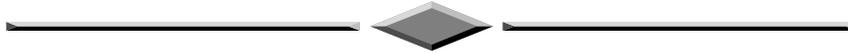


Draft Data Challenge



QUALIFYING

What is a draft data challenge?

After the release of the draft cohort default rates, the Department provides schools an opportunity to review the draft cohort default rate data and, if necessary, work with the entity responsible for the loans included in the draft cohort default rate data to correct any errors. The process of correcting data included in the draft cohort default rates is called a draft data challenge. Since the draft data forms the basis for a school's official cohort default rate, it is important that a school review its draft cohort default rate data and if necessary submit a draft data challenge.

Which schools are eligible to submit a draft data challenge?

All schools, regardless of their cohort default rate, are provided the opportunity to review draft cohort default rate data and challenge the data. This includes schools with draft cohort default rates below 25.0 percent.

Which cohort default rates may a school challenge?

A school can only directly challenge the most recent (i.e., FY 1998) draft cohort default rate data. Schools that have 29 or fewer borrowers entering repayment are also limited to challenging only the current year's draft data.

Why should a school challenge its draft data?

Challenging draft cohort default rate data enables a school to request a correction to what it believes to be **inaccurate data** contained in the school's draft data.

It is important to correct inaccurate data through the draft data challenge process because:

- ◆ **a school will not have a second opportunity to challenge and correct the data;** therefore, the school needs to ensure that no discrepancies exist between the school's records, information obtained from outside sources, and the draft loan record detail report;

AND

- ◆ **the loan information included in the draft cohort default rate will be used to calculate the school's official cohort default rate;** therefore, it is critical to ensure the data is accurate since official cohort default rates can result in certain sanctions against the school or benefits for the school;

AND

- ◆ **it will preserve a school's right to submit an erroneous data appeal on the basis of disputed data** if the school is subject to sanctions after the release of the official cohort default rates.¹

What if a school does not challenge inaccurate draft data?

If a school fails to challenge inaccurate data in the draft loan record detail report, it may NOT challenge the inaccurate data at any other time.

¹ 34 CFR Section 668.17(j)(3)(v), 64 Federal Register 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

Q . If a school receives a draft loan record detail report but has officially withdrawn from the FFEL Program and/or Direct Loan Program, should the school review the draft cohort default rate data?

A . Yes. All schools that have borrowers entering repayment in a given fiscal year will receive draft data information and should review the data to ensure its accuracy. It is important to correct any errors found in the draft data because a school will not be given another chance to challenge and correct these errors and the school may be subject to certain consequences after the release of the official cohort default rates even if the school is no longer participating in the FFEL Program and/or Direct Loan Program.

In addition, under the Department's regulations, a school subject to consequences associated with its official cohort default rates will lose its right to submit an erroneous data appeal on the basis of disputed data if the inaccuracies in question were present in the draft cohort default rate data, but the school failed to submit a challenge of those inaccuracies during the opportunity provided immediately following the release of the draft cohort default rate data.²



Note

Even if a school does NOT challenge any inaccurate draft data immediately following the release of the draft cohort default rate data, the school's official cohort default rate may be **different** from the school's draft cohort default rate since the National Student Loan Data System (NSLDS) is regularly updated with new information from several sources. These changes are referred to as **new data** in the official cohort default rate. Beginning with the release of the FY 1998 official cohort default rates, new data may be addressed by all schools.

For additional information on addressing new data, refer to the "New Data Adjustment" and "Erroneous Data Appeal" sections in the *Official Cohort Default Rate Guide*, which will be mailed to schools with the official cohort default rates.

What is inaccurate data?

The term "inaccurate data" refers to information in a school's loan record detail report that is incorrect. Inaccurate data can also be loan information that was incorrectly excluded from the loan record detail report.

Inaccurate data may be identified if, in reconciling a school's draft loan record detail report against the school's records and information from outside sources, the school discovers that:

- ◆ a student is **reported incorrectly** in the cohort default rate calculation;
- AND/OR
- ◆ a student was **incorrectly omitted** from the calculation.

² 34 CFR Section 668.17(j)(3)(v), 64 Federal Register 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

What should a school do if it believes there are inaccuracies in its draft data?

