



**Northumbria  
University**  
NEWCASTLE

## **Northumbria University Default Prevention and Management: A Plan for Student and School Success**

The activities in this Default Prevention and Management Plan promote student and school success by increasing retention and reducing delinquency and default. Northumbria University and students receive benefits when the activities, techniques, and tools outlined in this plan are implemented. Northumbria University benefits by avoiding any limitations on participation in the loan programs due to excessive cohort default rates (CDRs). Students benefit by having continued access to Title IV Student Financial Assistance Programs, learning good debt management practices, and establishing a healthy credit history. Northumbria University is actively committed to promoting student success through helping their students learn, graduate, obtain employment, and demonstrate financial responsibility through repayment of the funds borrowed to finance their education.

### **Consequences of Default for Borrowers**

Borrowers who default on student loans face serious consequences. Stafford Loans are considered in default after 270 days without payment. At the time of default, outstanding interest is capitalized and collection fees may be added, resulting in a loan balance that is higher than the amount borrowed. Defaulted loans are reported to credit bureaus, causing borrowers to sustain long-term damage to their credit rating. Defaulters may also face difficulty in securing mortgages or car loans, may have their wages garnished, and their federal income tax refunds and other federal payments seized. Until the default is resolved, collection efforts continue and the defaulter will be ineligible for additional federal student aid. The Department, guarantors, and servicers undertake many activities to prevent borrowers from defaulting.

### **Consequences of Default for Northumbria University**

Northumbria University may face serious consequences due to high CDRs. Consequences include the loss of participation in the FFEL, Direct Loan, and/or Pell Grant programs. Northumbria University may also be provisionally certified. Effective, easy-to-implement tools that reduce defaults, promote student and school success, help preserve the integrity of the loan programs, and reduce costs to taxpayers are available to schools. Below are some strategies that Northumbria University Newcastle employs to help our American loan students better understand the responsibility of borrowing loan funding for education. The purpose is to reduce, if not eliminate, students defaulting on repayments to their loans

### **Entrance Counseling**

Regulations require that first time borrowers of FFEL and Direct Loan program loans receive entrance counseling. During entrance counseling, Northumbria University explains how the master promissory note works, emphasizes the importance of repaying the loan, describes the consequences of default, and shows borrowers sample monthly repayment amounts based on their program of study at the school. Northumbria University may choose to enhance entrance counseling to include financial literacy and ensure that borrowers thoroughly understand all information. In addition, Northumbria University will collect as much contact information about borrowers as possible during entrance counseling to facilitate future contact if needed. These activities will ensure more knowledgeable, responsible borrowers, and result in fewer defaulters as well.

## **Financial Literacy for Borrowers**

Northumbria University is able to provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Northumbria University will also provide borrowers with entrance counseling material and the following resources, at minimum, at enrollment and following graduation or withdrawal:

- Estimate of required monthly payments on the borrower's loan balance,
- Calculators to help estimate and manage debt,
- Loan servicer contact information,
- Contact information for delinquency and default prevention assistance on campus,
- Introduction to NSLDS for Students,
- Repaying Your Student Loans publication.

## **Early Identification and Counseling for Students at-Risk**

Students at-risk generally refers to borrowers who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress or both. Northumbria University counsels at-risk borrowers, focusing on the causes of withdrawal or unsatisfactory academic progress and solutions to resolve these matters. The end result of working with at-risk students will be more borrowers completing their educational programs, equating to a higher retention rate for Northumbria University and lower numbers of defaulted borrowers.

## **Communication Across Campus**

Communication of information relevant to the prevention and management of defaults is the joint responsibility of the Financial Aid Office, the general Finance Office and the Welfare, Immigration and Funding Team within Student and Library Services. Information regarding borrowers' academic progress and enrollment status will be components of the information received by all relevant offices across campus including the offices that disburse funds and authorize payments. Accurate and timely communication among the relevant Northumbria entities and the Department for Education not only ensures the right aid is getting to the right student, but such communication helps Northumbria University comply with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress.

## **Exit Counseling**

Regulations require that Northumbria University provide exit counseling to students. Exit counseling is an effective way to prevent defaults and is often the last opportunity that borrowers have to work with someone at school regarding their loans. In-depth counseling that focuses on fully explaining repayment plans and choices that fit the borrowers' needs is essential. Exit counseling is the opportunity to clear up any misconceptions students may have about their loan obligations and re-emphasize the consequences of default. Northumbria works with its students on these matters. A large percentage of borrowers in delinquency either did not have the benefit of receiving this information or did not receive it timely. Thorough exit counseling is a cornerstone of default prevention and is mandatory.

