

Cohort Default Rate Strategies

Chapter 3.1

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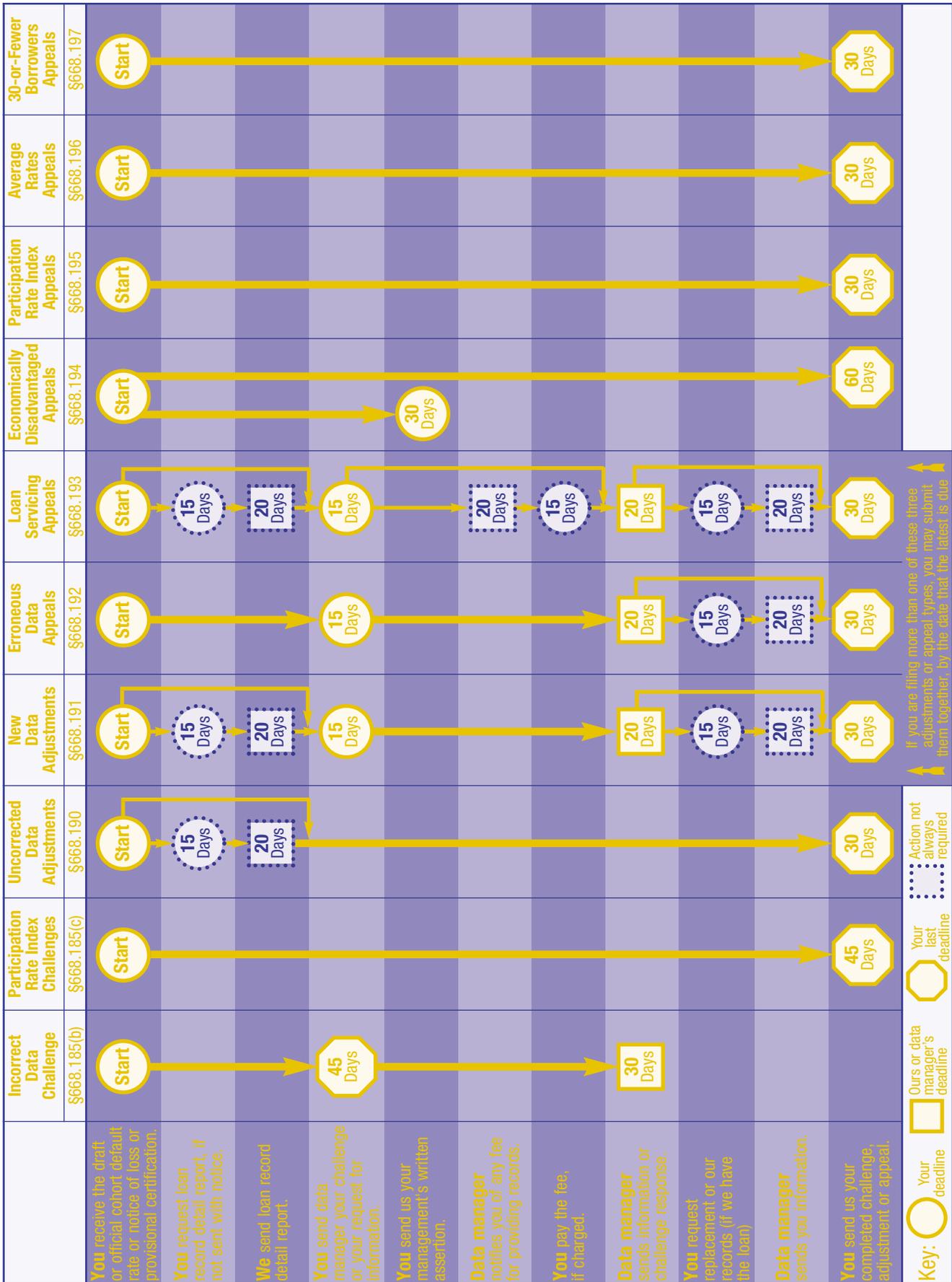
Cohort Default Rate Strategies

What strategies can a school employ before the release of the draft and official cohort default rates?

