

Cohort Default Rate
Guide for
Guaranty Agencies & Lenders



Fiscal Year 2003

U.S. Department of Education
Financial Partners Services

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INTRODUCTION

This guide contains information about the publication of the Fiscal Year (FY) 2003 cohort default rates for originating lenders, current holders, and guaranty agencies participating in the Federal Family Education Loan (FFEL) Program, as mandated by the Higher Education Act of 1965, as amended.

BACKGROUND

Under Section 430(e) of the Higher Education Act of 1965, as amended (HEA), the Department of Education (the Department) is required to publish the cohort default rates of lenders, subsequent holders, and guaranty agencies and Colleges and Universities participating as a lender in the FFEL Program. The purpose of this guide is to provide the student loan industry with information on the calculation of the cohort default rates.

The term **cohort default rate**¹, for any fiscal year where 30 or more student borrowers enter repayment is the percentage of those borrowers who enter repayment on certain FFEL Program loans during a particular fiscal year and default within the same fiscal year or within the next fiscal year.

Cohort default rates are calculated for originating lenders, subsequent holders, and guaranty agencies on the basis of their respective Lender Identification Numbers (LID) or Guaranty Agency Identification Numbers. Each assigned number identifies a separate lender or guaranty agency on record at the Department of Education. The LID provides the guaranty agencies with a means of reporting loan activity.

The FY 2003 cohort default rates are calculated based on data reported to the National Student Loan Data System (NSLDS) by the guaranty agencies. Cohort default rates (CDR) are calculated bi-annually. The first calculation is known as a draft, which is calculated in January and distributed in February. The official CDR calculation occurs in August with a September distribution. The following loan types are included in the CDR calculation: Subsidized Federal Stafford, Unsubsidized Federal Stafford, Federal Supplemental Loan for Students² (Federal SLS), and Federal Consolidation Loans that repaid Federal Stafford or Federal SLS loans. The NSLDS data submitted by the guaranty agencies were prepared according to procedures developed by the Department of Education and reflect activity on the loans through September 30, 2004. Since the FY 2003 cohort default rates are calculated based on data supplied to the Department of Education by the guaranty agencies, a lender or holder should address any initial questions on data to these agencies.

¹ The cohort default rate is defined in Section 435(m) of the HEA.

² Federal SLS loans have not been issued since July 1, 1994. However, it is possible for a Federal SLS loan to be included in a recent cohort default rate calculation if the borrower has recently entered into repayment on the Federal SLS loan.

Loans made under a Lender-of-Last-Resort program, Federal PLUS loans, and Federally Insured Student loans are not used in the calculation. Loans that are transferred from one GA to another are included for the current GA unless the loan had a default claim within the cohort period and prior to the transfer. For example, if a loan was originally guaranteed by the Higher Education Assistance Foundation (HEAF) and was transferred to the Great Lakes Higher Education Corporation (Great Lakes), that loan was reported by Great Lakes.

Cohort Default Rate Formula for FY 2003:

$$100 \times \frac{\begin{array}{l} \text{\# of students who entered repayment on their loans in FY 2003} \\ \text{and defaulted in FY 2003 or FY 2004} \\ \text{(Numerator)} \end{array}}{\begin{array}{l} \text{\# of students who entered repayment on their loans in FY 2003} \\ \text{(Denominator)} \end{array}}$$

Example:

A lender has made loans to 100 students entering repayment in FY 2003 (October 1, 2002 through September 30, 2003). Of those 100 students, 25 defaulted on their student loans prior to October 1, 2004 and had a default claim paid by the guaranty agency. This lender's FY 2003 cohort default rate is calculated by dividing 25 by 100 and multiplying the result by 100 to produce a cohort default rate of 25.0 percent.

Denominator: The number of students who entered repayment in FY 2003. If a student has more than one loan included in the data (for example, two Federal Stafford loans or one Federal Stafford and one Federal SLS loan), the student will be counted only once. However, if a student borrowed from more than one lender, he or she is counted in the calculation for each lender.

Numerator: If a student has a loan that entered repayment in FY 2003 and a default claim was paid by the guaranty agency during that fiscal year or the subsequent fiscal year ending September 30, 2004, the student is counted in the numerator, even if the student later enters into a repayment arrangement with the guaranty agency, or the student subsequently repaid his or her loan in full to the guaranty agency.

Discharged Loan: Loans that are discharged due to death, total and permanent disability, or bankruptcy are not counted in the numerator when calculating the FY 2003 cohort default rate **if** the guaranty agency was officially notified of the death, disability, or bankruptcy **before** a default claim was paid.

Once data for a specific fiscal year is submitted to NSLDS by a guaranty agency it continues updating on a schedule basis until the rates are calculated. If you have Technical questions regarding cohort default rate calculations that cannot be answered by the guaranty agency contact NSLDS Customer Service Center at (800) 999-8219. Their web address is: <http://www.nslsdfap.ed.gov>.

