

# Erroneous Data Appeal

## QUALIFYING

### What is an erroneous data appeal?

An erroneous data appeal is a challenge submitted to the Department alleging that a school's official cohort default rate is inaccurate because of incorrect data.<sup>1</sup>

### Which schools are eligible to submit an erroneous data appeal?

Only schools that are subject to the following sanctions as a result of the school's official cohort default rates may submit an erroneous data appeal:

- **initial loss** of Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Pell Grant Program eligibility;<sup>2</sup>

OR

- **extended loss** of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility;<sup>3</sup>

AND/OR

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<sup>1</sup> 34 CFR §668.17(c)(1)(i)(A)

<sup>2</sup> 34 CFR §668.17(b)

<sup>3</sup> *Id.*

- **possible action to limit, suspend, and/or terminate (LS&T)** eligibility to participate in all Title IV Student Financial Assistance Programs.<sup>4</sup>

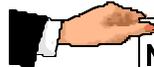
These schools may only file an appeal based on erroneous data if:

- there are **disputed data** remaining from the school's draft data challenge(s);
- AND/OR
- there are **incorrect new data** appearing in the school's official loan record detail report.

Disputed data and incorrect new data are explained in detail beginning on page 83.

### Why should a school submit an erroneous data appeal?

If eligible, a school should submit an erroneous data appeal if it believes that there are disputed data or incorrect new data in the school's official loan record detail report and it has not previously appealed the official cohort default rate based on allegations of erroneous data.



**Note**

In order to appeal based on erroneous data, a school must prove that the recalculated rate using corrected data would, by itself or in conjunction with an improper loan servicing and collection appeal and/or a request for adjustment, produce an official cohort default rate lower than the applicable sanction threshold.

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<sup>4</sup> 34 CFR §668.17(a)(2)

**Q** . What is a draft data challenge?

**A** . A draft data challenge is the process used by a school to correct cohort default rate data before the *official* cohort default rates are calculated.

Please refer to the Department's *FY 1997 Draft Cohort Default Rate Guide* for additional information on draft data challenges.

## Erroneous Data Appeal Eligibility Checklist

To be eligible to appeal its official cohort default rate on the basis of erroneous data, a school must meet ALL of the following criteria:

- The school is subject to a sanction as described on page 77 and 78
- The school's official cohort default rate is

## Which cohort default rates may a school appeal?

The sanctions to which a school is subject determine which cohort default rates the school may appeal on the basis of erroneous data.

- If the school is subject to **initial loss** of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility, it may appeal on the basis of erroneous data on any or all of the three most recent official cohort default rates on which the loss of eligibility is based—as long as it has not previously appealed that fiscal year’s official cohort default rate calculation on the basis of erroneous data. This year, the school may appeal its FY 1995, FY 1996, and/or FY 1997 official cohort default rates.
- If the school is subject to **extended loss** of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility, it may appeal only the most recent year’s (in this case FY 1997) official cohort default rate.
- If the school is subject to **possible action to LS&T** its participation in all Title IV Student Financial Assistance Programs due to its most recent official cohort default rate, but it is NOT subject to initial loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility, it may appeal only the most recent (in this case FY 1997) official cohort default rate.



If a school is NOT subject to sanctions, the school is not eligible to file an erroneous data appeal with the Department and, if an appeal is filed, the Department will NOT review it. The school may, however, be eligible to file a request for adjustment.

Please refer to the “Request for Adjustment” section on page 65 for more information on filing a request for adjustment.

**Q** . If a school is subject to both initial loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility AND LS&T, which official cohort default rates may the school appeal?

**A** . The school may appeal its three most recent official cohort default rates, as long as it has not previously appealed the official cohort default rate calculation on the basis of erroneous data.

The table below summarizes the official cohort default rates that a school may appeal on the basis of erroneous data

<b>Official Cohort Default Rates That May Be Appealed on the Basis of Erroneous Data</b>	
<b>If a school is subject to ...</b>	<b>the school may...</b>
no sanctions	NOT appeal
initial loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program	appeal FY 1997, FY 1996,* and FY 1995*
extended loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program	appeal FY 1997
LS&T only (based on FY 1997 cohort default rate)	appeal FY 1997
LS&T AND initial loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program	appeal FY 1997, FY 1996,* and FY 1995*

\* Provided that the school has not previously appealed the cohort default rate on the basis of erroneous data.

### **How can an erroneous data appeal affect the school’s official cohort default rate?**

If, as a result of an erroneous data appeal, the Department determines that a school’s cohort default rate is incorrect, the Department will recalculate the rate using the corrected data. This may **lower, raise, or not affect** any of a school’s three most recent official cohort default rates.

