Default Management Plan for US Federal Direct Loans

The purpose of this Default Management Plan is to minimise borrower delinquency and default, ensure compliance with United States Federal Student Aid requirements, support successful student completion and repayment outcomes, and maintain the integrity of the Glasgow School of Art's participation in the Federal Direct Loan Program.

Please find detailed below some of the activities, techniques and tools the Glasgow School of Art employs to help our students with US Federal Loans to better understand the rules and responsibilities of taking out loans to fund their education and to reduce the number of students who default on their loan repayments.

The Default Management Plan operates alongside GSA's:

- Satisfactory Academic Progress Policy;
- Return to Title IV Policy;
- Student Absence and Attendance Policy;
- Student Support procedures.

Roles and Responsibilities at GSA

Role	Responsibility
Student Welfare Service	Federal Aid administration, counselling, default prevention
Registry	Enrolment reporting, attendance monitoring and student status changes
Finance Office	Drawdown and transfer of funds; loan disbursement records
Programme Leaders	Attendance/Engagement monitoring; identification of at-risk students
Academic Support Managers	Student retention support

Entrance Counselling

All new students borrowing from the Federal Direct Loans programme are required to complete Entrance Counselling at https://studentaid.gov/entrance-counseling/ prior to their loans being certified. During Entrance Counselling, students are advised of:-

- How the Master Promissory Note works
- The terms of the loan, including the financial responsibilities
- The importance of repaying the loan
- The consequences of default
- Sample monthly repayment amounts

GSA checks Entrance Counselling has been completed prior to loans being originated. GSA has further contact with students throughout the loan set-up, pre-arrival and enrolment periods and ensures students fully understand the Federal Student Loan process and responsibilities.

Financial Literacy for Borrowers

All students intending to use US Federal Loans to fund their education at the Glasgow School of Art are advised to borrow only what is required to fund their studies and to make themselves aware of the repayment obligations of the loans they intend to borrow. GSA recommends that continuing students review their borrowing to date by checking their Loan History on NSLDS or completing Entrance Counselling again. We advise that it is not a requirement to take the

maximum loans available and that the students review their loan repayment obligations. All students taking out US Federal Loans are asked to submit in writing the amount of loans they require annually.

Students are encouraged to identify and maintain regular contact with their Federal Loan Servicer. Borrowers experiencing financial difficulty are advised to contact their Loan Servicer immediately to discuss available repayment options, deferment, forbearance or income-driven repayment plans.

Students are directed to review available repayment plans, including income-driven repayment options, using the StudentAid.gov Loan Simulator before entering repayment.

Early Identification and Counselling for Students at Risk of Withdrawal
Students who withdraw or are considering withdrawing prior to the completion of their programme of study have a meeting with their Programme Leader. Guidance is provided and every effort is made to resolve any issues to prevent the student from withdrawing. Students are advised to meet with/speak to the Student Welfare Service for further advice on completing their programme or for support with the withdrawal process.

Students in receipt of US Federal Loans are referred the Student Welfare Manager to discuss the impact that withdrawing from their studies will have on their US Federal Loans. At the Glasgow School of Art the incidence of US students withdrawing from studies before completing their programme of study is extremely low.

Programme Leaders are responsible for identifying students at risk of withdrawing and counselling them accordingly with a view to retaining those students. Students who are considering withdrawing from their programme of study are contacted by the Student Welfare Team to arrange a meeting (in person or via phone/on-line). At this meeting full information on the withdrawal process and the impact on the student's US Federal Loans (potential R2T4 calculations; entering repayment) are discussed. If the student advises that they wish to withdraw, they are provided with support with this process and advised to complete Exit Counselling.

GSA will proactively monitor borrowers identified as at elevated risk of withdrawal, SAP failure or repayment difficulties and provide targeted support and counselling.

Communication
All students are directed to the Glasgow School of Art US Loans information and Consumer Disclosures, provided on the Glasgow School of Art website, on the communication sent to confirm that their Loan origination process has begun.

Up-to-date contact information for students and their next of kin is obtained from students at enrolment and stored on the School's central student records system. Academic progress and enrolment status is also held on the student records system and is accessible to the department that certifies loans and disburses funds. In addition, a Progress Review Form signed by the student's tutor or Programme Leader, confirming satisfactory academic progress, is required before the disbursement of funds.

The Glasgow School of Art has effective procedures in place to ensure accurate and timely communications across all relevant departments. Academic progress and enrolment status is

communicated across the institution ensuring the relevant aid is disbursed on time and to the correct students and in compliance with Direct Loan regulations.

Exit Counselling
Prior to graduating, students are reminded by email of their obligation under Federal Direct Loan regulations to complete online Exit Counselling. They are asked to do this and confirm to Graeme Fraser, Student Welfare Adviser that Exit Counselling has been completed.
Students are directed to https://studentaid.gov/exit-counseling/

Students who withdraw from their programme or who fall below half time are also asked to complete Exit Counselling.