Section 430(e) of the HEA also mandates that originating lenders, holders, and guaranty agencies have the opportunity to correct cohort default rate information. If a lender or holder believes that the data are incorrect and should be changed, it should promptly refer to the NSLDS web site at <http://www.nslsdfap.ed.gov> to request back-up data (loan record detail report). For instructions on how to correct cohort default rate information go to Appendix A. For information about back-up data printouts go to page 19.

Lenders (or holders) that have questions about the data should contact the guaranty agency. For a list of guarantors and their telephone numbers and addresses go to Appendix B, page 22.

Other questions on lender, holder, or guaranty agency default rates may be referred to the Default Coordination Team, Financial Partners Services, the address is listed on Appendix A, page 20.

Commonly Asked Questions

Where can I get a copy of the Cohort Default Rate Guide for Guaranty Agencies and Lenders?

- 1) website address http://www.ifap.ed.gov/csb_html/newdefault.htm
- 2) contact Financial Partners, Default Coordination Team at (202) 377-3053.

What is a cohort default rate?

The term **cohort default rate** is defined in Section 435(m) of the HEA. The formula for calculating the cohort default rate is described below.

$$100 \times \frac{\begin{array}{c} \# \text{ of students who entered repayment in FY 2003 and} \\ \text{defaulted on or before the end of FY 2004} \\ \text{(Numerator)} \end{array}}{\begin{array}{c} \# \text{ of students who entered repayment in FY 2003} \\ \text{(Denominator)} \end{array}}$$

Example:

A lender has made 100 loans to students entering repayment in FY 2003 (October 1, 2002 through September 30, 2003). Of those 100 students, 25 defaulted on their student loans prior to October 1, 2004 and had a default claim paid by the guaranty agency. This lender's FY 2003 cohort default rate is calculated by dividing 25 by 100 and multiplying the result by 100 to produce a cohort default rate of 25.0 percent.

When is a loan considered to be in default?

A loan is considered in default for cohort default rate purposes if the guarantor paid a claim during the cohort period with a claim reason of default. Closed schools and False certification claims were included in the calculation prior to February 2003.

Where does the Department obtain the data for calculating these lender, holder and guaranty agency cohort default rates?

The FY 2003 cohort default rates were calculated based on data reported to the National Student Loan Data System (NSLDS) by the guaranty agencies. The NSLDS data submitted by the guaranty agencies was prepared according to procedures developed by the Department and reflect activity through September 30, 2003.

How is the numerator calculated?

If a student entered repayment in FY 2003, defaulted on his or her loan, and a default claim was paid by September 30, 2004, the student counted as in default in the FY 2003 cohort default rate calculation, even if the student later enters into a repayment arrangement with the guaranty agency or repays his or her loan in full to the guaranty agency. The Date Entered Repayment is reported by Guaranty Agencies to NSLDS on its normal submittal file.

How is the denominator calculated?

The number of students that entered repayment in the FY 2003 cohort year. If a student had more than one loan included in the NSLDS (for example, two Federal Stafford Loans or one Federal Stafford and one Federal SLS loan), the student will be counted only once. However, if a student borrowed from more than one lender, he or she is counted in the calculation for each lender or guaranty agency.

Are discharged loans included in the cohort default rate, e.g., death, disability, or bankruptcy?

Loans that are discharged due to death, total and permanent disability, or bankruptcy are counted in calculating the FY 2003 cohort default rate as a part of the denominator. Loans that are discharged due to death, disability, or bankruptcy are not counted in calculating the FY 2003 cohort default rate as a part of the numerator **if** the guaranty agency was officially notified of the death, disability, or bankruptcy **before** a default claim was paid.

What opportunity will guaranty agencies, lenders, and holders have to correct the data?

Any agency/lender that receives a cohort default rate has the right to correct their rate but they must provide supporting documentation for a rate change. To correct the cohort default rate, the lender or holder must first request the back-up data from the NSLDS web site at <http://www.nslsdfap.ed.gov>. The back-up data comes from the data that was electronically reported to NSLDS by the guaranty agencies. For details, see "Data Corrections" page 9.

After requesting and reviewing the data, a lender or holder may contest its default rate by providing the guaranty agenc(ies) with any relevant documentation to support its contention that the data are incorrect and should be changed. The guaranty agency must review the documentation and determine whether it agrees that the data are incorrect. The agency must notify the lender or holder and the Department, in writing, of its conclusion. The Department will make the final decision on the correction(s).

What is the process for data corrections for lenders and holders?

For details, see “Data Corrections” on page 9.

What type of allegations may a guaranty agency or lender submit as a data correction?

- Repurchased loans
- Data Conflicts

For further details see “What is a Data Corrections” on page 11

What is the difference between an originating lender/holder and the current lender/holder?

The Originator lender represents the entity that provided and originated the loan to the borrower. The Current lender represents the last entity to hold the loan at the time the cohort default rate was calculated.

Which loan type codes are included in the calculation of Cohort Default Rates?

Subsidized Federal Stafford (SF), Unsubsidized Federal Stafford (SU), Federal Supplemental Loan for Students (SL), and Federal Consolidated Loans (CL) with specific rules. All other FFELP loan types are excluded.