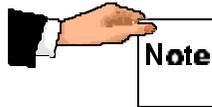
Please refer to page 24 of the “Cohort Default Rates” section for information on adding and subtracting loans from the cohort default rate calculation.



Even though the Department may alter a school’s cohort default rate calculation, subsequent copies of the school's loan record detail report will not reflect the change. Therefore, it is important to keep a copy of the Department's final determination letter as the official record of the school’s cohort default rate.

## Is a request for adjustment a type of an erroneous data appeal?

No, a request for adjustment is NOT a type of an erroneous data appeal. Requests for adjustment concern changes to data errors that were correctly agreed to in a draft data challenge but were not made. Erroneous data appeals concern disputed data that was not resolved prior to the release of the official cohort default rates and/or incorrect new data that appeared after the release of the official cohort default rates.



A school may be eligible to submit both a request for adjustment and an erroneous data appeal. If a school is submitting both, the two have different deadlines and standards, and they **MUST** be submitted separately.

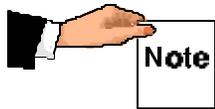
Please refer to the “Request for Adjustment” section beginning on page 65 for more information on requests for adjustment.

## What are erroneous data?

Erroneous data refer to various types of loan information used to calculate a school’s official cohort default rate that do not match the school’s records and/or information from outside sources and the school believes are incorrect.

Examples of erroneous data would be if, in reconciling the official loan record detail report against the school's records, a school discovers that:

- some borrowers are not reported correctly in the official cohort default rate calculation;
- AND/OR
- some borrowers are omitted entirely from the calculation.



When preparing its appeal, a school will want to review, at a minimum, attendance records, copies of loan applications, and copies of cancelled checks. “Outside sources” that a school will want to review include, but are not limited to, records of lenders, borrowers, guaranty agencies, the Direct Loan servicer, or other schools where former borrowers enrolled.

Erroneous data may be “disputed data” and/or “incorrect new data.”

## What is disputed data?

Disputed data occur when the entity responding to a school’s draft data challenge **does not agree** that a loan is incorrectly included or excluded from the cohort default rate calculation.

After the release of the official cohort default rates, a school may appeal on the basis of disputed data if:

- the school included the error in its draft data challenge;
- AND
- the entity that responded to the draft data challenge did NOT agree with the error the school alleged;
- AND
- the school believes that the entity’s response to the error is incorrect;
- AND
- the alleged error is included in the calculation of the school’s official cohort default rate;
- AND
- the school is subject to sanctions.



After the release of the official cohort default rates, allegations of disputed data **must be re-addressed** to the entity that responded to the draft data challenge prior to submitting the allegations of disputed data to the Department.

**Q** . What causes new data to appear in the official cohort default rate calculation?

**A** . NSLDS is continuously being provided new/updated information. The draft cohort default rates are calculated in the spring and approximately six months later, the official cohort default rates are calculated. Therefore, the data used to calculate the draft cohort default rate may be different than the data used to calculate the official cohort default rate.

## What is incorrect new data?

Incorrect new data occur when data are used in the official cohort default rate calculation in a manner that is different from the way the data was used in the draft cohort default rate calculation. For example, a non-defaulted loan was included in the draft cohort default rate calculation BUT excluded from the official cohort default rate calculation.

After the release of the official cohort default rates, a school may appeal on the basis of incorrect new data if:

- the school discovers that a loan on its official loan record detail report is used in the cohort default rate calculation in a different manner than on its draft loan record detail report;

AND

- the school determines that the change did NOT result from its draft data challenge;

AND

- the school believes that the way the loan is being used in the official cohort default rate calculation is incorrect;

AND

- the school is subject to sanctions.



If the official data are the same as the draft data, and the school did NOT challenge the data as a part of its draft data challenge, it may NOT appeal the data as incorrect new data as a part of an erroneous data appeal.<sup>5</sup> If these data issues are appealed to the Department, they will NOT be reviewed.

<sup>5</sup> 34 CFR §668.17(j)(7) (published December 1, 1995)

## What types of allegations may a school submit as a part of an erroneous data appeal?

The following are examples of various types of disputed and/or incorrect new data allegations a school may submit as a part of its erroneous data appeal. Prior to submitting these allegations to the Department as a part of an erroneous data appeal, the school must first submit an erroneous data request to the entity responsible for the loan.

- **Incorrect date entered repayment (DER)**

If a school believes that the DER for a loan listed on the loan record detail report is incorrect, it should include documentation in its appeal to support the correct DER and proof that the guaranty agency/Direct Loan servicer or lender received the document in a timely manner.

