



2025-2026 for Defaulted Loans Prior to March 13, 2020

## Fresh Start Initiative

Federal Student Aid Eligibility for Borrowers with Defaulted Loans

Student Financial Services • 1 Ferncroft Road • Danvers, MA 01923-0840

978-762-4189

[www.northshore.edu/paying/financial-services](http://www.northshore.edu/paying/financial-services)

[sfs@northshore.edu](mailto:sfs@northshore.edu)

### Required (please print)

FSDFLT

Student ID#

N	0	0					
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Last Name: \_\_\_\_\_

First Name: \_\_\_\_\_

*The Fresh Start initiative requires that a school receiving an Institutional Student Information Record (ISIR) showing that a student has one or more of the loan types listed below that defaulted before March 13, 2020, may award Title IV aid to the student in accordance with all normal student and program eligibility requirements provided that the school:*

*Maintains in the student's file a screenshot of the National Student Loan Data System (NSLDS®) loan detail information showing that the default date (see below) for the loan was prior to March 13, 2020.*

### Terms

The school must retain this documentation for three years after the end of the award year in which the student last attended the school.

- **For Direct Loans**, the default date is the most recent "Start" date for transfer of the loan to DMCS as shown under "Guaranty Agency/Lender/Servicer Agent History" in the "Loan Detail" section.
- **For FFEL Program loans**, the default date is the most recent "Insurance Claim Payment" date with a "Reason Code" of DF or DU shown under "Claim Details for Loan" in the "Loan Detail" section.
- **For Perkins Loans**, the default date is the most recent "Start" date for transfer of the loan to DMCS as shown under "Guaranty Agency/Lender/Servicer Agent History" in the "Loan Detail" section.
- Retains in the student's file a signed and dated acknowledgment (see below) from the student or parent (parent acknowledgment will only be required if applying for a Direct PLUS loan for parents) of participation in the Fresh Start initiative.

The school must retain this acknowledgment for three years after the end of the award year in which the student last attended the school.

Once new aid is disbursed to borrowers who qualify under the FreshStart initiative, the Department will automatically initiate a transfer of the borrowers' defaulted loans to a non-default loan servicer. This transfer will remove the default status of the loans and allow the borrowers to remain eligible to receive Title IV aid beyond the Fresh Start period.

We want to emphasize that the guidance in this DCL applies only when awarding aid to borrowers who are currently ineligible based solely on a prior Title IV loan default, and who qualify to have their eligibility restored through the Fresh Start initiative or in accordance with [DCL GEN 21-03](#). Students who are ineligible for any other reason (e.g., failing to meet satisfactory academic progress standards, owing an overpayment on a Title IV grant, or being in default on a Perkins Loan that is held by a school) are not eligible to receive Title IV aid unless the eligibility issue is resolved.

### Student Acknowledgement

I certify that I \_\_\_\_\_ understand that I am eligible

PRINT STUDENT'S NAME

for Title IV aid as a result of the Fresh Start Initiative. As a Fresh Start-eligible borrower, I understand that, by accepting Title IV HEA federal student aid during the Fresh Start period, I am agreeing to have my defaulted loans transferred to a new loan servicer — the company that will manage my loan — which will result in continued Title IV, HEA federal student aid eligibility beyond the Fresh Start period. I understand that this transfer may not occur immediately and that I can contact the holder(s) of my defaulted loan(s) to request transfer sooner.

STUDENT'S SIGNATURE (no electronic signatures)

DATE

PARENT'S SIGNATURE Dependent Students Only (no electronic signatures)

DATE

### For Office use only:

☐ NSLDS record attached

☐ Clear Flag RNARSXX

☐ RRAAREQ Tracking Code: FSDFLT