Federal Consolidated Loans (CL) are linked back to the underlying loans paid by consolidation. If the underlying loan entered repayment and is included in the denominator and the Consolidation Loan defaults in the cohort period, the borrower will be counted in the numerator for cohort default rate purposes.

Borrowers of Subsidized Federal Stafford, Unsubsidized Federal Stafford, Federal SLS, and Federal Consolidation Loans that repaid Federal Stafford or Federal SLS loans will be included in the calculation of cohort default rates. Loans made under a Lender-of-Last-Resort program are not used in the calculation. Loans that are transferred from one GA to another are included for the current GA unless the loan had a default claim within the cohort period and prior to the transfer.

Which loan status codes are included and excluded from the CDR calculation?

All Loan Status Codes are included in the Cohort Default Rate Calculation except Abandoned Loans (AL), all uninsured status (UA,UB,UC,UD,and UI), and Cancelled (CA).

How can I get a copy of my loan record detail report?

Log onto the NSLDS Web site at <http://www.nslsdfap.ed.gov> or contact Financial Partners, Partner Services, Default Coordination Team at (202) 377-3053. To retrieve this information from the NSLDS website, log on with your NSLDS user id, go to the report tab, and select Report DRC040 GA Cohort Default Rate History Report and select Report DRC045 for the Lender Cohort Default Rate History Report. The report is available in report format or extract format, the file layout for an extract can be found at: <http://ifap.ed.gov/nslsmaterials/attachments/GA200107attachment1.pdf>

If you have questions on getting an NSLDS user id or need information on requesting this report, please call the NSLDS Customer Service Center at 1-800-999-8219.

How are the borrowers of underlying loans in Consolidations counted in Guaranty Agency Cohort Default Rates?

The Cohort Default Rate Program looks at the date entered repayment of the underlying loans (loans that NSLDS has linked to a consolidation loan) to determine which cohort fiscal year the borrower is counted.

For underlying loans with a status of 'PC', 'PN', or 'DN', the program looks to see if the guaranty date of the consolidation loan was on or before the end of the Cohort Period (2 year window beginning with Cohort Fiscal Year begin date).

If the consolidation loan was made prior to the end of the cohort period, then the borrower is counted in the consolidating agencies cohort rate.

Likewise, if the consolidation loan defaults the borrower would also be counted in the consolidating agencies cohort rate.

If the consolidation loan was made after the end of the cohort period, the underlying loan is processed as if no consolidation loan had occurred.

Loans with the lender_of_last_resort flag set to 'Y' in NSLDS are NOT included in the cohort default rate.

How important is the Date Entered Repayment as reported to NSLDS in the Cohort Default Rate Calculation?

The date entered repayment is integral to the cohort default rate calculation. As a result, it is important that you ensure that this date is reported accurately to NSLDS.

1. For loans closed as a result of consolidation that have not entered repayment, set the date equal to the effective date of the loan status of 'PC', 'PN', or 'DN'.
2. The cohort default rate calculation uses the date entered repayment to determine which borrower to count in the denominator. Continually moving the date entered repayment can cause a loan to be included potentially in multiple cohort fiscal year calculations or if the date is incorrect, a loan could be included in the wrong cohort fiscal year.
3. Many guarantor systems set the date entered repayment based on the anticipated completion date. It is important to update the date entered repayment to be equal to the borrower's separation date (withdrew, graduated, or less than half-time) plus grace plus a day. Furthermore, NSLDS does not use the anticipated completion date in its cohort default rate calculation.
4. In cases when the borrowers pay the loan in full while in a grace period, and prior to the end of the loan period, it is important that the date entered repayment be modified to the effective date of the loan being paid in full. A future date entered repayment remaining on a loan can cause the borrower to be counted in the wrong cohort unless it is a cancellation.
5. Once the loan has entered repayment, this date should not be changed except to correct an error. (Do not replace an original Date Entered Repayment with the date associated with a new loan, or the date the borrower resumes repayment after deferment or forbearance.)

Note: If the loan is paid in full within 120 days of disbursement, then the loan is cancelled. Cancelled loans do not get counted in the cohort default rate calculation.

Reporting Ineligible Borrower Claims Defaults

A loan for which the borrower is ineligible due to the borrower's or student's error is treated as a default if the borrower fails to repay the full amount due within 30 days after the final demand letter is mailed. For these loans to be appropriately reported to NSLDS and to be included in the calculation for cohort default rates, it is important that the reason code for these claims be reported as 'DF'.

Data Corrections

Under Section 430(e) of the HEA, lenders, holders, and guaranty agencies are allowed the opportunity to correct cohort default rate information. The Department calculates cohort default rates based on data submitted to NSLDS by guaranty agencies. The Department selects certain relevant fields from NSLDS, compiles the data by borrower and lender code, and then performs the calculations necessary to determine the cohort default rate.

Although a student's loan records may be included in both the Federal Stafford and Federal SLS data because he or she had both Federal Stafford and Federal SLS loans from the same lender or holder entering repayment in the same fiscal year, the student is only counted once in the cohort default rate calculation. Likewise, if there are multiple loan records for the student for one of the loan programs, the student is still counted only once. If a student borrowed from more than one lender, he or she is counted in the calculation for each lender. You should note that the data reflects the status of loans through September 30 of the year following the cohort year. Thus, data for the FY 2003 cohort year reflects the status of loans only through September 30, 2004.