Timely and Accurate Enrolment Reporting
The Glasgow School of Art will ensure that accurate information on enrolments including updates is reported in a timely way on the National Student Loan Data System.

Data Monitoring and Review Process
The Glasgow School of Art will analyse defaulted loan data available from NSLDS to improve default prevention and management practices. This analysis and the Loan Record Detailed Report (LRDR) will be used to pinpoint common trends amongst defaulters.

Any student defaulting on their loans who contacts the Student Welfare Service will be directed to their individual Loan Servicer and provided with contact details to discuss repayment options.

GSA will conduct an annual review of:
- loan recipients;
- leave of absence and withdrawal rates;
- completion rates;
- R2T4 cases;
- Borrower feedback
- cohort default rate information where available;

Findings will be used to update procedures and student communications.

GSA will maintain records of entrance counselling verification, exit counselling reminders, borrower communications, withdrawal counselling and default prevention activities in accordance with Federal Student Aid record-retention requirements.

Tools, Activities and Resources
The Glasgow School of Art will make use of the recommended tools (below) to ensure data accuracy and employ effective loan counselling and default prevention and management techniques to aid students and the School.

FSA Assessments for Default Prevention and Management:
https://fsapartners.ed.gov/financial-aid-delivery/default-prevention-and-management

Federal Student Aid Resources for Borrowers:

The Glasgow School of Art encourages all borrowers to make use of the following official Federal Student Aid resources throughout their studies and during repayment. These resources provide information on borrowing responsibly, repayment planning, managing financial difficulties, and avoiding loan default.

Resource	Purpose
StudentAid.gov (https://studentaid.gov)	Official Federal Student Aid website containing information on loans, repayment, servicing and borrower rights.
Entrance Counselling (https://studentaid.gov/entrance-counseling/)	Required counselling for new borrowers.
Exit Counselling (https://studentaid.gov/exit-counseling/)	Required counselling for graduates, withdrawals and students dropping below half-time study.
Loan Simulator (https://studentaid.gov/loan-simulator/)	Allows borrowers to estimate monthly repayments and compare repayment plans.
Federal Loan Repayment Information (https://studentaid.gov/manage-loans/repayment)	Explains repayment plans, deferment, forbearance and loan forgiveness options.
Help if You Are Struggling to Repay (https://studentaid.gov/manage-loans/default)	Information and support for borrowers who are delinquent, in default, or experiencing repayment difficulties.
Federal Student Aid Resources Library (https://studentaid.gov/resources)	Consumer information, publications, tools and financial aid guidance.

Students experiencing academic, personal or financial difficulties are encouraged to seek support as early as possible. Borrowers should contact both the Glasgow School of Art and their Federal Loan Servicer if they experience circumstances which may affect their ability to continue their studies or repay their loans.

Borrowers are encouraged to:

- Keep their contact details up to date with both GSA and their Loan Servicer.
- Review their total borrowing regularly through their StudentAid.gov account.
- Use the Loan Simulator before entering repayment.
- Explore available repayment plans, including Income-Driven Repayment options where eligible.
- Contact their Loan Servicer immediately if they anticipate difficulties making repayments.
- Complete Exit Counselling promptly when graduating, withdrawing or dropping below half-time attendance.

Federal Student Aid Resources for GSA Staff:

The following resources support institutional compliance, enrolment reporting and default prevention activities.

Resource	Purpose
FSA Partner Connect (https://fsapartners.ed.gov)	Primary source of Federal Student Aid guidance, training, Knowledge Center publications, Dear Colleague Letters and announcements.
FSA Assessments - Default Prevention and Management (https://fsapartners.ed.gov/financial-aid-delivery/default-prevention-and-management)	Self-assessment tools and best-practice guidance for schools.
NSLDS Enrollment Reporting Guide (https://fsapartners.ed.gov/knowledge-center/library/guides-worksheets/2026-07-27/nslds-enrollment-reporting-guide-july-2026)	Guidance on enrolment reporting requirements and reporting accuracy.
Cohort Default Rate Guide (https://fsapartners.ed.gov/knowledge-center/topics/default-management/cohort-default-rate-guide)	Guidance on default management, cohort default rate calculations and appeals.
Foreign Schools Information (https://fsapartners.ed.gov/knowledge-center/topics/foreign-schools)	Guidance and resources specific to foreign institutions participating in the Direct Loan Program.

The Glasgow School of Art uses Federal Student Aid reporting tools to monitor borrower outcomes, support enrolment reporting accuracy and identify opportunities to strengthen default prevention activities.

This Default Management Plan will be reviewed annually by the Student Welfare Service and updated as required to reflect changes in Federal Student Aid regulations, guidance and institutional practice.

For enquiries about this document or US Federal Aid, please contact:

USLoans@gsa.ac.uk