There are a number of strategies a school can employ before the release of the draft and official cohort default rates

- ❖ keep copies of all correspondence between the school and data managers, lenders, and the U.S. Department of Education (the Department);
- ❖ send all cohort default rate correspondence and enrollment information correspondence to all entities via certified mail or commercial delivery and maintain the documentation that shows the correspondence was timely sent;
- ❖ timely submit, on a regular basis, changes in a student's enrollment status to the National Student Loan Data System (NSLDS) and follow up with a screen print to NSLDS to show timely submission;
- ❖ on at least a monthly basis, review the NSLDS repayment information and compare this data with the school's data (see Chapter 3.2, "Repayment Information," for additional information);
- ❖ coordinate with all offices throughout the school concerning student enrollment status to ensure free flow of information at the school;
- ❖ contact all data managers to determine what reports are available from the data manager to track students on a regular basis;
- ❖ contact the data manager to discuss how to update information if the school finds incorrect data during its review;
- ❖ correct reports with the data manager on a regular, timely basis;
- ❖ work with the school's Institutional Improvement Specialist (IIS) or Client Account Manager (CAM) to resolve difficulties;
- ❖ read the Department's publication "Ensuring Student Loan Repayment;"
- ❖ review this guide for information regarding cohort default rates; and
- ❖ update this guide by incorporating new pages as they are received.

Figure 3.1.1- Challenges, Adjustments, and Appeals



What strategies should a school employ after release of the draft and official cohort default rates?

The school will receive a notification letter each year when the Department releases the draft cohort default rates. Most schools will also receive a loan record detail report for the draft period listing all the borrowers contained in the draft calculation. The school should compare the information in the loan record detail report for the draft period to the school's own records to ensure the accuracy of the data in the loan record detail report for the draft period.

The school will receive an official cohort default rate notification letter when the Department releases the official cohort default rates. The letter will inform the school of its official cohort default rate and inform the school of any sanctions or benefits associated with the school's official cohort default rate. (See Chapter 2.2, "Cohort Default Rate Effects," for additional information about cohort default rate sanctions and cohort default rate benefits.) If the school's official cohort default rate is 10 percent or greater, the school will receive a loan record detail report for the official period listing all the borrowers contained in the official calculation. (A school may also request a copy of the loan record detail report. See Chapter 2.3, "Loan Record Detail Report," for information on requesting a copy.)

Because loan record detail reports contain personal identification information about borrowers who received loans under the Federal Family Education Loan (FFEL) and William D. Ford Federal Direct Loan (Direct Loan) programs, the Privacy Act of 1974 and the Family Educational Rights and Privacy Act (FERPA) apply to all cohort default rate loan data, including the loan record detail reports. State and local laws and regulations may also govern the use of this material. Recipients should take appropriate steps to ensure that this material is used and discarded properly.

What else can a school do after release of the draft and official cohort default rates?

There are a number of challenges, adjustments, and appeals a school can pursue after the release of the draft and official cohort default rates. Schools may submit challenges after the release of the draft cohort default rates; schools may submit adjustments and appeals after the release of the official cohort default rates. Figure 3.1.1 outlines those challenges, adjustments, and appeals.

The challenges, adjustments, and appeals fall into two main categories:

- ❖ Challenges, adjustments, and appeals that contend that the loan record detail report contains inaccurate data and, as a result, the school's cohort default rate is incorrect. Generally, this type of challenge, adjustment, or appeal is available to any school. The exceptions are the uncorrected data adjustment, which is only available to schools that submitted an incorrect data challenge, and the erroneous data appeal, which is only available to schools that are subject to sanctions.
- ❖ Challenges, adjustments, and appeals that contend that the school has exceptional mitigating circumstances that should remove the school from being subject to cohort default rate sanctions. Generally, this type of challenge, adjustment, or appeal is only available to schools that are subject to sanctions. The exception is the participation rate index challenge, which is available to schools that believe they will be subject to sanctions after the release of the official cohort default rates.

The type of challenge, adjustment, or appeal a school should submit depends on the school's situation. Figure 3.1.2 details which schools will benefit from submitting the different challenges, adjustments, or appeals.

Information for Schools that Believe the Loan Record Detail Report Contains Inaccurate Data

Why should a school that is not subject to sanctions contest inaccurate data on the loan record detail report?

There are a number of reasons why a school that is not subject to sanctions should contest inaccurate data on the loan record detail report:

- ❖ Contesting inaccurate data helps maintain data integrity and accuracy.
- ❖ Contesting inaccurate data may lead to a reduction in the school's cohort default rate that would make the school eligible for the benefits available to schools with a low cohort default rate. See Chapter 2.2, "Cohort Default Rate Effects," for information on the benefits available for schools with a low cohort default rate.