If you are an originating lender or holder and believe that the cohort default rate was calculated based on erroneous data, contact the guaranty agency. If you discover discrepancies between the information in your records and the data provided to the Department by the guaranty agencies, you should try to resolve the problem with the guaranty agency that submitted the data to the Department. You should submit to the guaranty agency all the relevant documentation supporting your contention that the data relating to a particular loan are incorrect and should be changed. The guaranty agency (GA) will review the documentation that you submit and determine whether it believes to be erroneous by the GA, then they will notify the Department in writing. The guaranty agency will notify you and the Department, in writing, of its conclusions. Financial Partner Services will review the Data provided by the GA and make a final determination on whether the data provided is incorrect. If the correction is approved by the Department, the guaranty agency will be notified and will make the appropriate changes in the default rate information provided to NSLDS.

The process for data correction is as follows:

1. Lenders or holders are urged to promptly request back-up data (loan record detail report) from the NSLDS web site at <http://www.nslsdfap.ed.gov> if they believe their cohort default rates were calculated on the basis of incorrect data. (Back-up data is an extract of the loan records that formed the basis for calculating your lender or holder cohort default rate.)
2. After reviewing the back-up data, the lender or holder should submit the appropriate documentation to the guaranty agency in support of its contention that the data are incorrect. Such documentation should include the borrower's name, social security number, and the nature of the error in each case. Supporting documentation could include copies of the guarantor's notice of a change on the Student Status Confirmation Report, canceled checks,

or copies of other pertinent information. To ensure timely processing of the request, borrowers should be listed in social security number order. A lender or holder should identify the cohort year to which the corrections apply. All requests to the guaranty agency for a correction should be signed by an official of the lender or holder who is authorized to act on its behalf in this regard.

3. The guaranty agency should analyze a lender's or holder's request for data correction and determine whether it will agree with or deny the request for a correction.
4. When the guaranty agency has completed its analysis of the request for data correction, the lender or holder must be notified of the agency's conclusions. A copy of the letter from the guaranty agency agreeing with or denying the data correction must be sent to the Default Coordination Team at the address listed below.

U.S. Department of Education
Financial Partners, Partner Services
Union Center Plaza, 11th Floor
400 Maryland Avenue, S.W.
Washington, D.C. 20202-5138
ATTN: Default Coordination Team

What is a data correction?

After the release of the official cohort default rates, the U.S. Department of Education (the Department) provides guaranty agency and lenders an opportunity to review the original data. Guaranty agencies must submit incorrect data to the Department for corrections. Lenders must submit incorrect data to the guaranty agency for corrections. The process of correcting data is called a “data correction.”

Can guaranty agencies or lenders submit a data correction?

Any guaranty agency or lender that receives an official cohort default rate, is provided the opportunity to correct its most recent official cohort default rate. Correcting official cohort default rate data enables a guaranty agency or lender to request a correction to what it believes to be inaccurate data contained in the guaranty agency’s or lender’s loan record detail report for the official cohort default rates.

What type of allegations may a guaranty agency or lender submit as a data correction?

- Repurchased loans – claims paid in error (default claim)
- Data Conflicts – not able to report on a loan because of a data/identifier conflict

What benefit will a guaranty agency or lender gain from submitting a data correction?

If it is determined that the official cohort default rate data submitted by the guaranty agency or lender is inaccurate, the guaranty agency or lender official cohort default rate should reflect the change. The change to the data may lower, raise, or not affect the cohort default rate.

How does a guaranty agency submit a data correction?

Timing is critical when submitting a data correction. In order to submit a data correction, a guaranty agency must review the loan record detail report for the official cohort default rates to determine if the loan record detail report contains any inaccurate data. If the guaranty agency believes the loan record detail report contains inaccurate data, it should submit a data correction listing of the guaranty agency’s incorrect data allegations to Financial Partner Services with the inaccurate data. The guaranty agency must submit the data correction within 45 calendar days of the publication of the official rate.

A guaranty agency must list separate data correction allegations for each loan record that the guaranty agency believes contains inaccurate data.

How does a lender submit a data correction?

Timing is critical when submitting a data correction. In order to submit a data correction, a lender must review the loan record detail report for the official cohort default rates to determine if the loan record detail report contains any inaccurate data. If the lender believes the loan record detail report contains inaccurate data, it should submit a data correction listing to the guaranty agency with their incorrect data allegations to the guaranty agency for the loan with the inaccurate data. The lender must submit the data correction within 30 calendar days of the publication of the official rate to the guaranty agency. The guaranty agency has 15 calendar days to review the lenders incorrect data submission and make the determination on whether the data provided is incorrect. The guaranty agency must notify the lender and the Department in writing of its conclusions.

A lender must list separate data correction allegations for each loan record that the lender believes contains inaccurate data.

The data correction must include the following items:

- ❖ **A completed incorrect data correction spreadsheet that lists the inaccurate data reflected on the loan record detail report.**

Figure 1 is a sample guaranty agency data correction spreadsheet to Financial Partner Services.

