

2025-2026
Heartland Community College Default Prevention and Management Plan

Background:

Heartland Community College is committed to counseling students regarding responsible borrowing under the Federal Direct Loan program and to using student loans as a “last resort” to meet educational expenses so that educational borrowing does not become a future financial roadblock for students.

In developing the college’s Default Prevention and Management Plan, Heartland has considered all stages of the loan process including student loan certification, loan counseling, consumer education and loan repayment monitoring and tracking.

Financial Aid Packaging Philosophy:

In considering all resources available to a student to meet educational expenses, Heartland Community College believes that student loans should be the “last resort” after all other resources are considered, including employment, private scholarships and the college offered tuition payment plan.

Therefore, students are provided with information on all educational resources available and are encouraged to consider these options before applying for a loan. This information is provided on the college’s web site, in the student orientation sessions, and as part of pre-loan counseling for potential “at risk” borrowers.

The Student Loan Application Process:

Students must complete a Free Application for Federal Student Aid (FAFSA). Students who have Pell eligibility and have never borrowed before under the student loan programs are not awarded a student loan as part of the automated packaging process. These students must schedule a student loan counseling appointment with the financial aid office before a loan is processed. After the student loan appointment is complete, these first time borrowers who are Pell eligible may then submit a Loan Request Form.

Students with no need-based grant eligibility and students who are prior borrowers will be offered a student loan through the automated packaging process. Students have the ability to accept, reduce or decline the loan(s) through their home.heartland.edu → Student Center or in writing to the financial aid office. Prior borrowers who have accepted a student loan will need to provide borrower information updates annually.

Eligibility:

As part of Heartland's Default Prevention and Management Plan, all loan requests will be reviewed on a case-by-case basis. Additional information may be requested from the student as necessary to determine the need for a loan to meet educational expenses.

In addition to all general eligibility requirements, Heartland Community College has placed some additional initial requirements on borrowing. These additional requirements are intended to insure that students at Heartland Community College borrow only what is necessary to meet educational expenses and to consider the effects of borrowing at Heartland on future educational and life plans.

Following are the additional initial requirements:

1. Due to the low cost of attendance at Heartland Community College, it is unlikely that independent students will need to borrow "additional unsubsidized" Stafford loan amounts. Therefore, Heartland Community College will initially package all students at the dependent maximum levels for Subsidized and Unsubsidized loans. Independent students will be packaged with the "additional unsubsidized" Stafford loan amounts on an appeal basis if the student can demonstrate that other financing options have been attempted and exhausted.
2. Heartland Community College understands that some students at the college have enrolled to get their educational plans back on track after an unsuccessful experience at another institution. To ensure that students have every opportunity to be successful in life after attending Heartland, the college looks very closely at students who have borrowed prior to attending Heartland in terms of total aggregate borrowing. Heartland places an initial limit on aggregate borrowing at \$20,000 for all Heartland students (including those who are transferring in with student loan debt). Students with loan holds are required to complete a smart borrower packet including a borrower information sheet. Upon submittal of smart borrower packet a prior borrower with greater than \$20,000 in aggregate borrowing will be required to meet with a counselor to review submitted material and discuss pathways to limit additional debt.
3. All Stafford loan disbursements will be delayed until after the 50% point of the term. This action is taken based on historical data which indicates that a higher than acceptable number of students withdraws or quit attending class as soon as student loan refunds are issued.

Appeals to borrow "additional unsubsidized" Stafford loan amounts will be directed to the Financial Aid Office Loan Appeals Committee. Appeals for the early release of loan funds will be directed to the Coordinator of Financial Aid. These appeals are reviewed by the Coordinator of Financial Aid and the Business Office Program Assistant for Financial Aid. As required by federal regulations, all student loan appeals will be reviewed on a case-by-

case basis. Students will be required to provide additional documentation to support their loan request and an in-person interview with the student may also be requested.

According to federal regulations, Heartland Community College has the right to refuse to certify a loan or may reduce the borrower's determination of need for the loan on a case by case basis. As required by federal regulations, if a loan request is denied, the student will be notified in writing as to the reason for the denial.