Figure 3.1.2 - Schools that can Benefit from Submitting a Challenge, Adjustment, or Appeal (part 1 of 2)

Submission Type	Basis	What schools can take action?	Effect
Incorrect Data Challenge	Inaccurate Data	Any school that believes there is inaccurate data in the loan record detail report for the draft period.	See Chapter 4.1, “Incorrect Data Challenge” or 34 CFR 185(b)
Participation Rate Index Challenge	Exceptional Mitigating Circumstances	Any school that <ul style="list-style-type: none"> ❖ believes it will be subject to sanctions after the release of the official cohort default rates and ❖ has a low borrower participation rate. 	See Chapter 4.2, “Participation Rate Index Challenge” or 34 CFR 185(c)
Uncorrected Data Adjustment	Inaccurate Data	Any school that timely submitted an incorrect data challenge if <ul style="list-style-type: none"> ❖ the data manager reviewing the incorrect data challenge correctly agreed to make changes to the cohort default rate data and ❖ the agreed upon changes are not reflected in the school's loan record detail report for the official period. 	See Chapter 4.3, “Uncorrected Data Adjustment” or 34 CFR 190
New Data Adjustment	Inaccurate Data	Any school that finds new, incorrect data in the loan record detail report for the official period.	See Chapter 4.4, “New Data Adjustment” or 34 CFR 191
Erroneous Data Appeal	Inaccurate Data	Any school that is subject to sanctions if <ul style="list-style-type: none"> ❖ the school believes there is new data in the loan record detail report for the official period or ❖ the school submitted an incorrect data challenge and believes there is disputed data in the loan record detail report for the official period. 	See Chapter 4.5, “Erroneous Data Appeal” or 34 CFR 192

How does a school determine if there is inaccurate data on the loan record detail report?

A school should review the loan record detail report by comparing the school's records to the information on the loan record detail report. A school can simplify this process by creating a report using



Figure 3.1.2 (cont.) - Schools that can Benefit from Submitting a Challenge, Adjustment, or Appeal (part 2 of 2)

Submission Type	Basis	What schools can take action?	Effect
Loan Servicing Appeal	Inaccurate Data	Any school that believes its loan record detail report for the official period contains defaulted FFELs or Direct Loans that were improperly serviced for cohort default rate purposes.	See Chapter 4.6, “Loan Servicing Appeal” or 34 CFR 193
Economically Disadvantaged Appeal	Exceptional Mitigating Circumstances	Any school that is subject to sanctions if <ul style="list-style-type: none"> ❖ in the case of a non-degree granting school, the school’s low income rate is two-thirds or more and the school’s placement rate is 44 percent or more or, ❖ in the case of a degree granting school, the school’s low income rate is two-thirds or more and the school’s completion rate is 70 percent or more. 	See Chapter 4.7, “Economically Disadvantaged Appeal” or 34 CFR 194
Participation Rate Index Appeal	Exceptional Mitigating Circumstances	Any school that is subject to sanction that has a low borrower participation rate.	See Chapter 4.8, “Participation Rate Index Appeal” or 34 CFR 195
Average Rates Appeal	Exceptional Mitigating Circumstances	Any school that is <ul style="list-style-type: none"> ❖ subject to sanctions because of three consecutive official cohort default rates that are 25.0 percent or greater if at least two of the school’s three most recent official cohort default rates are average cohort default rates and would have been less than 25.0 percent if only the data for the cohort fiscal year had been used to calculate the rate or ❖ subject to sanctions because of an official cohort default rate that is greater than 40.0 percent if the official cohort default rate was calculated as an average rate. 	See Chapter 4.9, “Average Rates Appeal” or 34 CFR 196
Thirty-or-Fewer Borrowers Appeal	Exceptional Mitigating Circumstances	Any school that is subject to sanctions that has a total of 30 or fewer borrowers included in the three most recent cohort periods used to calculate the cohort default rates.	See Chapter 4.10, “Thirty-or-Fewer Borrowers Appeal” or 34 CFR 197

the school’s records. It is important to note that a school does not need to wait until the release of the loan record detail reports to create the school’s report.

School Name:										School Records Report		
OPE ID:												
	A	B	C	D	E	F	G	H	I	J	K	L
1	Borrower's SSN	Borrower's Name	Date of Birth	Class Begin Date	Class End Date	Type of Loans	Loan Status	Claim Reason Code	Default/ NegAm Date	Loan Repay Date	Enrollment Status Code	Enrollment Status Date
2												
3												
4												
5												
6												

Date __/__/__ Page __ of __

Figure 3.1.3 is a blank school records report. There is also a full-sized blank school records report at the end of this chapter. A school may photocopy and use the full-sized blank report or create its own report using the layout provided. The report should be created in landscape format using a spreadsheet software application such as Excel or Lotus 1-2-3. The report should contain the following:

Figure 3.1.3
Blank School Records Report

- ❖ **Left-side Header:** In the left-side area of the header, enter the school identification information. The left-side header should have the following titles.