If a school believes there are inaccurate data in the draft cohort default rate data, it should submit a draft data challenge to the entity responsible for the loan. The entity responsible for the loan is identified by the guarantor/servicer code that is reported on the loan record detail report for the loan in question.



The entities identified by the **guarantor/servicer codes** in the loan record detail report includes guaranty agencies, the Department’s Default Management Division, and the Department’s Direct Loan servicer. "Appendix A" identifies the entity associated with each guarantor/servicer code.

Please refer to the “Timing and Submitting” portion of this section for detailed information on submitting a draft data challenge.

What role does a guaranty agency have in a school’s draft data challenge?

A guaranty agency is required to respond to a school’s timely submitted draft data challenge for those FFEL Program loans for which the agency currently maintains the guaranty.³



A listing of the codes for the guaranty agencies and the addresses to send the draft data challenges is in “Appendix A1”.

The agency must respond to the school's draft data challenge request within **30 calendar days** of receiving the request. If the guaranty agency does not respond within **30 calendar days**, the school should advise the Department’s Default Management Division in writing of the delay.



In its response to a school's request, the guaranty agency will address each of the school's allegations of inaccurate data. However, the guaranty agency is NOT required to respond to a draft data challenge if the 45 calendar day time frame for a school to submit such requests has expired.

Please refer to the “Information for Guaranty Agencies on Challenges” section beginning on page 121 for more information on guaranty agency responsibilities and the "Timing and Submitting" portion of this section beginning on page 86 for more information on the time frames associated with draft data challenges.

³ 34 CFR Section 668.17(j)(3)(ii), 64 Federal Register 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

Q . If a loan is considered in default due to the default of a consolidation loan, to which entity should the school submit its challenge – the entity that guaranteed/originated the original loan or the entity that guaranteed/originated the consolidated loan?

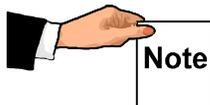
A . If the school is challenging the date the original loan entered repayment, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the original loan. If the school is challenging the default status of the consolidation loan, it should address its challenge to the entity identified by the guarantor/servicer code on the loan record detail report for the consolidated loan.

The same entity is not always responsible for both loans.

What role does the Department have in a school's draft data challenge?

The Department is responsible for responding to a school's draft data challenge 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 in the loan record detail report with a guarantor/servicer code of **555**. The address to submit a draft data challenge to the Department's Default Management Division is provided in "Appendix A1."
- ◆ The **Department's Direct Loan servicer** is responsible for responding to schools' inquiries regarding ALL **Direct Loan Program loans**. These loans are identified in the loan record detail report with a guarantor/servicer code of **0101**. The address to submit a draft data challenge to the Department's Direct Loan servicer is provided in "Appendix A1."



Even though the **Current Lender/Servicer/Holder** code for defaulted Direct Loan Program loans is **555**, ALL inquiries regarding Direct Loan Program loans must be directed to the Direct Loan servicer.

The Department also reviews guaranty agency responses to schools' draft data challenges to ensure that the responses are correct. If the Department determines that the guaranty agency responses are not correct, the Department will notify the guaranty agency and the school prior to the release of the official cohort default rates that the guaranty agency's responses were incorrect and will provide the correct responses. The Department will instruct the guaranty agency to resubmit the corrected data to NSLDS and will inform the school that if the guaranty agency fails to make the corrections prior to the release of the official cohort default rates the Department will make the corrections after the official cohort default rates are calculated.

What if a school's draft data challenge is sent to the wrong entity?

If a school submits a draft data challenge to the wrong entity, the draft data challenge will NOT be reviewed and the school could miss the deadline for challenging the draft data.

A draft data challenge should be submitted to the entity responsible for the loan. The entity responsible for a loan is identified by the **guarantor/servicer code**, which is provided for each loan on the school's loan record detail report. Please refer to page 55 of the "Loan Record Detail Report" section for information on the location of the guarantor/servicer code on the loan record detail report. Guaranty agency/servicer contact information is listed numerically in "Appendix A1" and alphabetically in "Appendix A2." A school should submit a draft data challenge to the addresses listed in "Appendix A1."



A school should only send its draft data challenge to the Department's Default Management Division if the school is challenging FFEL Program loan data included in the loan record detail report with a guarantor/servicer code of 555.