Financial Literacy:

Heartland Community College wants to make sure that all students are informed financial consumers and borrowers. As part of the college's Default Prevention and Management Program, students are provided with information on budgeting, borrowing responsibly and the consequences of student loan default. This information is provided to all new students during the college's Student Orientation sessions, during pre-borrowing meetings with Pell eligible first-time borrowers at HCC, and as part of required entrance loan counseling through the department of education website. All prior borrowers are required to complete financial awareness counseling and high borrowers must complete the smart borrower packet and meet for in person financial literacy counseling in addition to online financial awareness counseling.

Entrance Loan Counseling:

As a participant in the Federal Direct Student Loan Program, Heartland Community College utilizes the online entrance counseling tools provided by the U.S. Department of Education. All HCC students must complete online counseling prior to borrowing under the Stafford Loan Program.

Due to the low cost of a community college education, Heartland is concerned about the aggregate borrowing levels of its students and is committed to working with students to keep borrowing at a minimum. As part of that commitment, Heartland requires a pre-loan counseling session with all Pell eligible first-time borrowers who are deemed a higher risk for default than those with larger family financial resources.

For new borrowers, the pre-loan counseling session includes a review of all the details of the loan program, an explanation of the responsibilities of borrowing, the need to repay the loan and the consequences of defaulting on a student loan. The need to budget all financial aid funds, including loans, to ensure the funds last for the entire academic year is also addressed. Students are provided with a budget worksheet to complete prior to the counseling session.

Although not required, continuing borrowers and borrowers who are not Pell eligible have the opportunity to schedule an appointment for pre-loan counseling. These sessions include a review of the amount previously borrowed, the role of a loan servicer and the basics of the loan program. The student is verbally quizzed concerning the basics of the

loan program and gaps in the student's knowledge are addressed. The student's program of study, planned completion date and educational goals and the potential impact on borrowing (transfer students to a 4-year program versus those seeking only their Associate's Degree or certificate) is also discussed. The current repayment obligation based on current borrowing levels as well as an anticipated repayment obligation based on the student's educational goals is reviewed. Emphasis is placed on the need to manage their debt responsibly, their obligation to repay the loan and the consequences of defaulting on a student loan. Students are provided with a budget worksheet to complete prior to the counseling session.

Exit Loan Counseling:

Although it is important for students to understand their obligations prior to borrowing, it is also equally important to review those obligations and emphasize loan repayment options before the student completes their program of study or if they cease to be enrolled on at least a half-time basis. To ensure that all borrowers are receiving this information, the college notifies all borrowers each term of the need to complete exit loan counseling. This information is provided via a mailed letter. These communications offers each borrower in-person exit loan counseling as well as provides information regarding the use of the Direct Loan web site's online exit loan counseling. A link to the exit loan counseling brochure from the Department of Education is also provided to each borrower each term. In addition, once a student has been identified as having withdrawn from the college, the Heartland Financial Aid Office mails exit loan counseling materials to the student, which includes information on scheduling an in-person exit counseling session. Exit loan counseling information includes information on estimated monthly payments, repayment options, deferment and forbearance options, the consequences of default and contact information for the Direct Loan Servicing Center and NSLDS. Exit counseling materials are also sent to students who have applied for graduation and students are encouraged to contact the financial aid office to schedule an exit counseling appointment or complete the exit counseling online.

For each of these groups (students graduating and students who have withdrawn), the exit information provided to the student also includes contact information for their specific loan servicer.

Knowing that the best time to provide this information to students is prior to them leaving campus; the Financial Aid Office will work closely with other college areas to identify students at risk of withdrawing as early as possible.

Contact Information for Borrowers:

As part of our institutional requirements, Heartland collects Borrower Contact Information from each borrower on an annual basis to assist in locating a student after graduation, in the event the student becomes delinquent on their student loan payments.

Review of Defaulted Loan Data:

Although Heartland Community College hopes that all Heartland students make satisfactory repayment arrangements on their Stafford loans, some students will not. On an annual basis, Heartland Financial Aid Office staff will analyze the pool of Heartland students who default to determine if any patterns exist in order to strengthen the college's Default Prevention and Management Plan.