Figure 2 is a sample lender data correction spreadsheet to the guaranty agency .

Figure 1 - Sample Guaranty Agency Data Correction Spreadsheet to Financial Partner Services

Cohort FY: 2003	Number of Borrowers: 1
From: Coralville Agency	Number of Loans: 2
Code: 123	
To: Partner Services	

	A	B	C	D	E	D	E
1	Borrower's SSN	Borrower's Name	Type of Loans	Date of Guaranty	Indicator of Separate Loan	Original OPE ID	Comments
2	123-45-6789	Smith, Bill	SF				
3	234-56-7890	Jones, Mary	SU				
4	345-67-8901	Brown, James	SF				
5							

Date 10/14/2004

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Figure 2 - Sample Lender Data Correction Spreadsheet to the Guaranty Agency

Cohort FY: 2003	Number of Borrowers: 1
From: Bank of Coralville	Number of Loans: 2
Code: 123456	
To: Guaranty Agency	
Code: 123	

	A	B	C	D	E	D	E
1	Borrower's SSN	Borrower's Name	Type of Loans	Date of Guaranty	Indicator of Separate Loan	Original OPE ID	Comments
2	123-45-6789	Smith, Bill	SF				
3	234-56-7890	Jones, Mary	SU				
4	345-67-8901	Brown, James	SF				
5							

Date 10/14/2004

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- ❖ **Copies of the appropriate pages from the loan record detail report(s).**
- ❖ **Copies of relevant supporting documentation.**
- ❖ **A letter on the guaranty agency or lender's letterhead.**

The letter must include the guaranty agency code, a statement indicating that the lender is submitting a data correction, and the cohort fiscal year to which the data correction applies. The letter must feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year being used in the data correction] Data Correction." The letter must include a certification that the information provided is true and correct under penalty of perjury. The lender's President/CEO/Owner and a guaranty agency's President/Director/CEO must sign the letter, and a signature block showing the signer's name and job title must follow the signature. Figure 3, page 15 is a sample guaranty agency data correction letter to a data manager. Figure 4, page 16 is a sample lender data correction letter to a data manager.

**Figure 3 - Sample Guaranty Agency Data Correction
Letter to the Financial Partner Services**

Coralville Agency
9765 Arts Lane
Coral City, Iowa 12345-9765
1-234-56-7890

October 14, 2005

U.S. Department of Education
Financial Partners, Partner Services
Union Center Plaza, 11th Floor
400 Maryland Avenue, SW
Washington, DC 20202-5138
ATTN: Default Coordination Team

GA Code 123

Subject: Cohort FY 2003 Data Correction

Dear :

Coralville Agency, GA Code 123, is challenging the cohort FY 2003 official cohort default rate data found in our loan record detail report for the official cohort default rates. Please see the enclosed spreadsheet, pages from the loan record detail report for the official cohort default rates, and supporting documentation.

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

Thank you for your consideration.

Sincerely,

Name
President, Coralville Agency

Enclosures

**Figure 4 - Sample Lender Data Correction
Letter to the Guaranty Agency**

Bank of Coralville
9745 Arts Lane
Coral City, Iowa 12345-6789
1-234-56-7890

October 14, 2005

OPE ID 123456

Compliance Officer
State Guaranty Agency
132 Ocean Front Road
Black Diamond Bay, Nebraska 3212-0132

Subject: Cohort FY 2003 Data Correction

Dear Compliance Officer:

Bank of Coralville, OPE ID 123456, is challenging the cohort FY 2003 official cohort default rate data found in our loan record detail report for the official cohort default rates. Please see the enclosed spreadsheet, pages from the loan record detail report for the official cohort default rates, and supporting documentation.

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

Thank you for your consideration.

Sincerely,

Name
President, Bank of Coralville

Enclosures

The Department recommends that a guaranty agency or lender send all data corrections correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a guaranty agency or lender if it is asked to authenticate the timeliness of its data correction. A guaranty agency or lender should maintain the documentation that verifies the receipt of the data corrections as well as all electronic and hardcopy documentation submitted as a part of the data correction process. If a guaranty agency does not meet the 45 calendar-day time frame for submitting a data correction, the data correction will not be reviewed. If a lender does not meet the 30 calendar-day time frames for submitting a data correction, the data correction will not be reviewed.

- ❖ **The guaranty agency should determine if its documentation supports or refutes each of the data correction allegations listed on the lender's spreadsheet.**

If the guaranty agency agrees with the lender's data correction allegations that a change should be made, it must correct the data in its internal data system and in NSLDS.

The guaranty agency must provide supporting documentation if the guaranty agency disagrees with the lender's data correction allegations. The guaranty agency's response must include the following:

- ❖ **A spreadsheet of the lender's responses to the guaranty agency list of alleged errors.**
- ❖ **Copies of supporting documentation for each incorrect data correction allegation.**
- ❖ **A letter on the lender's letterhead with the guaranty agency or lender's name and OPE ID number.**

The letter must indicate that the guaranty agency is responding to the lender's data correction and state the cohort fiscal year to which the response applies. The letter must feature a subject line that reads "Subject: Cohort FY 2003 Incorrect Data Correction Response." The letter must include a statement that a copy of the response has been sent to Financial Partners Services, Default Coordination Team. The responsible guaranty agency official must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title.