What types of allegations may a school submit as a part of a draft data challenge?

The following are examples of various types of allegations of inaccurate data a school may submit as a part of its draft data challenge.

◆ Borrower is missing from cohort default rate calculation

If a school believes that a borrower was **incorrectly omitted** from the cohort default rate calculation, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, along with proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer as required. In addition, the school should submit a copy of the loan record detail report demonstrating that the loan is missing from the cohort default rate calculation.

Please refer to page 20 of the "Cohort Default Rates" section for information on which borrowers should be included in the cohort default rate calculation.

◆ **Loan duplicated in cohort default rate calculations**

If a school believes that the **same loan** is reported in **two different cohort default rate calculations**, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer as required. In addition, the school should provide copies of the loan record detail reports from the two separate cohort periods to demonstrate that the loan was duplicated.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates Are Calculated" chart on page 24 of the "Cohort Default Rates" section for information on multiple loans for one borrower and page 56 of the "Loan Record Detail Report" section for information on how to identify how the loan is used in the cohort default rate calculation.

◆ **Loan reported with an incorrect date entered repayment**

If a school believes that the **date entered repayment** for a loan listed on the loan record detail report is incorrect, it should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer as required. In addition, the school should provide a copy of the loan record detail report demonstrating how the borrower is currently being used in the cohort default rate calculation and, if appropriate, a copy of the loan record detail report demonstrating where the borrower should be reported.

Please refer to page 20 of the "Cohort Default Rates" section for information on determining the correct date entered repayment and page 54 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Borrower received an insufficient grace period or delinquency period**

If a school believes that a borrower received an insufficient grace period or delinquency period, the school should determine if the borrower's date entered repayment and/or claim paid date for FFEL Program loans and default date for Direct Loan Program loans are correct. If the date entered repayment and/or claim paid date/default date are incorrect, the school should include documentation in its challenge to prove the correct date entered repayment and/or claim paid date/default date and, in the case of the date entered repayment, proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer as required. In addition, the school should provide a copy of the loan record detail report demonstrating how the borrower is currently being used in the cohort default rate calculation.

Please refer to pages 20 and 21 of the "Cohort Default Rates" section for information on calculating the date entered repayment and for information on the parameters of the claim paid date/default date, and page 54 of the "Loan Record Detail Report" section for information on the location of the date entered repayment and claim paid date/default date on the loan record detail report.

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

If the school believes a lender failed to use date-specific methodology to convert a loan into repayment, the school should submit the allegation as a part of its challenge. The school should include documentation in its challenge to prove the borrower's last day of attendance and the correct date entered repayment, as well as proof that the school timely submitted the change in enrollment documentation to the lender/guaranty agency/Direct Loan servicer as required.

In addition, the school should provide a copy of the loan record detail report demonstrating how the borrower is currently being used in the cohort default rate calculation and, if appropriate, a copy of the page from the loan record detail report demonstrating where the borrower should be reported.

Please refer to page 20 of the "Cohort Default Rates" section for information on calculating the date entered repayment and page 54 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Federal SLS Loan and FFEL Program Stafford Loan entered repayment at different times**

If a school believes a Federal SLS loan and an FFEL Program Stafford loan given during the same period of continuous enrollment do not have the same date entered repayment, the school should include documentation in its challenge to prove that the loans have different repayment dates and documentation demonstrating that the loans were given during the same period of continuous enrollment. In addition, the school should provide a copy of the loan record detail report(s) demonstrating how the borrower is currently being used in the cohort default rate calculation.

Please refer to page 21 of the "Cohort Default Rates" section for information on how to determine the date entered repayment for Federal SLS and FFEL Stafford loans given during the same period of continuous enrollment and page 54 of the "Loan Record Detail Report" section for information on the location of the date entered repayment on the loan record detail report.

◆ **Cancelled loans included in the cohort default rate calculation**

If a school believes that a loan included in the cohort default rate calculation has been **cancelled**, it should include documentation in its challenge to prove that the loan was never disbursed or was fully refunded within 120 days of disbursement.

