



Entrance Counseling – Requirements and Recommendations for FAOs

As student loan borrowers prepare to make a significant financial investment in their future, the U.S. Department of Education requires that they first be informed on the basics of borrowing via an Entrance Interview. In addition to this fact sheet, the AAMC has resources to help you complete this requirement, including:

- A complete presentation, with speaker's notes, available on the **Members Only** section of the GSA web site. (login required)
- AAMC staff available to conduct in-person group entrance and exit sessions on behalf of your institution. Contact Julie Fresne (jfresne@aamc.org) for more information.

Entrance Interview Requirements*:

- Explain the purpose of the MPN, what it is and how it is used
- Describe NSLDS (National Student Loan Data System) and how it can be accessed
- Reinforce the importance of repayment and the seriousness of the obligation
- Describe the consequences of default (including adverse credit, garnishment and litigation)
- Reinforce that repayment is required regardless of whether or not the:
 - Program is completed
 - Borrower is able to obtain employment
 - Borrower is satisfied with education experience
- Provide examples of monthly repayment amounts based on either
 - a) a range of student levels of indebtedness or
 - b) the average indebtedness of Stafford loan borrowers at your school or in the same program of study at your school.
- Define half-time enrollment, impact of less than half-time enrollment and cor-

rect steps to withdrawal

- Explain interest accrual, capitalization and the borrower's option to pay interest
- Borrowers must acknowledge receipt and understanding of student loans

Note: The above requirements are applicable to:

- 1) first-time borrowers of Stafford loans, or Direct Stafford loans or
- 2) first-time borrowers of Grad PLUS loans that have not received a prior Stafford or Direct Stafford loan.

Additional requirements for Grad PLUS borrowers:

- Grad PLUS borrowers that have received a prior Stafford or Direct Stafford loan must be given notice of:
 - The maximum interest rate for Stafford loans versus Grad PLUS loans
 - The periods when interest accrues on Stafford loans versus Grad PLUS loans
 - The point at which Stafford loans enter repayment versus Grad PLUS loans

- Provide examples of monthly repayment amounts based on either:
 - a) a range of student levels of indebtedness or
 - b) the average indebtedness of Stafford and Grad PLUS borrowers at your school or in the same program of study at your school.

AAMC FIRST recommends the following components for inclusion in the entrance session:

- Review terms and conditions of all loans
- Discuss rights and responsibilities (MPN)
- Review repayment options
- Detail deferment, forbearance and cancellation
- Highlight importance of good record keeping
- Discuss the importance of budgeting
- Stress communication with lenders (i.e. changes in name, address or enrollment status)
- Review other sources of aid
- Reminder of exit counseling requirement

*For detailed information on the Entrance Loan counseling regulations sees: FFEL: 34 CFR 682.604 (f) and (g); DL: 34 CFR 685.304; Perkins: 34 CFR 674.16(a); Common Manual 4.4.C and 4.4.D; and the FSA Handbook.