- **Loan received an insufficient grace period**

If a school believes that a loan received an insufficient grace period, the school should determine if the DER listed in the school's loan record detail report is correct. If the DER is incorrect, the school should include documentation in its appeal to support the correct DER and proof that the guaranty agency/Direct Loan servicer or lender received the document in a timely manner.

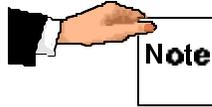
- **Loan received an insufficient delinquency period**

If a school believes that a loan received an insufficient delinquency period, the school should determine if the DER and default date/claim paid date listed in the school's loan record detail report are correct. If the DER and/or default date/claim paid date are incorrect, the school should include documentation in its appeal to support the correct DER or default date/claim paid date and proof that the guaranty agency/Direct Loan servicer or lender received the document in a timely manner.

**Q** . Who is responsible for responding to erroneous data requests?

**A** . The entity identified by the guarantor/servicer code on the loan record detail report is responsible for responding to requests for verification of error.

Please also refer to page 46 for a summary of who is responsible for responding to erroneous data requests.



If the documentation submitted by the school as a part of its appeal was never originally received by the guaranty agency/Direct Loan servicer or lender, or was not received in a timely manner, and the school has not provided proof that it submitted the documentation to the guaranty agency/Direct Loan servicer or lender in a timely manner, the guaranty agency/Direct Loan servicer may respond that the DER was determined based on the best information available at the time, and as a result, no change is warranted.

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**Loan incorrectly converted using date-specific and/or month-specific methodology**

The repayment date for FFEL Program loans must be date-specific (for example, 2/16/1996) NOT month-specific (for example, 2/1996) if the loan was converted into repayment on or after March 1, 1996.

If a lender failed to use date-specific methodology to convert a loan into repayment on or after March 1, 1996, the school should submit the allegation as a part of its appeal.

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**Federal SLS Loan not linked to an FFEL Program Stafford Loan**

If a school believes a Federal SLS loan should be linked to an FFEL Program Stafford loan, the school should determine, for any Federal SLS loan that was NOT reported in a cohort period prior to FY 1993, if the borrower has both a Federal SLS loan and an FFEL Program Stafford loan that were both obtained in the same period of continuous enrollment.

If the borrower has both a Federal SLS and an FFEL Program Stafford loan given during the same period of continuous enrollment, the date the borrower entered repayment for the Federal SLS loan is the same as the date the borrower entered repayment for the FFEL Program Stafford loan. In all other instances, the date the borrower entered repayment for the Federal SLS loan is the day following the day the borrower is no longer enrolled on at least a half-time basis.

If the DER for the Federal SLS loan is listed on the loan record detail report incorrectly, the school should include the allegation as a part of its erroneous data appeal.



Under the above guidelines, which were implemented beginning with FY 1993 cohort default rates, a Federal SLS loan that was reported as having entered repayment prior to FY 1993 might also meet the criteria to be included in FY 1993 or later. To prevent the possibility of double-counting loans, any Federal SLS loan that was reported in a cohort period prior to FY 1993 will remain in that cohort period and not be reported again.

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### **Loan was repurchased by the lender**

If a school believes that a loan was repurchased by the lender and should be removed from the cohort default rate calculation, the school should determine why the loan was repurchased.

- ❖ If the loan was repurchased by the lender because the guaranty agency determined that the lender failed to meet the insurance requirements, the loan is an **uninsured loan**. Uninsured loans are not included in either the numerator or the denominator of the cohort default rate calculation.
- ❖ If the loan was repurchased because the lender incorrectly submitted the loan to the guaranty agency and the lender **immediately** requested the loan be returned, the loan was not a defaulted loan and should be removed from the numerator of the cohort default rate calculation, **UNLESS** the lender subsequently submitted another claim on the loan and that claim was paid within the cohort period the loan entered repayment.

- ❖ If the loan was repurchased because the borrower established a **new payment plan** and was making payments or if the lender/servicer simply requested the repurchase (i.e., a courtesy repurchase), the loan is still considered a defaulted loan for cohort default rate purposes and should be included in both the numerator and denominator of the cohort default rate calculation, **UNLESS** the loan meets the rehabilitation criteria discussed in the special circumstances chart on page 21.

If a school believes that a loan does not belong in the school's cohort default rate calculation, the school should include the allegation as a part of its erroneous data appeal.

## What role does a guaranty agency have in a school's erroneous data appeal?

A guaranty agency<sup>6</sup> is required to respond to a school's timely submitted erroneous data request for those loans on which the agency currently maintains the guaranty. The agency must respond to the school's erroneous data request within **15 working days** of receiving the request.