In addition, the school should provide a copy of the loan record detail report demonstrating how the borrower is currently being used in the cohort default rate calculation.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates Are Calculated" chart on pages 27 and 28 of the "Cohort Default Rates" section for information on the exclusion of cancelled loans from the cohort default rate calculation and page 56 of the "Loan Record Detail Report" section for information on how to identify how a loan is used in the cohort default rate calculation.

◆ **Discharged loans included as defaulted loans in the cohort default rate calculation**

If a school believes that a loan reported as a defaulted loan in the cohort default rate calculation was discharged due to death, bankruptcy and/or disability PRIOR to defaulting, it should include documentation in its challenge to prove that the loan was discharged prior to defaulting and proof that the lender/guaranty agency/Direct Loan servicer was timely notified of the incident that resulted in the discharge. In addition, the school should provide a copy of the page from the loan record detail report demonstrating how the borrower is currently being used in the cohort default rate calculation.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates are Calculated" chart on pages 26 and 27 of the "Cohort Default Rates" section for information on the exclusion of discharged loans due to death, bankruptcy and/or disability in the cohort default rate calculation and page 56 of the "Loan Record Detail Report" section for information on how to identify how a loan is used in the cohort default rate calculation.

◆ **Defaulted loan was repurchased by the lender**

If a school believes that a defaulted 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**. The school should request that the loan be removed from the entire 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 and a subsequent claim was not paid on the loan within the cohort period in question, the school should request that the loan be removed from the numerator of the cohort default rate calculation.
- ❖ 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 school should request that the loan be removed from the numerator of the cohort default rate calculation only if the loan was **successfully rehabilitated** in accordance with the criteria described in the "Special Circumstances Affecting How Cohort Default Rates are Calculated" chart on page 29 in the "Cohort Default Rates" section.

Please refer to the "Special Circumstances Affecting How Cohort Default Rates Are Calculated" chart on pages 29 and 30 of the "Cohort Default Rates" section for information on repurchased loans, and page 56 of the "Loan Record Detail Report" section for information on how to identify how a loan is used in the cohort default rate calculation.

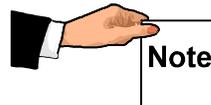
These are some, but not all, of the allegations a school may identify.



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

How can a draft data challenge affect a school's official cohort default rate?

If, as a result of a draft data challenge, it is determined that the cohort default rate data is inaccurate, and the entity responsible for the inaccurate data correctly agrees to make a change to the school's cohort default rate data, the school's official cohort default rate should reflect the change correctly agreed to in the draft data challenge process. The change to the cohort default rate data may **lower, raise, or not affect** any of a school's three most recent official cohort default rates.



If the agreed upon changes are not reflected in the official cohort default rate, a school may submit a request for adjustment after the release of the official cohort default rates.

Please refer to the "Request for Adjustment" section in the *Official Cohort Default Rate Guide* for additional information on this process.

TIMING AND SUBMITTING

How does a school submit a draft data challenge?

Timing is critical when submitting a draft data challenge.

Step 1: Within **45 calendar days**⁴ of receipt of the hardcopy draft cohort default rate data, **review the draft loan record detail report to determine if:**



⁴ 34 CFR 668.17(j)(3)(i), 64 Fed. Reg. 58974, 58981 (November 1, 1999) (Preamble to Final Rule)

- ◆ a student is **reported incorrectly** in the draft cohort default rate calculation;

AND/OR

- ◆ a student was **incorrectly omitted** from the draft cohort default rate calculation.

Please refer to page 77 for a definition of inaccurate data and pages 80 through 85 for types of allegations a school may identify.

Step 2: Within the time frames described in Step 1 (i.e., within 45 calendar days of receipt of the hardcopy draft cohort default rate data), **prepare a draft data challenge for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.**

A challenge **MUST** include the following items:

- ◆ A **letter** on the school’s letterhead addressed to **each appropriate entity** responsible for responding to a school’s allegation regarding a loan for which the school alleges errors.

This letter should include –

- ❖ the school’s **OPE ID number**;
- ❖ a **statement** indicating that the school is submitting a draft data challenge;
- ❖ the **fiscal year** to which the draft data challenge applies;

AND

- ❖ a **signature** by the school’s President/CEO/Owner followed by a signature block providing the signer’s name and job title.



Please refer to page 92 for an example of inaccurate data.

Q . How does a school determine which entity is responsible for responding to a school’s allegation regarding a specific loan?