## **Withdrawals**

Many borrowers who default on their loans are borrowers who withdrew from school prior to completing their academic programs. These borrowers, at the highest risk of default, can often be identified while still on campus. Early identification and timely intervention can improve student retention and reduce the number of defaulted loans. In addition to fulfilling the regulatory requirement to provide exit counseling to students, Northumbria University works with students even after they have left school by encouraging them to complete their programs of study and helping them resolve the issue(s) that prompted their withdrawal.

## **Timely and Accurate Enrollment Reporting**

Northumbria University provides timely and accurate enrollment reporting to the Secretary or the guarantor as appropriate as is required by regulation and promotes school and student success. There is a direct correlation between late or inaccurate enrollment reporting and loan defaults. This activity ensures that borrowers receive their full grace period, and further ensures that contacts from the loan servicer such as correspondence and telephone calls occur in the appropriate timing and sequence. The servicer's contacts are designed to increase the likelihood that borrowers will satisfy loan obligations.

## **NSLDS Date Entered Repayment (DER) Report**

On a bi-monthly basis, Northumbria University compares the DER Report to their institutional records, and make any necessary corrections to their borrowers' status using NSLDS Enrollment Reporting. Northumbria does not assume that a borrower's DER is correct, as it is subject to change. Lenders can change a student's enrollment status based on data from the clearinghouse or a student's request. Likewise, Northumbria can update enrollment information based on information it receives from the student or another reliable source. Reviewing the DER Report will result in more accurate data, assuring that borrowers enter repayment in the correct cohort year and that schools receive accurate cohort default rates (CDRs)

## **Early Stage Delinquency Assistance (ESDA)**

ESDA begins at the time of separation or early in the grace period. ESDA is a highly focused effort by lenders, guarantors, and Northumbria University to assist particular borrowers to prepare for entry into loan repayment. Certain borrowers, such as those who have failed to complete their academic program, or borrowers who share specific characteristics or academic or related experiences, may be more likely to encounter difficulties initiating and maintaining on-time loan repayment. ESDA activities afford lenders, guarantors, and Northumbria University an opportunity to provide focused, enhanced loan counseling, borrower education, and personal support during the grace period, and in so doing help decrease the chances of later loan default. In addition to ESDA, Northumbria University utilizes default aversion assistance offered by guarantors and similar assistance from the Direct Loan Servicer for borrowers who are at least 60 days delinquent.

## **Late Stage Delinquency Assistance (LSDA)**

Though guarantors and the Direct Loan Servicer are extremely effective in working with borrowers throughout repayment, they lose touch with some borrowers. Northumbria University is often help to re-establish this critical communication during the late stages of delinquency, serving as a liaison between delinquent borrowers and staff experienced in borrower assistance. LSDA techniques enables Northumbria University to rescue severely delinquent borrowers, those who are more than 240 but less than 361 days delinquent, from default.

## **Maintain Contact with Former Students**

Northumbria University reaches and keeps in contact with its former students after they have left campus. If required, Northumbria University is able work with borrowers during every stage of repayment. Work with lenders, guaranty agencies, and servicers to identify delinquent and hard to reach borrowers, or those who have not been contacted at all to assist them with their repayment options and obligations. Contacting borrowers is an essential activity upon which successful default prevention and management can be built. Contact from Northumbria University may be the only effective technique to save a borrower from the negative consequences of default.

### **Loan Record Detail Report (LRDR) Data Review**

Schools, borrowers, and the loan programs in general all benefit from a thorough examination of the draft and official CDR data to ensure that the rates are accurate and include the correct borrowers and loans. Upon receiving their rates, Northumbria University examines its LRDR, the report containing all the data that comprises the CDR calculation. The Department recommends that all schools review their LRDR regardless of their CDR. It is Northumbria's responsibility to challenge incorrect data reflected in the draft CDR, or request an adjustment, or submit an appeal of inaccurate data as reflected in their official CDR.

### **Analyze Defaulted Loan Data to Identify Defaulter Characteristics**

No matter how effective and far-reaching a default prevention and management plan is, some borrowers default. A major part of any plan is to periodically review progress in preventing defaults. One element of this review is a comprehensive analysis of defaulters. Northumbria University gathers information to discern who is defaulting and why. Northumbria University then uses this information to improve its default prevention and management practices and initiatives. Internal data includes key information such as high school attended, program of study, demographics, grades, etc. Reviewing the LRDR also provides key data about borrowers that can assist in determining common characteristics among defaulters. Causes for defaults can include, but are not limited to, absent or incomplete internal procedures, practices, and communication, particular programs and course requirements or structure, and ineffective counseling. Frequent examination of defaulter characteristics coupled with an assessment of default prevention and management successes and shortcomings provide valuable information. Northumbria University promotes success by taking preventive measures to correct ineffective practices thereby preventing current and future borrowers from experiencing the same difficulties that plagued past defaulters. One solution to preventing future defaults lies in understanding what caused past defaults.

