your students the financial guidance they need to handle their student loan obligations.*





*HESC offers a comprehensive package that will help you deliver essential financial information to your students while complying with regulations*

### HESC resources for students.

Get the FACTS — Financial Awareness and Consumer Training (FACTS) from HESC. FACTS covers a range of topics from advice on managing credit cards to personal financial management skills and avoiding identity theft.

FACTS PowerPoint presentations, complete with speakers' notes and handouts, are available and ready to download and customize to your campus needs. HESC staff can also visit your school and help you implement the program within your counseling sessions.

You may also supplement your counseling sessions by providing students with the resources available at the HESC Web site, [www.hesc.org](http://www.hesc.org). Direct the student to click on the Students, Families and Counselors portal on the home page; head to Manage My Loan or Grant on the task bar and click to find information on repayment, loan consolidation, cancellation, forgiveness, payment problems and default.

### This package really delivers.

HESC has created a comprehensive entrance/exit interview package that will help you deliver important information to your students while ensuring your compliance with federal regulations regarding entrance and exit counseling.

This package includes an informative brochure for your students, an envelope where your students can store all loan records and correspondence, a customizable letter template you can send to your students, and a borrower information update form.

### What you need to cover during exit counseling.

#### Review information from entrance counseling.

During exit counseling, revisit several topics that were covered in the student's entrance counseling session, including:

- The importance of their repayment obligation
- The use of the Master Promissory Note or e-MPN
- The student's obligation to repay even if they drop out, don't find a job or are dissatisfied with the quality of their education
- The consequences of default

#### Provide an average anticipated monthly repayment figure.

You must give a borrower an estimate of their average anticipated monthly payment based on their indebtedness, and the average indebtedness of borrowers at your school. You can use the template letter provided by HESC and customize it with these amounts.

Give the borrower a sample loan repayment schedule based on their total indebtedness. This schedule will usually provide more information than just their expected monthly payment. For example, it would show how monthly amounts would vary with a graduated payment plan.

#### Review repayment options.

During counseling, you must review the various options for loan repayment:

- **Standard** — Student pays a fixed amount each month with up to 10 years to repay.
- **Extended** — Student pays a fixed amount each month with 12 to 30 years to repay.

- **Graduated** — Student's payments start out low, then increase, generally every two years.

- **Income-contingent/income-sensitive plans** — Student's payments are tied to factors including income, family size and total indebtedness.

- **Consolidation** — Can lower the borrower's monthly repayment amount and simplify repayment but, because of a longer repayment period, interest paid and the total repayment amount will increase.

You should also mention that some lenders and loan servicers provide repayment incentives such as reduced interest rates for borrowers who make timely payments. Some lenders also offer convenient electronic debiting from the borrower's account.



*Let your students know they have plenty of repayment options — even if they have trouble repaying their loans.*

#### Discuss debt management strategies.

You should stress the importance of developing a realistic budget based on the student's minimum salary expectations so they can manage their loans and other expenses more intelligently after college.

- Have the students compare their other monthly bills with their estimated loan payments.
- Emphasize that their loan payment is a fixed cost, like rent or utilities.

#### Review forbearance, deferment and cancellation options.

Your counseling should stress the availability of forbearance, deferment and cancellations in certain extenuating situations that make repayment difficult. Let the student know there are pros and cons to forbearance and deferment, and that they need to initiate the process by applying to their lender.

#### Tell them how to access their loan information.

Let your students know that they have several options for accessing their loan information:

- They can easily check their loan account status online at [www.hesc.org](http://www.hesc.org) (PIN required for access).
- They can view their loan history online at the National Student Loan Data System, [www.nslds.ed.gov](http://www.nslds.ed.gov) (PIN required for access). Caution your borrowers that this information may not be as current as the latest information from their lender or guarantor.
- They can also access their loan information at the FSA Ombudsman's office by calling 1-877-557-2575 or visiting [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov).
- If they don't have Internet access, they can identify their loan holder by calling 1-800-4-FED-AID.