School Name:
OPE ID:

After entering the title, a school should enter the information appropriate to that title.

- ❖ **Right-side Header:** In the right-side area of the header, enter this title: "School Records Report."
- ❖ **Left-side Footer:** In the left-side area of the footer, enter the date the spreadsheet was prepared.
- ❖ **Right-side Footer:** In the right-side area of the footer, set up automatic pagination so that the specific page number and the total number of pages show on each page. For example, Page 1 of 10.
- ❖ **Column A:** On Row 1, enter the title "Borrower's SSN." Starting on Row 2, enter the SSNs of all the borrowers. Use hyphens to separate the numbers in the following format: 000-00-0000. If a borrower has multiple loans, create a separate entry for each loan.

- ❖ Column B: On Row 1, enter the title "Borrower's Name." Starting on Row 2, enter the names of the individuals whose SSNs are listed in Column A. Use the following format: Last Name, First Name, Middle Initial
- ❖ Column C: On Row 1, enter the title "Date of Birth." Starting on Row 2, enter the date of birth for the individuals whose SSNs are listed in Column A.
- ❖ Column D: On Row 1, enter the title "Class Begin Date." Starting on Row 2, enter MM/DD/CCYY to identify the date the loan period began.
- ❖ Column E: On Row 1, enter the title "Class End Date." Starting on Row 2, enter MM/DD/CCYY to identify the date the loan period ended.
- ❖ Column F: On Row 1, enter the title "Type of Loans." Starting on Row 2, enter the code for the loan. Use the following loan type codes:
 - ❖ D1 Direct Subsidized Loan
 - ❖ D2 Direct Unsubsidized Loan
 - ❖ SF Subsidized Federal Stafford Loan
 - ❖ SL Federal Supplemental Loans for Students (Federal SLS) loan
 - ❖ SU Unsubsidized Federal Stafford Loan
- ❖ Column G: On Row 1, enter the title "Loan Status." Starting on Row 2, enter loan status at the time the cohort default rate was calculated. Use the codes found in Figure 2.3.5 in Chapter 2.3, "Loan Record Detail Report."
- ❖ Column H: On Row 1, enter the title "Claim Reason Code." Starting on Row 2, enter the reason why a FFEL or Direct Loan is considered in default. Use the codes found in Figure 2.3.6 in Chapter 2.3, "Loan Record Detail Report."
- ❖ Column I: On Row 1, enter the title "Default/NegAm Date." Starting on Row 2, enter MM/DD/CCYY to identify the date the default claim was paid on a FFEL or the date that a Direct Loan was 360 days delinquent or met other specified conditions.

- ❖ Column J: On Row 1, enter the title “Loan Repay Date.” Starting on Row 2, enter MM/DD/CCYY to identify the date the loan entered repayment. The school will need to estimate actual repayment dates if the school does not maintain this information. Generally, a school can do this by adding six months to the students’ last dates of attendance to account for their grace periods. If a school knows of a reason why a borrower’s repayment date was delayed (for example, if the student enrolled in another school before entering repayment or if the student entered active duty in the armed services), the school should try to adjust for those circumstances.
- ❖ Column K: On Row 1, enter the title “Enrollment Status Code.” Starting on Row 2, enter enrollment status at the time the cohort default rate was calculated. Use the codes found in Figure 2.3.7 in Chapter 2.3, “Loan Record Detail Report.”
- ❖ Column L: On Row 1, enter the title “Enrollment Status Date.” Starting on Row 2, enter MM/DD/CCYY to identify the date the enrollment status last changed.

Once the school has created the report, it should complete the report using information from the school’s records. If the school has no record for a particular field, the school should leave the element blank.

Once the school has completed the report, it should compare the report to the loan record detail report. The school should ask the following questions:

- ❖ Are there loans on the school’s report that are not on the loan record detail report?
- ❖ Are there loans on the loan record detail report that are not on the school’s report?
- ❖ Is each data element on the school’s report the same as the corresponding element on the loan record detail report?

If there are differences between the school’s data and the data on the loan record detail report, the school should examine its records and the loan record detail report more closely to determine the possible causes for each difference.

Figure 3.1.4

Challenges, Adjustments, and Appeals that can Affect a School's Official Cohort Default Rate

How does a school contest inaccurate data on the loan record detail report?