If the guaranty agency does not respond within **15 working days**, the school should advise the Department's Default Management Division in writing of the delay.



### Note

The deadline for a school to submit its appeal to the Department is based on the date the school receives its last response to ALL of its erroneous data request(s).

In its response to a school's request, the guaranty agency will address each of the school's allegations. However, the guaranty agency is **NOT** required to respond to an erroneous data request if the 10 working day time frame to submit such requests has expired.

Please refer to the "Information for Guaranty Agencies on Appeals" section beginning on page 243 for more information on guaranty agency responsibilities and the "Timing and Submitting" portion of this section beginning on page 90 for more information on the time frames associated with erroneous data appeals.

<sup>6</sup> 34 CFR §682.401(b)(15)

## What role does the Department have in a school's erroneous data appeal?

The Department is responsible for responding to a school's erroneous data request if the challenge includes allegations regarding FFEL Program loans currently held by the Department and/or Direct Loan Program loans.

- The **Department's Default Management Division** is responsible for responding to schools' inquiries regarding **FFEL Program loans that are currently held by the Department**. These loans are identified on the loan record detail report with a guarantor/servicer code of **555**. The address for the Department's Default Management Division is provided in "Appendix A."
- The **Department's Direct Loan servicer** is responsible for responding to schools' inquiries regarding **Direct Loan Program loans**. These loans are identified on the loan record detail report with a guarantor/servicer code of **0101**. The address for the Department's Direct Loan servicer is provided in "Appendix B."

The Department is also responsible for reviewing a school's erroneous data appeal. The Department will review each allegation submitted by a school as a part of its timely submitted appeal.

- If the Department determines that incorrect data was used to calculate the school's cohort default rate, the Department will recalculate the school's rate based on the correct data and notify the school of the revised calculation.  
  
Please refer to page 24 of the "Cohort Default Rates" section for information on adding and subtracting loans from the cohort default rate calculation.
- If the school's revised cohort default rate is below the applicable sanction threshold(s), the Department will withdraw the notice that the school is subject to the loss of eligibility to participate in some or all of the student financial assistance programs.

- If the school's revised cohort default rate is NOT below the applicable sanctioned threshold(s) and the school does not have any other cohort default rate appeals pending before the Department, the Department will notify the school of the effective date of its loss of eligibility to participate in the relevant student financial assistance programs. In addition, the school will be liable for the amount of interest and special allowance, reinsurance, and any other related or similar payments which the Secretary is obligated to pay as a result of any FFEL Program or Direct Loan Program loans certified/delivered and originated/disbursed beginning 30 calendar days after the school received notification of its cohort default rate until it withdraws the cohort default rate appeal or receives notification that the cohort default rate appeal was unsuccessful.<sup>7</sup>

Please refer to page 30 of the "Effects of Official Cohort Default Rates" section for more information on the effective dates for a school's loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program.

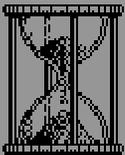
## TIMING AND SUBMITTING

### What are the time frames and procedures for submitting an erroneous data appeal?

**Timing is critical** when appealing an official cohort default rate on the basis of erroneous data.

**Step 1.** Within **10 working days** of receiving its official cohort default rate, a school must review the school's official cohort default rate notification letter and this Guide to determine if the school is eligible to appeal based on allegations of erroneous data.

Please refer to the beginning of this section on page 77 for a detailed discussion regarding which schools are eligible to appeal based on allegations of erroneous data.



Time frames may overlap. Read ALL steps.

<sup>7</sup>HEA § 435(a)(2)(A)

**Step 2:** If eligible to submit an erroneous data appeal, **within the time frame described in Step 1** (i.e., within 10 working days of receiving its official cohort default rate), a school must—

- Identify any **disputed data** remaining from the draft data challenge by:

- ❖ reviewing the responses it received to its draft data challenge(s);
- ❖ identifying allegations that the entity responsible for responding to the draft data challenge did NOT agree to change;

**Example:** In State Guaranty Agency's May 5, 1999 draft data challenge response, State Guaranty Agency did NOT agree to remove Tom Tucker from Business School's FY 1997 cohort default rate.

- ❖ reviewing the official loan record detail report to verify that a change was not made to the account;

**Example:** Tom Tucker's loan remains in Business School's official FY 1997 cohort default rate calculation.

AND

- ❖ verifying that according to the school's records and information obtained from outside sources, a change to the account should be made.

**Example:** Business School's records indicate that Tom Tucker left school on July 15, 1997. The school's records also indicate that the guaranty agency timely received the information on the student's last date of attendance.