### **Section V Enhanced Entrance and Exit Counseling**

In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, Northumbria University also ensures that entrance and exit counselling also includes the following:

#### **Requests for Borrower Information**

- During entrance and exit counseling, Northumbria obtains information from borrowers regarding references and family members beyond those requested on the loan application, and asks for cell phone numbers and email addresses for borrowers and for family members;
- During exit counseling, Northumbria obtains updated information from borrowers including their addresses, cell phone numbers, email addresses, and addresses of their references and various family members.

#### **Information about Repaying the Loan**

- Estimated balance of loan(s) when the borrower completes the program;
- Interest rate on the borrower's loan(s);
- Name, address and telephone number for the borrower's lender;
- During exit counseling, Northumbria University provides a sample loan repayment schedule based on the borrower's total loan indebtedness;
- Estimated monthly income that the borrower can reasonably expect to receive in his or her first year of employment based on the education received at your school;
- Estimated date of the borrower's first scheduled payment.

#### Reminders about Personal Financial Management and Title IV Loans

- Northumbria University provides financial literacy resources to borrowers at enrollment, throughout attendance, and following graduation or withdrawal;
- Students should borrow only what is needed and can cancel or return any funds in excess of what is needed;
- Borrowers must inform their lenders immediately of any change of name, address, telephone number, or social security number;
- If a borrower is unable to make a scheduled payment, he or she should contact the lender before the payment's due date to discuss a change in repayment plan or other repayment options;
- General information should be provided about:
  - o Repayment options; and
  - o The sale of loans by lenders and the use by lenders of outside contractors to service loans.

Below are tools that Northumbria University uses to ensure data accuracy and employ effective loan counseling and default prevention and management techniques

#### **Where do I begin?**

FSA Assessments for Default Prevention and Management <https://fsapartners.ed.gov/knowledge-center/library/fsa-assessments/2022-04-13/default-prevention-management>

#### **Loan Counseling**

Entrance Counseling <https://studentaid.gov/entrance-counseling/>

Exit Counseling <https://studentaid.gov/exit-counseling/>

The Student Guide <https://studentaid.gov/sites/default/files/loan-entrance-counseling.pdf>

How much will it cost? <http://nces.ed.gov/ipeds/cool/>

Repaying Your Student Loans <https://studentaid.gov/manage-loans/repayment>

Ombudsman Office <https://fsapartners.ed.gov/help-center/fsa-customer-service-center/service-centers-for-students/office-of-the-ombudsman-fsa>

Ensuring Student Loan Repayment Best Practices for Schools  
<https://fsapartners.ed.gov/sites/default/files/attachments/eannouncements/0118nhbook1web.pdf>

Mapping Your Future <http://www.mapping-your-future.org>

Jump Start Coalition for Personal Financial Literacy <http://www.jumpstart.org>

### **Enrollment Reporting and Data Accuracy**

NSLDS Enrollment Reporting Guide, formerly SSCR User's Guide  
[https://fsapartners.ed.gov/sites/default/files/attachments/2019-12/NewNSLDSEnrollmentReportingGuide\\_0.pdf](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 Enrollment Reporting Summary Report <https://fsapartners.ed.gov/knowledge-center/library/nslds-user-resources/2017-02-21/nslds-record-layouts-subject-nslds-date-entered-repayment-report-der001-and-der003>

NSLDS FAQs [https://nsldsfap.ed.gov/nslds\\_FAP/static/faq.jsp](https://nsldsfap.ed.gov/nslds_FAP/static/faq.jsp)

NSLDS User ID

CPS/WAN Technical Support 1-800-330-5947

NSLDS Customer Support 1-800-999-8219

Cohort Default Rate Guide for information on challenges, adjustments, and appeals  
<https://fsapartners.ed.gov/knowledge-center/topics/default-management/cohort-default-rate-guide>

### **Late Stage Delinquency Assistance (LSDA) Guide**

<https://fsapartners.ed.gov/sites/default/files/attachments/presentations/04EACSession04.pdf>

### **General Connections/Publications**

The Office of Federal Student Aid <http://www.ed.gov/about/offices/list/fsa/index.html>

The Student Guide <https://studentaid.gov/sites/default/files/loan-entrance-counseling.pdf>

NSLDS <https://www.nsldsfap.ed.gov> or <https://www.nsldsfap.ed.gov/secure/logon.asp>

**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:

- Repaying Your Student Loans (in English and Spanish)
- The Student Guide
- Getting Ready to Pay for College
- Counselors and Mentors Handbook

<https://orders.gpo.gov/> 1-877-433-7827 or [customerservice.edpubs@gpo.gov](mailto:customerservice.edpubs@gpo.gov)

**U.S. Department of Education Default Prevention and Management Team**

If you require any assistance creating a default prevention and management plan at your school, or to discuss any part of this document, please contact: [fsa.schools.default.management@ed.gov](mailto:fsa.schools.default.management@ed.gov) or 202 377-4259.

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