

## Policy and Procedure

### Default Prevention and Management

Currently, Diman School of Practical Nursing is not required to have a Default Management Plan in operation. Diman has only participated in the Direct Loan Program since June 2010, the beginning of the 2010-2011 academic year. Default rates are calculated on a two to three year repayment plan. Students go into repayment of their Direct Loans 6 months after they leave school, drop to less than half time enrollment or graduate. This is called their grace period time. Monthly payments begin in 6 months, if student is not attending school at least half time or has filed a hardship form, due to accident, illness, etc.

Default rates for the school are calculated by using the number of students who fail to make monthly loan payments after their deferment period. The number of students who fall into this default status is calculated with the total of students who go into repayment for this period and the percentage is the default rate.

Schools do not have to create a default management plan unless they have exceeded the 25% default rate. It is in Diman's best practice to establish good loan default prevention methods with each new borrower. The current best practice policy is:

Students must accept their Direct Loan on their Award Letter, before the loan will be originated.

Students must complete the on line Department of Education's Entrance Counseling section before loan is originated and disbursed.

Students must complete a Master Promissory Note or have a current MPN before loan is originated and disbursed.

Loans amounts are posted on student billing statements and comment is on statement that this is loan funds and if there is reason to cancel or change loan they may do so.

Students who graduate receive an exit packet in their school mail folder, students who leave Diman prior to graduation are mailed an exit packet. The Exit packet has loan amounts borrowed, Department of Education Exit website, NSLDS information and website.

Students are reminded that name, address changes should be reported to school, lender and loan servicer.