Based on a last date of attendance of July 15, 1997, the date entered repayment should be January 16, 1998 and the loan should be removed from the school's FY 1997 cohort default rate calculation.

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Identify any **incorrect new data** appearing in the school's official loan record detail report by:

- ❖ comparing the draft loan record detail report to the official loan record detail report;
- ❖ identifying differences between the draft and official loan record detail reports.

**Example:** Business School's FY 1997 **draft** loan record detail report indicates that Vickie Burleson's Stafford loan was not counted in the school's FY 1997 cohort default rate. However, Business School's FY 1997 **official** loan record detail report indicates that Vickie's Stafford loan is counted in both the numerator and denominator of the school's FY 1997 cohort default rate.

AND

- ❖ determining if the change between the two reports results in incorrect data.

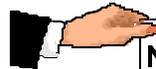
When determining if data is incorrect, a school should determine if:

- the date the loan entered repayment is correct;
- the loan claim paid date/default date is correct;
- cancelled loans are correctly excluded from the cohort default rate calculation;

- uninsured loans are correctly excluded from the cohort default rate calculation;
- loans that were discharged prior to defaulting are correctly excluded from the numerator of the cohort default rate calculation;
- any loans that entered repayment in the cohort year have not been excluded from the loan record detail report (i.e. are there missing loans?);

AND

- the same loan was not reported in two different cohort years (i.e., are there duplicated loans?).



**Note**

These are some, but not all, of the areas in which errors might occur.

**Example:**

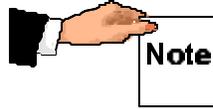
Vickie Burleson's loan was fully cancelled within 120 days of receiving the first disbursement on the loan BUT the loan is listed in the numerator and denominator of the school's FY 1997 official loan record detail report.

**Step 3:** If disputed data and/or incorrect new data is identified, **within the time frame described in Step 1** (i.e., within 10 working days of receiving its official cohort default rate), a school must—

- Compile a spreadsheet of disputed and incorrect new data errors by:
  - ❖ reviewing the sample spreadsheet and instructions beginning on page 104;

AND

- ❖ recording all disputed and incorrect new data errors on a spreadsheet(s) similar to the sample **Erroneous Data Request** spreadsheet on page 105.



A school should complete a separate spreadsheet for each entity that currently holds or maintains the guaranty on the loan for which an error has been identified.

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Compile copies of the relevant pages of the loan record detail report;

- ❖ Include the page of the loan record detail report where the borrower appears, or where the borrower should appear. Provide both pages of the loan record detail report if the borrower appears/belongs at the end of one page or at the beginning of the next page.
- ❖ If the borrower is being moved from one year to another, include the page of the loan record detail report where the borrower currently appears, and the page of the loan record detail report where the borrower should appear.
- ❖ If the allegation is based on new data, the school should include the draft loan record detail report along with the official loan record detail report to demonstrate that the data is actually new data.

AND

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Compile copies of relevant supporting documentation that demonstrates that the loan is not being correctly used in the cohort default rate calculation:

- ❖ Signed and dated copy of a letter to the relevant lender, guaranty agency and/or servicer that timely informs the entity of the borrower's last date of attendance and proof that the guaranty agency/Direct Loan servicer or servicer received the documentation;

- ❖ Signed and dated copy of a Student Status Confirmation Report (SSCR) sent to a relevant entity that timely confirms the borrower’s last date of attendance and proof that the guaranty agency/Direct Loan servicer or servicer received the documentation;

AND/OR

- ❖ A screen print from the SSCR function within NSLDS that timely confirms the borrower’s last date of attendance was recorded within NSLDS and proof that the guaranty agency/Direct Loan servicer or servicer received the documentation.



These are some, but not all, of the possible documentation that may be provided to support a school's allegation.

**Step 4:** Within the time frame described in Step 1 (i.e., within 10 working days of receiving its official cohort default rate), a school must—

- Request verification of the identified errors from each entity that currently holds or maintains the guaranty on the loan for which an error has been identified by:
  - ❖ submitting a request letter using the sample **Erroneous Data Request** cover letter on page 103;



The addresses for the relevant entities to which the request must be submitted can be found by cross-referencing the guarantor/servicer code on the loan record detail report and locating the guarantor/servicer code in Appendices A and B.

**Q** . How long does a guaranty agency/Direct Loan servicer have to respond to a school's erroneous data request?

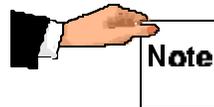
**A** . A guaranty agency/Direct Loan servicer has **15 working days** to respond to a school's erroneous data request.