The guaranty agency sends its response to the lender and a copy of the response to Financial Partners Services, Default Coordination Team.

What does Financial Partners Services (FPS) do with a guaranty agency data correction request?

Financial Partners Services, Default Coordination Team will review the guaranty agency's data correction request and determine whether it will agree with or deny the request for correction. FPS will notify the guaranty agency of its conclusions upon completion of its analysis of the GA's request for data correction. A copy of the letter from FPS, Default Coordination Team agreeing or denying the data correction will be sent to the guaranty agency.

Information About Back-Up Data Printouts

How to Read Back-Up Data Printout

A back-up data printout, called a "Loan Record Detail Report," is an extract of the loan records that forms the basis for calculating your lender or guaranty agency cohort default rate.

In your loan record detail report you will find general information, including the name of the lender or guaranty agency, the corresponding ID code, the cohort year covered, and the rate calculation date.

Information on how to find the NSLDS web site, loan record detail report and downloading instructions can be found at the following web sites:

<http://ifap.ed.gov/nsldsmaterials/attachments/GA200107attachment1.pdf> or

<http://ifap.ed.gov/nsldsmaterials/attachments/LLS200101Attachment1.pdf>

<http://www.ifap.ed.gov>.

NOTE: Information on how to retrieve the loan record detail report, including screen shots, is provided in the updated section of the Guaranty agency or lender Cohort Default Rate Guide in Chapter 2.6 "General Information Tools" which is available only via download from the web site.

Privacy Act Notice

Back-up data contains material of private nature. The use of this material is covered by the U.S. Privacy Act and may also be governed by State and local laws and regulations, as well as by your own policies. You should take appropriate steps to safeguard this material and ensure that it is used and disposed of appropriately.

Appendix A

Department of Education Contact List

For technical data processing questions regarding the calculation of the default rates, contact:

U.S. Department of Education
NSLDS Customer Service Center
(800) 999-8219
<http://www.nslsdfap.ed.gov>

For copies of regulations, Dear Colleague Letters, and other student aid publications, contact:

U.S. Department of Education
Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044-0084
(800) 433-3243
<http://www.ifap.ed.gov> or
www.fp.ed.gov

For other questions on lender, holder, or guaranty agency default rates, contact:

U.S. Department of Education
Default Coordination Team
Financial Partners Services, Partner Services Group
Union Center Plaza, 11th Floor
400 Maryland Avenue, S.W.
Washington, D.C. 20202-5138
(202) 377-3053
<http://www.fp.ed.gov>

To resolve errors in your lender (or holder) back-up data (loan record detail report), contact the guaranty agency that reported the data to the Department. A list of the guaranty agencies and their addresses is included on Page 22, "Guaranty Agency List".

For information on school cohort default rates, contact:

U.S. Department of Education
Default Management Division
Union Center Plaza 084F
400 Maryland Avenue, S.W.
Washington, D.C. 20202-5353
(202) 377-4258
http://www.ifap.ed.gov/csb_html/newdefault.htm

Appendix B

Guaranty Agency List

This section lists the names, addresses, and other identifying information of the guaranty agencies. The address may be used to contact guaranty agencies to resolve discrepancies in backup data. However, do not use this address if a guaranty agency has provided you with a different address or addressee.

Each agency is listed in alphabetical order by the name of the state in which it is the primary guarantor. The three-digit guaranty agency code listed in parentheses for each agency is the coding system used by the Department to identify each guaranty agency.

The Higher Education Assistance Foundation (HEAF) ceased operations on December 31, 1993. In preparation for the closing, HEAF transferred its remaining guarantees on loans not in default to other guaranty agencies. Affected lenders were notified of the guaranty agency now holding their student loan guarantees which were originally issued by HEAF. The new guaranty agency will be reported on the back-up data. The Department possesses the records on defaulted loans on which HEAF paid default claims to lenders. The Educational Credit Management Corporation (ECMC), (formally the Transitional Guaranty Agency (TGA)), processes records relating to a small number of loans guaranteed by HEAF that were not transferred to other agencies and for loans guaranteed by HEAF that were paid as or subsequently became Chapter 13 bankruptcy claims. ECMC also holds and services Chapter 13 default bankruptcies for numerous guaranty agencies that, on a voluntary basis, transfer these portfolios to ECMC.

