



National Default Prevention Day 2002

Default Prevention: You Are The Key!

August 1, 2002



FSA
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STUDENT AID

We Help Put America Through School



Student Loan In-School Debt Intervention Program

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What We Know About Student Debt

- 78% of students 18-25 had an average of three credit cards with average debt of \$2,748 (2000 Nellie Mae Study)
- Average student loan debt increased to \$17,000 (State Public Research Group)
- Delinquencies and defaults on the rise due to a downturn in economy (Greentree Gazette, May 2002)



What's Being Done Now

- Loan Entrance & Exit Counseling
- Default Aversion Programs
- Late Stage Delinquency Assistance
- Financial Workshops & Curriculum
- Debt Management Programs
- On-line Debt Counseling



Authority to Refuse to Originate/Certify a Loan

- “A school may choose not to certify or originate a loan or may certify it for a reduced amount. Such decisions must be made on a case-by-case basis and must not be part of a pattern or practice that denies access to loans because of borrower’s race, gender, color, religion, national origin, age, disability status, income or selection of a particular lender or guarantee agency. You must notify the borrower in writing of the reason for the decision and keep documentation supporting the decision in the student’s file.” – SFA Handbook



What's Being Done at Arapahoe Community College

- Student Loan Debt In-School Intervention Interview
- Conducted when student accumulates \$14,125 in cumulative student loan debt
- Student required to complete Additional Loan Request Form, “Slope” on-line, Academic Advising Plan and Interview



What Happened During Intervention

- Students borrowing max did so due to a loss of job, income, etc. & were eligible for professional judgment
- Student attitudes toward borrowing changed
- Students pursued alternate sources



What We Can Do Better

- Increase Awareness of Delinquency & Default Alternatives
- Have Default Prevention Day on Campus, Radio and TV Call-ins
- More Posters on Default Prevention
- Better Marketing of Default Prevention Websites and Programs
- Collaboration with All Entities



Contact Us

- I appreciate your feedback and comments.
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Questions and Comments