Please refer to the section entitled "Information for Guaranty Agencies on Appeals" on page 243 for more information about responses to a school's erroneous data request.

- ❖ submitting a list of alleged errors using the sample **Erroneous Data Request** spreadsheet created in Step 3;
- ❖ submitting copies of the relevant pages of the loan record detail reports associated with each allegation of error as described on page 94.

AND

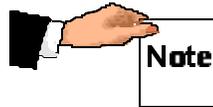
- ❖ submitting copies of relevant documentation that supports the school's allegation as described on pages 94 and 95.



If a school is appealing its three most recent years of cohort default rates, it should submit all three erroneous data appeals in a single mailing.

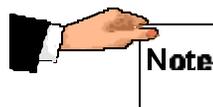
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**Simultaneously** send the Department copies of the request letter(s) and the school's list(s) of alleged errors. A school does NOT need to send copies of the loan record detail reports or supporting documentation to the Department at this time.



If a school does not meet these **10-working-day** time frames, the school will NOT be eligible to continue with the erroneous data appeal process.

**Step 5:** Determine if any additional information is needed within **5 working days** of receipt of an entity's response to a school's request or verification of error. If additional information is needed, the request must be submitted within **5 working days** of receipt of the initial response and a copy of the request must be simultaneously sent to the Department using the address on page 101.



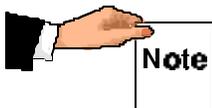
Guaranty agencies/Direct Loan servicer must respond to the subsequent inquiries within **5 working days** of receiving the school's subsequent request.

**Step 6.** Within **5 working days** of receiving the last response to ALL of the school’s erroneous data requests(s)], decide how to proceed.

- A school should **withdraw** from the erroneous data appeal process if it is convinced that there are not any errors in its cohort default rate calculation;
 

OR
- A school should **continue** with the erroneous data appeal process if:
  - ❖ it disagrees with the responses received to its erroneous data request;
 

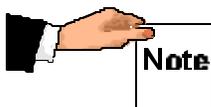
OR
  - ❖ the responses indicate that a change is warranted.



Even if the guaranty agency/Direct Loan servicer agrees that a change is warranted, the school must still submit the change to the Department — only the Department can decide on and make the recommended changes.

**Step 7.** Notify the Department whether the school is withdrawing from the appeal process or continuing with the appeal process.

- If the school wants to **withdraw** its erroneous data appeal, within **5 working days** of receiving the last response to ALL of its requests for erroneous data, notify the Department in writing that the school is withdrawing its erroneous data appeal.



If the school withdraws its appeal, it is still liable to pay the Secretary interest, special allowance, reinsurance, and other related and similar payments for FFEL Program and Direct Loan Program loans certified/delivered and originated/disbursed beginning 30 calendar days after the school received notification of its cohort default rate until it withdraws its appeal.



Please refer to the "Withdrawing an Appeal" section on page 237.

OR

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If the school wants to **continue** with the erroneous data appeal process, it must:

- ❖ submit the school's allegations of disputed and/or incorrect new data to the Department within **5 working days** of receiving the last response to ALL of its erroneous data requests using the address on page 101;

OR

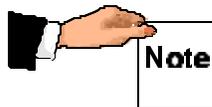
- ❖ submit the erroneous data appeal with an improper loan servicing and collection appeal.

If a school is submitting both an erroneous data appeal and an improper loan servicing and collection appeal, it may submit the two simultaneously by the latter of:

- within **5 working days** of receipt of the last response to ALL of the school's erroneous data requests;

OR

- within **30 calendar days** of receipt of the last response to ALL of the school's requests for loan servicing records.



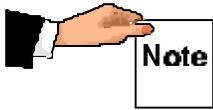
If a school is appealing its three most recent years of cohort default rates, it should submit all three erroneous data appeals in a single mailing to the Department.

**Step 8.** Within the time frames described in Step 7, compile a list of the disputed and/or incorrect new data using the sample **Erroneous Data Appeal** spreadsheet on page 109.

**Q** . May a school submit its request for adjustment with its erroneous data appeal and/or improper loan servicing and collection appeal?

**A** . No. A school's request for adjustment must be submitted separately and within **30 calendar days** of receiving its official loan record detail report.

**Step 9:** Within the time frames described in **Step 7**, submit the school's erroneous data appeal to the Department using the address on page 101.

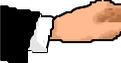


If a school fails to timely submit its erroneous data appeal to the Department's Default Management Division, the Department will not review the appeal and will return all appeal-related material to the school.

The Department recommends that the school submit an erroneous data appeal in a single, tabbed binder. The recommended tabs and materials are shown on the next page.