As mentioned, there are five challenges, adjustments, and appeals that, if successful, enable a school to contest inaccurate data on a loan record detail report. Figure 3.1.4 outlines those five challenges, adjustments, and appeals. The figure details which schools can submit which challenge, adjustment, and appeal.

Submission Type	Why Submit?	What schools can take action?	Effect
Incorrect Data Challenge	A school believes that the loan record detail report for the draft period contains incorrect data.	All schools (if a school does not challenge the accuracy of data in an incorrect data challenge, the school cannot contest the accuracy of that data later in an uncorrected data adjustment or an erroneous data appeal).	If successful, the data manager will correct the incorrect data in NSLDS, and the corrected data will be used when calculating the school's official cohort default rate.
Uncorrected Data Adjustment	A school believes that the loan record detail report for the official period contains data that should have been corrected as a result of an Incorrect Data Challenge.	All schools that submitted a successful incorrect data challenge, if the official cohort default rate data does not reflect the changes agreed to as part of the incorrect data challenge process.	If successful, Default Management will recalculate the school's official cohort default rate.
New Data Adjustment	A school believes that the loan record detail report for the official period contains new, incorrect data.	All schools, although those schools that are subject to sanction should submit an erroneous data appeal instead.	If successful, Default Management will recalculate the school's official cohort default rate.
Erroneous Data Appeal	A school believes that the loan record detail report for the official period contains new, incorrect data and/or contains disputed data.	Schools that are subject to cohort default rate sanctions and schools that are subject to provisional certification (if a school does not challenge the accuracy of data in an incorrect data challenge, the school cannot submit an erroneous data appeal based upon disputed data).	If successful, Default Management will recalculate the school's official cohort default rate.
Loan Servicing Appeal	A school believes that the loan record detail report for the official period contains defaulted loans that were improperly serviced for cohort default rate purposes.	All schools.	If successful, Default Management will recalculate the school's official cohort default rate.

When submitting an incorrect data challenge, new data adjustment, or erroneous data appeal, a school alleges that the loan record detail report data contains inaccurate information. See the next several sections of this chapter for additional information about the allegations a school must make in order to submit an incorrect data challenge, new data adjustment, or erroneous data appeal. See Chapter 4.1, "Incorrect Data Challenge," Chapter 4.4, "New Data Adjustment," and Chapter 4.5, "Erroneous Data Appeal," for additional information about submitting an incorrect data challenge, new data adjustment, or erroneous data appeal.

When submitting an uncorrected data adjustment, a school alleges that the loan record detail report contains information that a data manager agreed to change. See Chapter 4.3, "Uncorrected Data Adjustment," for information about submitting an uncorrected data adjustment.

When submitting a loan servicing appeal, a school alleges that the school's loan record detail report contains defaulted FFELs and Direct Loans that were improperly serviced for cohort default rate purposes. See Chapter 4.6, "Loan Servicing Appeal," for the definition of improperly serviced for cohort default rate purposes and for information about submitting a loan servicing appeal.

What types of loan record detail report allegations may a school submit as a part of an incorrect data challenge, new data adjustment, or erroneous data appeal?

When submitting an incorrect data challenge, new data adjustment, or erroneous data appeal, a school must submit allegations about the cohort default rate data used to calculate the school's cohort default rate. The allegations fall into three main categories:

- ❖ The school alleges that the loan record detail report incorrectly reports a borrower's status and that the status should be changed.
- ❖ The school alleges that the loan record detail report incorrectly includes a borrower whose repayment date does not fall within the cohort fiscal year and that the borrower should be removed from the cohort default rate calculation.
- ❖ The school alleges that the loan record detail report incorrectly excludes a borrower who entered repayment within the cohort fiscal year and that the borrower should be added to the cohort default rate calculation.

What supporting documentation does a school need to submit with its allegations?

A school must submit supporting documentation with its incorrect data challenge allegations, new data adjustment allegations, or erroneous data appeal allegations. Relevant supporting documentation for any allegation includes, but is not limited to, the following:

- ❖ a copy of a letter to the relevant data manager that informs the entity of the borrower's last date of attendance or less-than-half-time date and proof that the documentation was timely sent to the relevant data manager;
- ❖ a dated copy of a Student Status Confirmation Report (SSCR) sent to the relevant data manager that confirms the borrower's last date of attendance or less-than-half-time date and proof that the documentation was timely sent to the data manager;
- ❖ a screen print from the SSCR function within NSLDS that confirms the borrower's last date of attendance or less-than-half-time date was timely recorded within NSLDS; or
- ❖ a copy of a cancelled check, front and back, or other documentation showing that the borrower's loan was cancelled and fully refunded within 120 days of disbursement by the lender.