The Puerto Rico Higher Education Assistance Corporation (PRHEAC) ceased operations on April 15, 1994 and all guarantees were transferred to the Great Lakes Higher Education Corporation (GLHEC). GLHEC will hold all defaulted loans and related records previously held by PRHEAC. **NOTE: If your organization is correcting its default rates based on erroneous data, the possible errors must be identified to Great Lakes.**

The Mississippi Guaranty Student Loan Agency (MGSLA) ceased operations on September 30, 1994 and all guarantees were transferred to the United Student Aid Funds, Inc. (USAF). USAF will hold all defaulted loans and related records previously held by MGSLA. **NOTE: If your organization is correcting its default rates based on erroneous data, the possible errors must be identified to USAF.**

The Student Loan Fund of Idaho, Inc. (SLFI) has been replaced (July 1, 1994) by the Northwest Education Loan Association (NELA) as the designated guarantor. However, SLFI has not yet transferred defaulted loans and related records to NELA. **NOTE: If your organization is correcting its default rates based on erroneous data, the possible errors must be identified to SLFI.**

The State Student Assistance Commission of Indiana (SSAC) ceased guarantor operations on July 31, 1995 and all guarantees were transferred to United Student Aid Funds (USAF). USAF holds all defaulted loans and related records previously owned by SSAC. **NOTE: If your**

organization is correcting its default rate based on erroneous data, you must notify USAF of the possible errors.

The Maryland Higher Education Loan Corporation (MHELC) ceased guarantor operations on June 30, 1995 and all guarantees were transferred to United Student Aid Funds (USAF). USAF holds all defaulted loans and related records previously owned by MHELC. **NOTE: If your organization is correcting its default rate based on erroneous data, you must notify USAF of the possible errors.**

The Delaware Higher Education Loan Program (DHELP) ceased guarantor operations on April 24, 1996 and all guarantees were transferred to Pennsylvania Higher Education Assistance Agency (PHEAA). PHEAA will hold all defaulted loans and related records previously held by DHELP. **NOTE: If your organization is correcting its default rate based on erroneous data, you must notify PHEAA of the possible errors.**

The State Education Assistance Authority (SEAA) in Virginia has been replaced (July 1, 1996) by the Educational Credit Management Corporation (ECMC) as the designated guarantor. **NOTE: If your organization is correcting its default rate based on erroneous date, you must notify ECMC of the possible errors.**

The Ohio Student Aid Commission (OSAC) ceased guarantor operations effective August 1, 1996 and all guarantees were transferred to Great Lakes Higher Education Corporation (GLHEC). GLHEC will hold all defaulted loans and related records previously held by OSAC. **NOTE: If your organization is correcting its default rate based on erroneous data, you must notify GLHEC of the possible errors.**

The Alabama Commission of Higher Education (ACHE) ceased operations in December 1996 and all guarantees have been transferred to Kentucky Higher Education Assistance Authority (KHEAA) as of June 1996. KHEAA will hold all defaulted loans and related records previously held by ACHE. **NOTE: If your organization is correcting its default rate based on erroneous data, you must notify KHEAA of the possible errors.**

NORTHSTAR Guarantee Incorporated ceased operations in December 1997 and all guarantees were transferred to Great Lakes Higher Education Corporation (GLHEC). GLHEC holds all defaulted loans and related records previously held by Northstar. **NOTE: If your organization is correcting its default rate based on erroneous data, you must notify GLHEC of the possible errors.**

The Oregon State Scholarship Commission (OSAC) ceased operations on December 31, 2004 and all guarantees were transferred to the Educational Credit Management Corporation (ECMC). ECMC will hold all defaulted loans and related records previously held by OSAC. **NOTE: If**

your organization is correcting its default rates based on erroneous data, you must notify ECMC of the possible errors.

Alabama, AL (701)

SEE Kentucky

Alaska, AK (702)

SEE United Student Aid Funds, Inc.

Arizona, AZ (804)

SEE United Student Aid Funds, Inc.

Arkansas, AR (705)

Student Loan Guarantee Foundation of Arkansas
219 South Victory
Little Rock, AR 72201-1884
(501) 372-1491

California, CA (706)

California Student Aid Commission/Edfund
10834 International Drive
Rancho Cordova, CA 95670
(916) 526-7900

Colorado, CO (708)

College Access Network
One Denver Place
999 18th Street, Suite 425
Denver, CO 80202-2471
(303) 305-3000

Connecticut, CT (709)

Connecticut Student Loan Foundation

525 Brook Street
Rocky Hill, CT 06067
(860) 257-4001

Delaware, DE (710)

SEE Pennsylvania

District of Columbia, DC (611)

See Massachusetts

Educational Credit Management Corporation (ECMC) (927)
(Formerly the Transitional Guaranty Agency (TGA))

American National Bank Building
101 East 5th Street, Suite 2400
St. Paul, MN 55101
(651) 221-0566

Florida, FL (712)

State of Florida, Department of Education
Office of Student Financial Assistance
1940 North Monroe Street
Suite 70
Tallahassee, FL 32303-0400
(850) 410-5200

Georgia, GA (713)

Georgia Higher Education Assistance Corporation
2082 East Exchange Place, Suite 200
Tucker, GA 30084
(770) 724-9132

Hawaii, HI (815)

SEE United Student Aid Funds, Inc.

Idaho, ID (716)

Student Loan Fund of Idaho, Inc.

190 Queen Anne Avenue North
Suite 300
Seattle, WA 98109
(206) 461-5300

Illinois, IL (717)

Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL 60015
(847) 948-8500

Indiana, IN (718)

SEE United Student Aid Funds, Inc.