The following material should be sent to the Department's Default Management Division at the address shown on page 101.

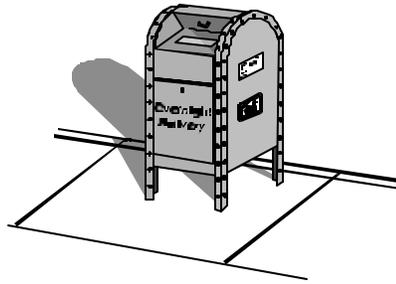
<p><b>The section behind Tab 1 contains:</b></p> <p>A <b>letter</b> on the school's letterhead with—</p> <ul style="list-style-type: none"> <li>◆ the school's OPE ID number;</li> <li>◆ a statement indicating that the school is submitting an erroneous data appeal;</li> <li>◆ the fiscal year(s) to which the appeal applies;</li> <li>◆ a certification that indicates that the information provided in the appeal, under penalty of perjury, is true and correct<sup>8</sup>;</li> <li>◆ the signature of the school's President/ CEO/Owner, followed by a signature block providing the signer's name and job title;</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>◆ a notation that a copy of the cover letter will be sent to the relevant guaranty agency and/or Direct Loan Servicer.</li> </ul> <p> Schools only need to send a copy of the cover letter of the appeal to the guaranty agency and/or Direct Loan servicer. It is not necessary to send the entire appeal to the guaranty agency and/or Direct Loan servicer.</p> <p>Schools should refer to the sample <b>Erroneous Data Appeal</b> cover letter, on page 107.</p>	<p><b>Tab 1</b></p>
<p><b>The section behind Tab 2 contains:</b></p> <p>Copies of all <b>relevant correspondence</b>, including:</p> <ul style="list-style-type: none"> <li>◆ the responses to the school's request(s) for error;</li> </ul> <p>AND/OR</p> <ul style="list-style-type: none"> <li>◆ the response(s) to the school's draft data challenge(s).</li> </ul>	<p><b>Tab 2</b></p>
<p><b>The section behind Tab 3 contains:</b></p> <p>A <b>spreadsheet</b> of ALL of the school's alleged data errors in the official cohort default rate.</p> <p>Schools should refer to the sample <b>Erroneous Data Appeal</b> spreadsheet on page 109 and detailed instructions on how to create the spreadsheet on page 108.</p>	<p><b>Tab 3</b></p>
<p><b>The section behind Tab 4 contains:</b></p> <p><b>Supporting documentation</b> to support the school's list of alleged errors.</p> <p>Schools should refer to page 94 and 95 for information on supporting documentation.</p> <p> Schools do NOT need to submit copies of their loan record detail reports to the Department.</p>	<p><b>Tab 4</b></p>

 **Note** The Department will review only the information submitted with the erroneous data appeal and will not consider information submitted after the regulatory deadlines. The Department will send the school and each involved entity written notification of its decision. **The Department's decision is final and no further administrative review is provided.**

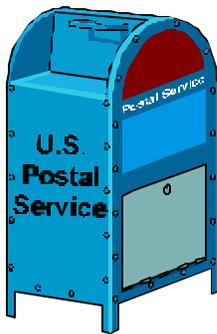
<sup>8</sup> 34 CFR § 668.17(c)(6)

**If sent by commercial overnight mail/courier delivery, send the school's erroneous data appeal to:**

U.S. Department of Education  
Default Management Division  
ATTN: Erroneous Data Appeals  
ROB-3, Room 3905  
7th and D Streets, SW  
Washington, DC 20407



**If sent by U.S. Postal Service, send the school's erroneous data appeal to:**



U.S. Department of Education  
Default Management Division  
ATTN: Erroneous Data Appeals  
Portals Building, Room 6300  
400 Maryland Avenue, SW  
Washington, DC 20202-5353



The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

The Department recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation which verifies the receipt of the appeal related material. In addition, a school should retain copies of all documentation submitted as a part of the appeal process.



## Sample **Erroneous Data Request** Cover Letter



October 6, 1999

State Guaranty Agency  
Guarantor/Service Code 111  
ATTN: Compliance Officer  
1010 Maple Lane, Suite 200  
Woodston, Michigan 98765-4321

**OPE ID#: 111222**

Dear Mr. Bowen:

School of Business, **OPE ID# 111222**, is submitting an erroneous data request of the attached errors in its official loan record detail report for FY 1997.