A school should contact the data manager for a loan for additional information on types of supporting documentation the school should submit with an allegation. In addition to submitting documentation to support the allegation, the school must also submit proof that the supporting documentation was timely submitted to the data manager or NSLDS.

If the data a school submits was never originally submitted to the relevant data manager or NSLDS, or if the data was not submitted in a timely manner, the data manager should respond that the issue in question was determined based on the best information available at the time and that as a result, no change is warranted for cohort default rate purposes. To be considered timely, the school must have submitted the data to the data manager within two months of the event it concerns.

Does a school need to submit loan record detail report pages with its allegations?

A school must always submit the appropriate pages of the loan record detail report to support its incorrect data challenge allegations, new data adjustment allegations, or erroneous data appeal allegations. The school should include the loan record detail report page where the school is alleging the borrower has been

- ❖ incorrectly reported,
- ❖ incorrectly included, or
- ❖ incorrectly omitted.

In certain circumstances the school must submit multiple loan record detail report pages from the same cohort fiscal year. If the borrower has multiple loans that appear on more than one page, the school should include each page where the borrower appears. If the borrower is missing from the calculation, and the missing borrower would have appeared at the bottom of one page or the top of the next page, the school should include both pages.

In other circumstances the school must submit loan record detail report pages from multiple cohort fiscal years. If the school alleges that a borrower was incorrectly reported in one cohort fiscal year and should have been reported in another cohort fiscal year, the school must include loan record detail report pages from both cohort fiscal years.

Finally, in some circumstances the school must submit pages from the loan record detail report for the draft period and the loan record detail report for the official period. If the school is alleging that the loan record detail report for the official period contains new data, the school must show the pages from the loan record detail report for the draft period where the borrower initially appeared or should have appeared and the pages from the loan record detail report from the official period where the new data appears.

A school should contact the data manager for a loan for additional guidance on the loan record detail report pages the school should submit with its incorrect data challenge allegations, new data adjustment allegations, or erroneous data appeal allegations.

What specific allegations and supporting documentation can a school submit with an incorrect data challenge, new data adjustment, or erroneous data appeal?

Figure 3.1.5 outlines several situations where a borrower was incorrectly reported on a loan record detail report because of an incorrect date entered repayment.

Figure 3.1.5 - Borrower Incorrectly Reported Due to Inaccurate Date Entered Repayment (part 1 of 3)

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Incorrect last date of attendance or less-than-half-time enrollment date	The school alleges that correct change in enrollment status was submitted to the data manager or NSLDS.	The school requests that the date entered repayment be changed and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.
Insufficient grace period	The school alleges that the borrower re-enrolled full-time at their school or another school before the grace period ended.	The school requests that the date entered repayment be changed and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.
Death, disability, and/or bankruptcy before expiration of grace period (date entered repayment)	The school alleges that the loan was discharged before the borrower entered repayment.	The school requests that the date entered repayment be changed to the date the loan was discharged and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation that the loan was discharged before the date entered repayment and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.

Figure 3.1.5 (cont.) - Borrower Incorrectly Reported Due to Inaccurate Date Entered Repayment (part 2 of 3)

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Loan paid-in-full prior to expiration of grace period (date entered repayment)	The school alleges that the loan was paid-in-full before the borrower entered repayment.	The school requests that the date entered repayment be changed to the date the loan was paid-in-full and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation that the loan was paid in full before the scheduled date entered repayment and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.
Repayment before expiration of grace period (date entered repayment)	The school alleges that the borrower began making scheduled loan repayment before the expiration of the grace period.	The school requests that the date entered repayment be changed to the date the borrower started repayment and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation showing that the borrower made a full scheduled payment before the date entered repayment and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.
Wrong conversion method (date vs. month specific) used to determine the date entered repayment	The school alleges that the data manager used a month specific method in determining the date entered repayment instead of a day specific method. For example, the data manager used the last date of attendance plus six months plus one month instead of last date of attendance plus six months plus one day to determine the date entered repayment.	The school requests that the date entered repayment be changed using the date specific method and the loan either remain in the current cohort fiscal year cohort default rate calculation or, alternatively, be removed from the current cohort fiscal year cohort default rate calculation and added to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.