You should also inform borrowers that their loans may be sold to or serviced by another lender or secondary market, but that any delay in notification does not affect their obligation to repay the loan.

#### Ensure that borrowers understand their rights and responsibilities.

Make sure you review your borrower's rights and responsibilities with them so they have a good grasp of what they're legally entitled to and what is entailed in repaying their loan. A summary of borrower's rights and responsibilities is available at [www.hesc.org](http://www.hesc.org) and in our entrance/exit interview package.



*Customize your exit counseling to the needs of your students and provide individualized counseling to borrowers with special needs.*

**Be sure borrowers' personal and contact information is current.**

During exit counseling, you must obtain:

- The borrower's expected permanent address after leaving school
- The address of the borrower's next of kin
- The name and address of the borrower's expected employer if known
- Any changes in the borrower's name, address, Social Security Number or references
- The borrower's current driver's license number and state of issuance

Within 60 days after the exit interview, your office must provide this information to HESC. In our entrance/exit interview package, you'll find a form for this in triplicate for HESC, for the student and for your records.

**Helpful tips.**

- Emphasize that borrowers should always keep copies of all correspondence back and forth about their loans.
- Stress that they must make payments even if they do not receive a payment booklet or bill.

- Provide the student with the current name and address of their lender(s).
- Tailor your counseling to your students and make sure counseling is flexible, multilingual and available to nontraditional students (part time, evening and weekend).
- Offer individualized counseling to borrowers who need extra help.
- Provide financial aid folders in which student borrowers can store their loan and counseling materials. HESC can provide these folders.
- Use a checklist or post-counseling questionnaire to test each student's knowledge.
- Verify references and collect additional information (beyond that required by regulation) that can help you locate the borrower later.
- Provide borrowers with pre-addressed postcards they can use to inform you or their loan holder of a change in contact information such as name and address.
- Augment counseling with presentations by debt management experts.
- Encourage borrowers to report any repayment problems to their lender, loan servicer, financial aid office or HESC.
- Give students your job leads, tips on resume writing and information on Web sites such as Job Seekers.

**Followup is everything.**

After the exit interview:

- Get an e-mail address from your borrowers and stay in touch.
- Track and contact borrowers during their grace period that appear on the HESC Default Manager roster to remind them of their obligations and alternatives to default.
- When sending default prevention letters, ask the post office to forward all letters with "Address Correction Requested." Provide loan holders with new address information.
- Send letters, cards or flyers to borrowers in their grace period. First, send helpful reminders and contact information, then a "grace period is over soon" warning and finally "grace period has expired and payments are now due."
- Dare to be different — whether it's postcards, "urgent" stamps on envelopes or colorful flyers versus plain old letters.
- Lower your school's cohort default rate with HESC's Default Manager, a Web-based tool that identifies borrowers who are in the selected cohort year and borrowers who would affect your rate should they default. Your school can prioritize borrowers by loan status and the number of days they are delinquent. You can handle borrowers closest to default first, keep track of default prevention efforts, record actions such as phone calls to borrowers, and schedule followup for each borrower.

**We wrote the book on exit interviews.**

As mentioned earlier, HESC has prepared a helpful brochure for students, *Paying Your Student Loans is Serious Business*, which accomplishes the same goals as an in-person counseling session. This brochure includes a sample loan repayment schedule, stories illustrating the profound consequences of default, plus all the steps and strategies students need to stay on track repaying their loans.

The brochure also includes two forms — *FFEL Loan Borrower Information and the Rights & Responsibilities Summary Checklist* — which students complete and return to your school. Accompanying the brochure will be a template for a personalized letter from your school in which you can include your mandatory average indebtedness information.

For copies of this brochure and for more information about exit counseling requirements, contact your HESC Regional Service Manager.

*After you conduct an exit interview, make sure you stay in touch with your students to keep them on track repaying their loans.*