## Instructions for Erroneous Data Request Spreadsheet

- Column 1:** Enter the student's social security number (SSN) using hyphens to separate the numbers (example: 000-88-0000).
- Column 2:** Enter the borrower's name.
- Column 3:** Enter Disputed (Disputed Data) or New (New Data) to identify if errors are alleged on the basis of unresolved data allegations from the draft data challenge or incorrect new data.
- Column 4:** Enter the loan type. Use the following codes:

Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loans
SU	FFEL Unsubsidized Stafford Loan

- Column 5:** Enter MM/DD/CCYY (month, day, and year) of the earlier of the borrower's LDA (last date of attendance) or the LTH (less than half-time) date according to the school's records and outside sources.
- Column 6:** Enter MM/DD/CCYY or MM/CCYY to identify the DER (date the loan entered repayment) according to the school's records and outside sources.
- Column 7:** Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (income contingent repayment date) according to the school's records and outside sources.
- Column 8:** Enter the fiscal year(s) to which the school believes this information should be applied.
- Column 9:** Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the school believes the information will affect its official CDR (cohort default rate) calculation.

Record all loans being challenged using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc.

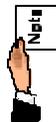


Fill out a separate spreadsheet for each entity identified by the guarantor/servicer code for which the school alleges errors.

**Header:** Enter **FY [insert year(s)] Erroneous Data Request** in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, and the guarantor/servicer code and name.

**Footer:** Enter the date the request was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

**Sort:** The borrowers listed on the spreadsheet should be sorted by the borrower's Social Security number.



Only the allegations listed on the school's spreadsheet will be reviewed. **If a borrower has multiple loans containing data errors, a school must enter data for each loan for the borrower.**

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school is requesting verification of error.

**A school should input dates based on the school's records. A school should NOT include dates based on the loan record detail report or guaranty agency and/or Direct Loan servicer information if it believes those dates are incorrect.**





Sample **Erroneous Data Appeal** Cover Letter**School of Business**

1212 Wedgewood Lane  
Leonardtown, Wisconsin 12345-6789  
123-456-7890

January 4, 1999

**Sample Letter**

U.S. Department of Education  
Default Management Division  
ATTN: Erroneous Data Appeal  
Portals Building, Room 6300  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202-5353

**Subject: FY 1997 Erroneous Data Appeal**

Dear Default Management Division:

School of Business, **OPE ID# 111222**, is submitting the attached appeal based on allegations of erroneous data in its FY 1997 official cohort default rate.

Please see the enclosed correspondence, spreadsheet, and supporting documentation.

I, the undersigned, certify under penalty of perjury, that all information submitted in support of the erroneous data appeal is true and correct.

Sincerely,

***Robert Young***

Robert Young, President

Enclosures

cc: State Guaranty Agency  
Direct Loan Servicer

## Instructions for Erroneous Data Appeal Spreadsheet

**Column 3:** Enter Disputed (Disputed Data) or New (New Data) to identify if errors are alleged on the basis of unresolved data after the release of the draft cohort default rates or incorrect new data.

**Column 4:** Enter the loan type. Use the following codes:

Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loan
SU	FFEL Unsubsidized Stafford Loan

**Column 5:** Enter MM/DD/CCYY (month, day, and year) to identify the earlier date of the borrower's LDA (last date of attendance) or the LTH (less than half-time) date according to the school's records and outside sources.

**Column 6:** Enter MM/DD/CCYY or MM/CCYY to identify the DER (date the loan entered repayment) according to the school's records and outside sources.

**Column 7:** Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (income contingent repayment date) according to the school's records and outside sources.

**Column 8:** Enter the guarantor/servicer code identified on the loan record detail report.

**Column 9:** Enter the fiscal year(s) to which the school believes this information should be applied.

**Column 10:** Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the school believes the information will affect its official CDR (cohort default rate) calculation.

Record all loans being appealed to the U.S. Department of Education using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc.

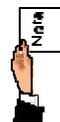
The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

**Header:** Enter **FY [insert year(s)] Erroneous Data Appeal** in the center of the header area. In the left-hand area, enter the school's name and the school's OPE ID number.

**Footer:** Enter the date the appeal was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

**Sort:** The students listed on the spreadsheet should be sorted by:

1. Entity identified by guarantor/servicer code on the loan record detail report
2. Borrower's Social Security number



Only the allegations listed on the school's spreadsheet will be reviewed. **If a borrower has multiple loans containing data errors, a school must enter data for each loan for the borrower.**

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school is requesting verification of error.

**A school should input dates based on the school's records. A school should NOT include dates based on the loan record detail report or guaranty agency and/or Direct Loan servicer information if it believes those dates are incorrect.**

**Column 1:** Enter the student's social security number (SSN) using hyphens to separate the numbers (example: 000-88-0000).

**Column 2:** Enter the student's name.