Figure 3.1.5 (cont.) - Borrower Incorrectly Reported Due to Inaccurate Date Entered Repayment (part 3 of 3)

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Federal SLS loan and Federal Stafford Loan not linked	The school alleges that the Federal SLS loan and Federal Stafford Loan should be linked because the loans were obtained in the same period of continuous enrollment.	The school requests that the date entered repayment be changed so that the Federal SLS loan and Federal Stafford Loan are linked in the same cohort default rate calculation and either both loans be included in the current cohort fiscal year cohort default rate calculation or both be moved to another cohort fiscal year cohort default rate calculation.	The school should enclose documentation showing that the loans were obtained in the same period of continuous enrollment and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included or excluded and, if applicable, the cohort fiscal year where the borrower should be included.

Figure 3.1.6 outlines several situations where a borrower was incorrectly reported in default on a loan record detail report.

Figure 3.1.6 - Borrower Incorrectly Reported Due to Inaccurate Default Status (part 1 of 2)				
Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Insufficient delinquency period	The school alleges that the borrower did not receive the full delinquency period.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the delinquency report from the data manager and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
In-school deferment	The school alleges that the borrower received an in-school deferment and has not defaulted.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the in-school deferment documentation and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Forbearance	The school alleges that the borrower received a forbearance and has not defaulted.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the forbearance documentation and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Death, disability, and/or bankruptcy before default occurred	The school alleges that the loan was discharged prior to the borrower defaulting.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose documentation that the loan was discharged before the default and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Underlying loans did not default (before consolidation)	The underlying loans making up the consolidation loans should not be counted as in default within the cohort default period.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the delinquency report from the data manager, other lender information, and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.

Figure 3.1.6 - Borrower Incorrectly Reported Due to Inaccurate Default Status (part 2 of 2)

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Consolidation loan did not default	The consolidation loan did not default within the cohort default period.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the delinquency report from the data manager, other lender information, and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Loan was repurchased and no subsequent claim paid	The school alleges that the lender repurchased the loan due to incorrect submission (within 30 days) and no subsequent claims were paid on the loan during the cohort default period. Note: Repurchases due to courtesy or a new repayment plan will not remove the loan from default in the cohort default rate calculation.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the delinquency report from the data manager, other lender information, and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Rehabilitation achieved	The school alleges that the borrower successfully rehabilitated the loan by making 12 consecutive, on-time payments within the cohort default period.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	The school should enclose the borrower's repayment record from the servicer and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.
Borrower does not meet criteria for a Direct Loan to be considered in default due to other specified conditions (See Chapter 2.1, "Calculating Cohort Default Rates")	The school alleges that the borrower does not meet the criteria of scheduled payments less than \$15/month and less than the interest accruing on the loan for 270/360 days in cohort default period.	The school requests that the default be removed from the loan record detail report and the borrower usage code be changed to D (borrower reported in denominator only).	There is no supporting documentation for a school to initially send to the DLS.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is incorrectly reported.

Figure 3.1.7 outlines several situations where a borrower is incorrectly reported on a loan record detail report because the borrower has multiple loans.

Figure 3.1.7 - Borrower Incorrectly Reported Due to Multiple Loans Allegations				
Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Wrong social security number – borrower is counted more than once in a cohort default rate calculation	The school alleges that the borrower has been included more than once in the cohort default rate calculation because of two different social security numbers.	The school requests the removal of the incorrect social security number and removal of the data if the loan is duplicated or the addition of the data under the correct social security number if the loan is not a duplicated loan.	The school should enclose documentation of the correct social security number and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal years where the borrower has been included under both social security numbers.
Borrower has multiple loans in one cohort default rate calculation that belong in several cohort default rate calculations	The school alleges that the borrower had one or more breaks in enrollment and used the full grace period before obtaining more loans.	The school requests a change to the date entered repayment and the removal of one or more loans from the current cohort fiscal year and the addition of those loans to the correct cohort fiscal year.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included and, if applicable, the cohort fiscal year where the borrower should be included.
Borrower has multiple loans that should be included in only one cohort default rate calculation	The school alleges that the borrower was continuously enrolled full time and did not use the grace period.	The school requests a change to the date entered repayment and that all loans be moved to the correct cohort fiscal year.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is included and, if applicable, the cohort fiscal year where the borrower should be included.

Figure 3.1.8

Borrower Incorrectly Included Allegations

Figure 3.1.8 outlines two situations where a borrower was incorrectly included on a loan record detail report.