A . The entity represented by the guarantor/servicer code on the loan record detail report for the loan in question is responsible for responding to the allegation.

Please refer to page 55 of the “Loan Record Detail Report” section for detailed guidance on locating the guarantor/servicer code on the loan record detail report.

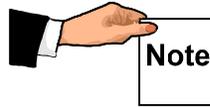
The names and addresses of the entities identified by the guarantor/servicer code can be found in “Appendix A1”.



Please refer to page 93 for a sample letter.

 Please refer to page 95 for a sample spreadsheet.

 Please refer to page 97 for a sample loan record detail report.



Complete a separate letter for **each appropriate entity** responsible for responding to a school's allegation regarding a loan.

- ◆ A **spreadsheet** that lists the inaccurate data associated with each entity responsible for responding to the draft data challenge.

Record all inaccurate data on the **FY 1998 Draft Data Challenge** spreadsheet.



Complete a separate spreadsheet for **each appropriate entity** responsible for responding to a school's allegation regarding a loan.

- ◆ Copies of the appropriate pages from the relevant **loan record detail report(s)**.

Each allegation must be accompanied by **at least one page** of a 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 belongs at the end of one page or at the beginning of the next page.
- ❖ If the borrower is being moved from one cohort period 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.

◆ Relevant **supporting documentation** including, but not limited to a:

- ❖ signed and dated copy of a **letter** to the relevant lender, guaranty agency, and/or servicer that informs the entity of the student's last date of attendance and proof that the letter was timely submitted;

AND/OR

- ❖ signed and dated copy of a **Student Status Confirmation Report (SSCR)** sent to a guaranty agency that confirms the student's last date of attendance and proof that the SSCR was timely submitted;

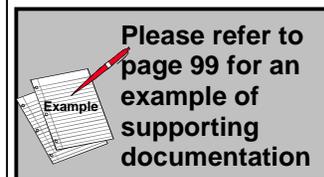
AND/OR

- ❖ a screen print from the SSCR function within **NSLDS** that confirms the student's last date of attendance was timely recorded within NSLDS.

Step 3: Within the time frames described in Step 1 (i.e., within 45 calendar days of receipt of the hardcopy draft cohort default rate data) **submit the draft data challenge(s) to the appropriate entity(ies)** responsible for responding to the allegations of inaccurate data, as identified by the guarantor/servicer code on the loan record detail report.

When submitting a draft data challenge to an entity, please refer to the addresses in "Appendix A1."

The Department recommends that the school submit its completed draft data challenge on school letterhead, with the spreadsheet, the loan record detail report information, and supporting documentation described in Step 2. The challenge should be compiled in a single tabbed binder and mailed return receipt requested or via overnight courier delivery to the appropriate entity.



A school should maintain copies of all draft data challenge cover letters, spreadsheets, loan record detail reports, and supplemental documents included in a school's draft data challenge(s). The Department recommends that the school also maintain documentation verifying receipt by the appropriate entity(ies) of all draft data challenge material.



If a school does not meet the **45 calendar day** time frame for submitting a draft data challenge, the school's draft data challenge will not be reviewed.

The recommended tabs and materials for a draft data challenge are listed on the next page.



Draft data challenges are **NOT** sent to the Department's Default Management Division **UNLESS** the school is challenging an FFEL Program loan that is currently held by the Department (i.e., an FFEL Program loan with a guarantor/servicer code of 555 found in the loan record detail report.)

The following should be sent to each entity responsible for responding to a school's draft data challenge.

<p>The section behind Tab 1 contains:</p> <p>A letter on the school's letterhead with—</p> <ul style="list-style-type: none"> ◆ the school's OPE ID number; ◆ a statement indicating that the school is submitting a draft data challenge; ◆ the fiscal year to which the draft data challenge applies; <p>AND</p> <ul style="list-style-type: none"> ◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title. <p>Please refer to page 93 for the FY 1998 Draft Data Challenge sample letter.</p>	<p>Tab 1</p>
<p>The section behind Tab 2 contains:</p> <p>A list, in spreadsheet format, of the school's alleged data errors in the draft cohort default rate.</p> <p> Fill out a separate spreadsheet for each entity responsible for responding to one or more draft data challenge allegations.</p> <p>Please refer to pages 94 and 95 for a sample spreadsheet and detailed instructions on how to create the FY 1998 Draft Data Challenge spreadsheet.</p>	<p>Tab 2</p>
<p>The section behind Tab 3 contains:</p> <p>Relevant pages of pertinent loan record detail reports.</p> <p>Please refer to page 88 for information on which pages of loan record detail reports should be included as a part of the challenge.</p>	<p>Tab 3</p>
<p>The section behind Tab 4 contains:</p> <p>Relevant supporting documentation.</p> <p>Please refer to page 89 for information on the types of supporting documentation that should be included as a part of the challenge.</p>	<p>Tab 4</p>

