

**Changes in Loan Counseling Requirements
Higher Education Opportunity Act***

Entrance Counseling

Previous Regulations	HEOA	Changes
Schools must ensure that entrance counseling is conducted with a first-time Stafford or Grad PLUS borrower prior to delivery of the first disbursement of the loan.	Schools must at or prior to first disbursement to first-time Stafford or Grad PLUS borrowers ensure borrowers receive simple and understandable information concerning: <ul style="list-style-type: none"> ■ Terms and conditions of loan. ■ Responsibilities with respect to the loan. 	Schools may now perform entrance counseling “at delivery” of the first disbursement of the loan. Previously schools were required to provide counseling “prior to the first disbursement.” Entrance counseling for Grad PLUS students now required by law. Previously this was only a regulatory requirement. Schools must ensure that entrance counseling materials are in simple and understandable language, and include applicable terms and conditions, as well as borrower responsibilities.
Counseling can be conducted in person, or by audiovisual or interactive means. If interactive, school must ensure borrower participates.	Counseling can be provided in person, via paper (signed and returned to school) or online (with borrower acknowledgement of receipt).	The requirement now is more prescriptive regarding borrower acknowledgement of receipt of counseling.
Permits the use of interactive electronic media for entrance counseling.	Encourages the use of interactive presentation to test borrower understanding of terms and conditions (using simple, understandable text with clear formatting).	Encourages use of quizzes and other interactive means to test borrower knowledge of loan terms and borrower responsibilities.
Not addressed	Effect of accepting the loan on eligibility for other types of financial aid.	Schools must ensure that borrowers understand the effect of loan acceptance on their eligibility for other types of financial aid.
Not addressed	How interest accrues and is capitalized when not paid by borrower or the federal government.	Schools must provide an explanation of capitalization of interest.
Not addressed	Option to pay interest on unsubsidized loan while borrower is in school.	Schools must explain the option to pay unsubsidized interest while the borrower attends school.

Previous Regulations	HEOA	Changes
Not addressed	Definition of half-time enrollment at the school — during regular terms and summer school — and consequences of not maintaining half-time enrollment.	Schools must define for borrowers what constitutes half-time enrollment — during regular terms and summer school — and the consequences of not maintaining half-time enrollment.
Not addressed	Explanation of importance of contacting appropriate school offices if borrower withdraws before completing program, so school can provide exit counseling.	Schools must ensure that they advise borrowers of office to contact prior to withdrawing so exit counseling can be scheduled.
Obligation to repay full amount even if borrower does not complete program, is unable to obtain employment, is dissatisfied with or does not receive services purchased from school.	Obligation to repay full loan amount even if borrower does not complete program or does not complete program within the regular time for program completion.	Schools must add information that borrowers must repay their loans regardless of whether they complete their programs of study within the regular time for program completion.
Consequences of default including adverse credit reporting, federal offset and litigation.	Consequences of default including adverse credit, federal delinquent debt collection procedures and litigation	Schools must ensure their description of the consequences of loan default includes federal delinquent debt collection procedures.
Not addressed	Information about National Student Loan Data System and how borrower can access records.	School must provide information about Student Access Web site of NSLDS.
School must ensure staff with program expertise available shortly after counseling to answer borrower questions.	Name and contact information for borrowers to ask questions about rights and responsibilities and loan terms and conditions.	School must provide contact information for staff to respond to borrower follow-up questions.

** This table reflects NELA® policy advisers' interpretation of the statutory language from the Higher Education Opportunity Act regarding changes to entrance and exit counseling requirements. It does not reflect guidance from the U.S. Department of Education. The information provided above is subject to change based on future guidance from the U.S. Department of Education. Aug. 29, 2008.*