

UNIVERSITY OF ULSTER
INTERNATIONAL BUSINESS SUPPORT
DEFAULT PREVENTION AND MANAGEMENT PLAN
William D. Ford Federal Direct Loan programmes

Introduction

Universities participating in the William D. Ford Federal Direct Loan programmes are required to use a default prevention and management plan to promote student and university success and reduce student loan defaults.

The University of Ulster (Ulster) is required to follow regulatory guidance which includes entrance and exit counselling for borrowers, reporting timely and accurate enrolment information to the U.S. Department of Education and communicating information regarding borrowers to relevant colleagues across campus.

Ulster is also required to promote student and university success by increasing retention and reducing delinquency and default and is responsible for making borrowers aware of the serious consequences of default.

Ulster is aware that its eligibility for the direct loan programmes can be affected by a high cohort default rate (CDR) and that it may not be considered to be administratively capable by U.S. Department of Education if its CDR equals or exceeds 25% for the three most recent fiscal years, or if the most recent CDR is greater than 40%. If this is the case U.S. Department of Education may choose to provisionally certify the University.

In designing this plan, Ulster adopted U.S. Department of Education's default management plan recommendations and implemented the following nine Default Prevention and Management Activities as well as a number of areas of best practice.

- Entrance Counselling
- Financial Literacy for Borrowers
- Communication Across Campus
- Exit Counselling
- Timely and Accurate Enrolment Reporting
- NSLDS Date Entered Repayment (DER) Report
- Late Stage Delinquency Assistance (LSDA)
- Loan Record Detail Report (LRDR) Data Review
- Analyse Defaulted Loan Data to Identify Defaulter Characteristics

Entrance Counselling

All first time borrowers of direct loans are required to undertake entrance counselling through www.studentloans.gov, in accordance with Title IV regulations. All Ulster borrowers are advised of this requirement at application stage, <http://international.ulster.ac.uk/>. Direct loans will not be originated if this requirement is not met.

Ulster has enhanced entrance counselling by providing its borrowers with a Financial Aid Pack at enrolment which includes:

- how the master promissory note works,
- the importance of repaying the loan,
- the consequences of default,
- sample monthly repayment amounts,
- information concerning the income potential of occupations relevant to their course of study,
- university contact information,
- contact information form to be completed by the borrower and returned to the International Business Support team. This form requests a variety of contact information from the borrower and is used to facilitate future contact if needed.

Financial Literacy for Borrowers

Ulster provides borrowers with information concerning the income potential of occupations relevant to their course of study <http://study.ulster.ac.uk/>. Details of how to access the information is provided in the Financial Aid Pack.

Ulster provides the following resources to borrowers at enrolment and following graduation or withdrawal:

- interactive tools to manage debt,
- repayment options,
- 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 Counselling 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.

In line with U.S. Department of Education's regulations Ulster is required to ensure that all students receiving direct loans are making Satisfactory Academic Progress (SAP). Ulster's SAP policy states that borrowers records are checked prior to each loan disbursement to ensure there has been no change to the borrowers status i.e. change of course, unsatisfactory academic progress or withdrawal. If any changes in status are identified, further clarification is sought from the relevant Faculty and appropriate action is taken.

Communication Across Campus

Ulster understands that communication of information relevant to the prevention and management of defaults must be a university-wide effort and that it should not be the responsibility of a single office.

Borrowers' academic progress and enrolment status are held on Ulster's central student record system "Banner" this ensures that the information is accessible by all relevant offices across campus including the offices that disburse funds and authorise payments.

The International Business Support team forwards a list of borrowers to relevant Faculties at the beginning of each term. Faculties are required to communicate any changes of borrower status to the International Business Support team at the earliest opportunity.

The International Business Support team liaises with colleagues in the Finance Department when carrying out each of the loan disbursements.

Ulster's Default Prevention and Management Plan is approved by the Academic Planning, Partnerships and International Affairs Committee.

Default Prevention and Retention Staff

Ulster has dedicated default prevention and management staff who reside within the International Business Support team. They are responsible for liaising with Faculties who have responsibility for monitoring student attrition and retention.

Exit Counselling

Ulster agrees in-depth counselling which focuses on fully explaining repayment plans and choices that fit the borrowers' needs is essential in order to clear up any misconceptions students may have about their loan obligations. Thorough exit counselling is a cornerstone of default prevention and is mandatory.