 **Note** The Department recommends that a school send all challenge 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 challenge. A school should maintain the documentation which verifies the receipt of the challenge related material. In addition, a school should retain copies of all documentation submitted as a part of the challenge process.

Draft Data Challenge Example

After receiving its FY 1998 draft cohort default rate data, Electrical Training Institute found two inaccuracies between its records and the information shown on the FY 1998 draft loan record detail report. One alleged error was based on an FFEL Program loan currently held by the State Guaranty Agency. The other alleged error was based on a Direct Loan Program loan. Because different entities were responsible for responding to the allegations based on the loans in question, Electrical Training Institute prepared two separate draft data challenges, one for the State Guaranty Agency and one for the Direct Loan servicer.

An example of the draft data challenge sent to State Guaranty Agency is described on pages 93 through 99.

Draft Data Challenge for the State Guaranty Agency

Within 45 calendar days of receiving its FY 1998 draft cohort default rate data, the school:

- ◆ reviewed the draft loan record detail report (please refer to the sample loan record detail report on page 97) and determined that an **inaccuracy** occurred;

According to Electrical Training Institute's records and information from outside sources, David Smith is incorrectly included in both the numerator and denominator of the FY 1998 cohort default rate. Electrical Training Institute's records show that David had one Stafford loan guaranteed by State Guaranty Agency, his last date of attendance was November 12, 1996, his date entered repayment was May 13, 1997, and he entered repayment during the FY 1997 cohort period. Because, according to the school's records, David entered repayment in the FY 1997 cohort period and did not default within the FY 1997 cohort period, Electrical Training Institute believes the loan should be removed from the FY 1998 cohort default rate calculation and counted in the denominator of the FY 1997 cohort default rate calculation.
 - ◆ prepared a **cover letter** to State Guaranty Agency for its draft data challenge (please refer the sample cover letter on page 93);
 - ◆ prepared a **spreadsheet** that outlined the inaccuracies associated with David's loan (please refer to the sample spreadsheet on page 95);
 - ◆ made a copy of the page of the FY 1998 draft **loan record detail report** demonstrating that the loan was included in the FY 1998 draft cohort default rate data and made a copy of the page from the FY 1997 official loan record detail report demonstrating that the loan was not included in the FY 1997 cohort default rate calculation (please refer to the sample loan record detail reports on page 97);
- AND
- ◆ made copies of the relevant **supporting documentation**, which included a copy of the letter sent to the State Guaranty Agency notifying the agency of David's last date of attendance and a copy of the certified receipt verifying that the letter was timely mailed (please refer to the sample supporting documentation on page 99).

Electrical Training Institute then submitted the material to State Guaranty Agency at the address found in "Appendix A1".

Sample Draft Data Challenge **Cover Letter** for **Each** Relevant Entity



Electrical Training Institute

1234 Main Street
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

Sample Letter

March 10, 2000

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

OPE ID#: 111111

Subject: FY 1998 Draft Data Challenge

Dear Mr. Bowen:

Electrical Training Institute, **OPE ID# 111111**, wishes to challenge its FY 1998 draft cohort default rate data.

Please see the enclosed spreadsheet, loan record detail reports, and relevant supporting documentation.

Thank you for your consideration.

Sincerely,

Robert Young

Robert Young, President

Enclosures

Please refer to Step 2 on page 87 for more information on the time frames for submitting this letter.