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Loan fully cancelled	The school alleges that the loan was fully cancelled within 120 days of disbursement (partially cancelled loans are included in the cohort default rate calculation).	The school is requesting the removal of the loan from the cohort default rate calculation and the borrower usage code changed to N.	The school should enclose copies of the front and back of the cancelled check and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is improperly included.
Loan does not meet insurance requirements	The school alleges that the lender did not meet the insurance requirements and the loan became an uninsured loan.	The school is requesting the removal of the loan from the cohort default rate calculation.	The school should enclose information from the data manager that the loan was repurchased by the lender and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is improperly included.

Allegation	What is the basis of the allegation?	What is the school requesting?	What supporting documentation should the school enclose?	Which loan record detail report pages should the school enclose?
Incorrect last date of attendance or less-than-half-time enrollment date	The school alleges that correct change in enrollment status information was submitted to the data manager or NSLDS.	The school is requesting a change to the date entered repayment and the addition of the loan to the cohort default rate calculation.	The school should enclose documentation of the enrollment status change and proof of timely submission of the documentation.	The school should include loan record detail report pages from the cohort fiscal year where the borrower is improperly excluded.

Figure 3.1.9

Borrower Incorrectly Excluded Allegation

Figure 3.1.9 outlines a situation where a borrower was incorrectly excluded on a loan record detail report.

The allegations listed in this section are common allegations; a school may submit an incorrect data challenge, new data adjustment, or erroneous data appeal based on allegations not covered in this section.

**Information for Schools that Believe they have
Exceptional Mitigating Circumstances**

Figure 3.1.10

Challenges and Appeals that Show a School has Exceptional Mitigating Circumstances

Figure 3.1.10 outlines the challenges and appeals a school may submit when it believes it has exceptional mitigating circumstances that should prevent the school from being subject to cohort default rate sanctions.

Submission Type	Why Submit?	What schools can take action?	Effect
Participation Rate Index Challenge	A school believes that it may be subject to sanction with the release of the official cohort default rates but also believes that it should not be subject to sanction because of its low borrower participation rate.	All schools, but only those that will be subject to sanctions when the official cohort default rates are released will benefit.	If successful, Default Management will not use the cohort default fiscal year that was challenged when determining if the school will be subject to sanction.
Participation Rate Index Appeal	A school believes it should not be subject to sanction because of its low borrower participation rate.	Schools that are subject to sanction.	If successful, Default Management will not use the cohort default fiscal year that was appealed when determining if the school will be subject to sanction.
Economically Disadvantaged Appeal	A school believes that it should not be subject to sanctions because of the number of low income students attending the school and the school's placement rate (for a non-degree granting school) or the school's completion rate (for a degree granting school).	Schools that are subject to sanction.	If successful, Default Management will not use the cohort default fiscal year when determining if the school will be subject to sanctions for the current fiscal year only.
Average Rates Appeal	A school will not be subject to sanction because of three consecutive official cohort default rates that are 25.0 percent or greater if at least two of its three most recent official cohort default rates are average cohort default rates and would have been less than 25.0 percent if only the data for the cohort fiscal year had been used to calculate the rate. In addition, a school will not be subject to sanction because of an official cohort default rate that is greater than 40.0 percent if the official cohort default rate was calculated as an average rate.	Schools that are subject to sanction.	The school will not be subject to sanction.
Thirty-or-Fewer Borrowers Appeal	A school with a combined total of 30 or fewer borrowers in repayment in the three most recent cohort default rate fiscal years will not be subject to sanction.	Schools that are subject to sanction.	The school will not be subject to sanction.

A school that believes it has exceptional mitigating circumstances does not need to wait for the release of the cohort default rates to begin preparing a challenge, adjustment, or appeal. For example, a school with a low number of borrowers can begin preparing its participation rate index challenge or participation rate index appeal prior to the release of the cohort default rates.

***Information for Schools that are
Subject to Provisional Certification***

All schools may submit incorrect data challenges, uncorrected data adjustments, new data adjustments, and loan servicing appeals based on the date they receive their cohort default rates. A school subject to provisional certification may also submit an erroneous data appeal when it receives notice of provisional certification. See Chapter 4.5, "Erroneous Data Appeal," for detailed information on provisional certification and erroneous data appeals.

School Records Report

School Name:
OPE ID:

	A	B	C	D	E	F	G	H	I	J	K	L
1	Borrower's SSN	Borrower's Name	Date of Birth	Class Begin Date	Class End Date	Type of Loans	Loan Status	Claim Reason Code	Default/Negam Date	Loan Repay Date	Enrollment Status Code	Enrollment Status Date
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