All borrowers of direct loans are required to undertake exit counselling through www.studentloans.gov, in accordance with Title IV regulations. Borrowers at Ulster are reminded of this requirement in the second semester prior to their final disbursement. They are also reminded that they must provide evidence of this exit counselling to the International Business Support team.

If a borrower fails to provide evidence of their exit counselling the International Business Support team forwards a copy of the "*Exit Counselling Guide for Federal Student Loan Borrowers*" to the borrower via email communication. This email communication is receipted and a copy kept in the borrowers student file.

Ulster has enhanced exit counselling during semester two by providing its borrowers with literacy which includes information on:

- the importance of exit counselling,

- consequences of default for borrowers,
- information about repaying the loan;
- reminders about Personal Financial Management and Title IV Loans;
- in-person exit counselling sessions,
- updated contact information form to be completed by the borrower and returned to the International Business Support team.

Withdrawals

Ulster recognises that many borrowers who default on their loans are borrowers who withdraw from university prior to completing their academic programs and that early identification and timely intervention of these borrowers can improve student retention as well as reduce the number of defaulted loans.

Timely and Accurate Enrolment Reporting

In accordance with Title IV regulations Ulster is required to undertake timely and accurate reporting of changes in enrolment status.

Ulster monitors student status during the academic year and carries out the required NSLDS Enrolment reporting. Ulster has established a reporting schedule that will ensure changes in borrower enrolment status are reported and certified every 60 days at minimum as stated in the “*NSLDS Enrolment Reporting Guide*”.

NSLDS Date Entered Repayment (DER) Report

Universities should not assume that a borrower’s DER is correct, as it is subject to change. Reviewing the DER report results in more accurate data, assuring that borrowers enter repayment in the correct cohort year and that universities receive accurate cohort default rates.

Ulster requests the DER report in line with their established NSLDS reporting schedule and compares the report to their University records and makes any necessary corrections to the borrower’s status using the NSLDS online enrolment reporting.

Early Stage Delinquency Assistance (ESDA)

Universities can request a Default Aversion Assistance Request (DAAR) report for students who have defaulted by 60 – 120 days. This report provides information to assist in contacting the borrowers to counsel them on the importance of repaying their loans.

Ulster may utilise 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)

Universities are encouraged to adopt LSDA techniques to enable them to assist severely delinquent borrowers, those who are more than 240 but less than 361 days delinquent.

Ulster will attempt to re-establish communication with these borrowers using the contact information supplied during the borrower's time at Ulster. Ulster can advise these borrowers of the assistance available to them.

Maintain Contact with Former Students

Ulster recognises the importance of having up to date contact details for borrowers to assist with the prevention of default. Contacting borrowers is an essential activity upon which successful default prevention and management can be built.

Ulster collects contact details from borrowers during enrolment in Semester one and then again in Semester two. The following contact information is requested; term address, home address, mobile phone, home phone, email addresses, Skype number and contact details for three family members.

Loan Record Detail Report (LRDR) Data Review

The Loan Record Detail Report (LRDR) contains all of the data that comprises the Cohort Default Rate (CDR) calculation.

In line with U.S. Department of Education's recommendation and regardless of their CDR Ulster will review its CDR data twice a year to ensure that the rates are accurate and include the correct borrowers and loans.

Analyse Defaulted Loan Data to Identify Defaulter Characteristics

Ulster recognises that a solution to prevent future defaults lies in understanding what caused past defaults. Reviewing key data within the LRDR as well as key information such as university attended, program of study, demographics and marks will help in identifying similar characteristics.

Ulster periodically carries out an analysis of defaulters in order to discern who is defaulting and why. Ulster uses this information to improve its default prevention and management practices and initiatives.

Summary

As part of administering the U.S. Department of Education's William D. Ford Federal Direct Loan programmes Ulster understands that it is required to carry out both the regulatory and non-regulatory requirements set out in its Default Prevention and Management Plan.

Ulster is aware of the serious consequences for borrowers and the University if Cohort Default Rates are excessive.

Ulster has committed itself to all nine of the activities recommended by the U.S. Department of Education as well as a number of areas of best practice.