

Thirty-or-Fewer Borrowers Appeal

Chapter

4.10

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Thirty-or-Fewer Borrowers Appeal

34 CFR 668.197

What is a thirty-or-fewer borrowers appeal?

If a combined total of thirty or fewer borrowers entered repayment in the three most recent cohort fiscal years used to calculate a school's cohort default rates, the school is not subject to sanction.

Figure 4.10.1 shows the time frame for submitting a thirty-or-fewer borrowers appeal.

How does a school qualify for a successful thirty-or-fewer borrowers appeal?

Take a sequence of cohort fiscal years: This Year, Last Year, and Two Years Ago.

School A, a degree-granting school that is subject to sanction, had

- ❖ 3 borrowers enter repayment This Year,
- ❖ 10 borrowers enter repayment Last Year, and
- ❖ 5 borrowers enter repayment Two Years Ago.

The combined total number of borrowers who entered repayment in School A's three most recent cohort fiscal years is 18 borrowers (3 + 10 + 5 = 18). Because this number is less than thirty, School A's thirty-or-fewer borrowers appeal is successful and the school is not subject to sanction.

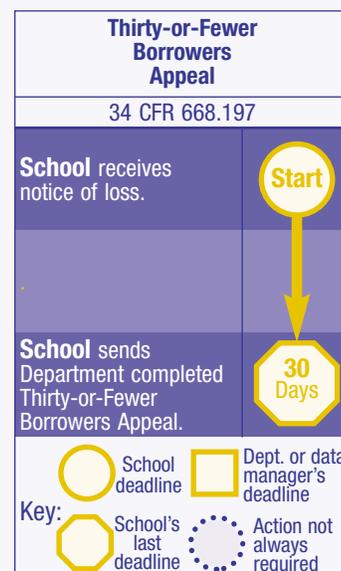
How does the thirty-or-fewer borrowers appeal process begin?

The U.S. Department of Education's (the Department's) Default Management will automatically determine if a school meets the criteria associated with a thirty-or-fewer borrowers appeal. This initial determination will take place prior to the release of the official cohort default rates. Default Management will notify the school that it is not subject to sanction at the same time Default Management notifies the school of its official cohort default rate.

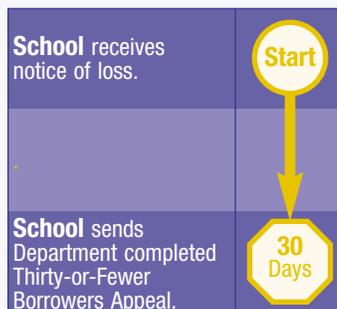
In addition, if a school's official cohort default rate changes because of an adjustment or appeal the school submitted, Default Management will automatically determine if the change in the cohort default rate results in the school meeting the criteria for a thirty-or-fewer borrowers appeal.

Figure 4.10.1

Time Frame for Submitting a Thirty-or-Fewer Borrowers Appeal



What if a school disagrees with the initial determination by Default Management?



If a school disagrees with the initial determination by Default Management, the school may submit a thirty-or-fewer borrowers appeal to Default Management. The thirty-or-fewer borrowers appeal must include supporting documentation showing that there were a total of thirty or fewer borrowers in the three most recent cohort fiscal years used to calculate its cohort default rates. The school must include a certification from the school's chief executive officer that all information is true and correct. The school must send the thirty-or-fewer borrowers appeal within 30 calendar days of receiving the Department's notice of a loss of eligibility.

Which Department address does a school use for submitting a thirty-or-fewer borrowers appeal?

See the "Which address does a school or data manager use for submitting challenge, adjustment, or appeal materials to Default Management?" section in Chapter 4.11, "Challenge, Adjustment, and Appeal Tools," for the address for Default Management. A school should not send thirty-or-fewer borrowers appeal materials to any other addresses at the Department.

Default Management recommends that a school send all thirty-or-fewer borrowers 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 submission. A school should maintain the documentation that verifies the receipt of the thirty-or-fewer borrowers appeal as well as all electronic and hardcopy documentation submitted as a part of the thirty-or-fewer borrowers appeal process. If a school does not meet the time frame for submitting a thirty-or-fewer borrowers appeal, the thirty-or-fewer borrowers appeal will not be reviewed.

School to Default Management Thirty-or-Fewer Borrowers Appeal Checklist

Determine

- Is the school subject to sanction? (See page 4.10-1)
- Did the school have thirty or fewer borrowers enter repayment in the three most recent cohort fiscal years? (See page 4.10-1)
- Did the Department automatically grant the school a thirty-or-fewer borrowers appeal? (See page 4.10-1)

Submit to Default Management

- Supporting Documentation (See page 4.10-2)
- Certification (See page 4.10-2)