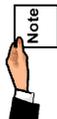
Instructions for Draft Data Challenge Spreadsheet

- Column 1:** Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000)
- Column 2:** Enter the student's name.
- Column 3:** Enter the loan type. Use the following codes:

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

- Column 4:** Enter MM/DD/CCYY (month, day and year) to identify the earlier date of the student's LDA (last date of attendance) or the LTH (less-than-half-time) according to the school's records and outside sources.
- Column 5:** Enter MM/DD/CCYY to identify the DER (date the loan entered repayment) according to the school's records and outside sources.
- Column 6:** 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 7:** Enter the fiscal year(s) of the cohort default rate(s) which may be changed as a result of the data correction.
- Column 8:** 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 the cohort default rate calculation.
- Column 9:** Enter any comments.
- Column 10:** Enter the appropriate guarantor/servicer code found on the loan record detail report. Each spreadsheet should only contain loans for a single entity that is responsible for responding to draft data challenges.

Record all loans being challenged with the relevant entity identified by the guarantor/servicer code on the loan record detail report using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc.



Fill out a separate spreadsheet for each entity responsible for responding to one or more draft data challenge allegations.

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

Header: Enter **FY 1998 Draft Data Challenge** 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 number of allegations identified on the spreadsheet.

Footer: Enter the date 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:

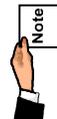
1. Student's Social Security number
2. Loan type.



Only the allegations listed on the school's spreadsheet will be reviewed. **If a borrower has multiple loans containing inaccuracies, 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 challenging.



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 if it believes those dates are incorrect.

Sample Draft Data Challenge Loan Record Detail Reports

U.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
1998 DRAFT LOAN RECORD DETAIL REPORT (SCHOOL)

COHORT YEAR: ROBERT YOUNG
Name: ELECTRICAL TRAINING INSTITUTE
Address: 1234 MAIN STREET
City: LEONARDTOWN
Country: USA

Attention: ROBERT YOUNG
Name: ELECTRICAL TRAINING INSTITUTE
Address: 1234 MAIN STREET
City: LEONARDTOWN
Country: USA

Organization ID Number: 11111100

RATE CALCULATION DATE: 12/18/1999
PAGE NO: 1

Table with columns: SSN, Last name, Originating Current, Loan Type, Stat, Claim Rsn/Code, NegAm Date, Repay Date, Amount, Servicer, Guarantor, Program Type, FFEL/DL, Original School, Begin Date, End Date, CLASS, Usage. Includes entries for MISSY and DAVID.



U.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
1997 OFFICIAL LOAN RECORD DETAIL REPORT (SCHOOL)

COHORT YEAR: ROBERT YOUNG
Name: ELECTRICAL TRAINING INSTITUTE
Address: 1234 MAIN STREET
City: LEONARDTOWN
Country: USA

Attention: ROBERT YOUNG
Name: ELECTRICAL TRAINING INSTITUTE
Address: 1234 MAIN STREET
City: LEONARDTOWN
Country: USA

Organization ID Number: 11111100

RATE CALCULATION DATE: 08/28/1999
PAGE NO: 1

Table with columns: SSN, Last name, Originating Current, Loan Type, Stat, Claim Rsn/Code, NegAm Date, Repay Date, Amount, Servicer, Guarantor, Program Type, FFEL/DL, Original School, Begin Date, End Date, CLASS, Usage. Includes entries for AMY and ELIZABETH.

David was NOT included in the FY 1997 official loan record detail report

Sample Draft Data Challenge **Supporting Documentation**



Electrical Training Institute

1234 Main Street
 Leonardtown, Wisconsin 12345-6789
 (123) 456-7890

Sample Letter

December 3, 1996

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

OPE ID#: 111111

Subject: Updated LDA

Dear Mr. Bowen:

Electrical Training Institute, **OPE ID# 111111**, wishes to inform State Guaranty Agency that the last date of attendance for David Smith (333-33-3333) is November 12, 1996.

Thank you.

Sincerely,
Robert Young
 Robert Young, President

Z 306 95A 633

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

PS Form 3800, March 1993

Sent to	State Guaranty Agency	
Street and No.		
P.O., Street and ZIP Code		
Postage		\$
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing Date and Address of Recipient		
TOTAL Postage & Fees		
Postmark	DEC 4 1996	

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 306 95A 633

MAIL

Please refer to page 89 for more information on supporting documentation.