Iowa, IA (719)

Iowa College Student Aid Commission
200 10th Street
Fourth Floor
Des Moines, IA 50309-3609
(515) 242-3344

Kansas, KS (620)

SEE United Student Aid Funds, Inc.

Kentucky, KY (721)

Kentucky Higher Education Assistance Authority
100 Airport Road
Frankfort, KY 40601-4323
(502) 696-7200

Louisiana, LA (722)

Louisiana Office of Student Financial Assistance

1885 Wooddale Blvd., Suite 324
Baton Rouge, LA 70821-9202
(225) 922-1012, 1 800-259-0790

Maine, ME (723)

Maine Education Assistance Division
Finance Authority of Maine
5 Community Drive
Augusta, ME 04332-0949
(207) 623-3263

Maryland, MD (724)

SEE United Student Aid Funds, Inc.

Massachusetts, MA (725)

American Student Assistance
100 Cambridge Street, Suite 1600
Boston, MA 02114
(800) 999-9080

Michigan, MI (726)

Michigan Higher Education Assistance Authority
430 West Allegan
Lansing, MI 48933
(800) 642-5626

Minnesota, MN (727)

SEE Wisconsin

Mississippi, MS (728)

SEE United Student Aid Funds, Inc.

Missouri, MO (729)

Coordinating Board for Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109-5717
(573) 751-2361

Montana, MT (730)

Montana Guaranteed Student Loan Program
2500 Broadway
Helena, MT 59601-4989
(406) 444-6594

Nebraska, NE (731)

National Student Loan Program
1300 O Street
Lincoln, NE 68508-1511
(402) 475-8686

Nevada, NV (732)

SEE United Student Aid Funds, Inc.

New Hampshire, NH (733)

New Hampshire Higher Education Assistance Foundation
4 Barrell Court
Concord, NH 03301
(603) 225-6612

New Jersey, NJ (734)

New Jersey Higher Education Assistance Authority
Guaranteed Student Loan Program
4 Quakerbridge Plaza
P.O. Box 540
Trenton, NJ 08625-0540
(800) 792-8670

New Mexico, NM (735)

New Mexico Student Loan Guarantee Corporation
7400 Tiburon N.E.
Albuquerque, NM 87109
(505) 345-3371

New York, NY (736)

New York State Higher Education Services Corporation
99 Washington Avenue, Twin Towers
Albany, NY 12255
(518) 473-7087

North Carolina, NC (737)

North Carolina State Education Assistance Authority
10 Alexander Drive
Research Triangle Park, NC 27709
(919) 549-8614

North Dakota, ND (738)

Student Loans of North Dakota
North Dakota Guaranteed Student Loan Program
715 East Broadway
Bismarck, ND 58501-5524
(701) 328-5754

Ohio, OH (739)

SEE Wisconsin

Oklahoma, OK (740)

Oklahoma State Regents for Higher Education
Guaranteed Student Loan Program
421 North West 13th Street
Oklahoma City, OK 73103-3000
(405) 234-4300

Oregon, OR (741)

Oregon State Scholarship Commission
1500 Valley River Drive
Suite 100
Eugene, OR 97401
(541) 687-7400
Ceased operation on Dec. 31 2004.

Pennsylvania, PA (742)

Pennsylvania Higher Education Assistance Agency
1200 N. 7th Street
Towne House
Harrisburg, PA 17102-1444
(717) 720-2860

Puerto Rico, PR (772)

SEE Wisconsin

Rhode Island, RI (744)

Rhode Island Higher Education Assistance Authority
560 Jefferson Boulevard
Warwick, RI 02886-1320
(401) 736-1100

South Carolina, SC (745)

South Carolina State Education Assistance Authority
Interstate Center
16 Berry Hill Road
Suite 210
Columbia, SC 29210
(803) 798-0916

South Dakota, SD (746)

Education Assistance Corporation

115 First Avenue, S.W.
Aberdeen, SD 57401
(605) 622-6423

Tennessee, TN (747)

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, TN 37243-0820
(615) 741-1346

Texas, TX (748)

Texas Guaranteed Student Loan Corporation
301 Sundance Parkway
Round Rock, Texas 78681
(512) 219-5700

Transitional Guaranty Agency (927)

SEE Educational Credit Management Corporation

United Student Aid Funds, Inc. (USAF) (800)

United Student Aid Funds, Inc.
10475 Crosspoint Boulevard
Suite 230
Indianapolis, IN 46256-3323
(317) 806-1210

Utah, UT (749)

Utah Higher Education Assistance Authority
60 South 400 West
5th Floor
Salt Lake City, UT 84101-1284
(801) 321-7200

Vermont, VT (750)

Vermont Student Assistance Corporation

One Main Street
Winooski, VT 05404-2601
(802) 655-9602

Virgin Islands, VI (778)

SEE Wisconsin

Virginia, VA (751)

SEE Educational Credit Management Corporation

Washington, WA (753)

Northwest Education Loan Association
190 Queen Anne Avenue, North
Suite 300
Seattle, WA 98109
(206) 461-5300

West Virginia, WV (654)

SEE Pennsylvania

Wisconsin, WI (755)

Great Lakes Higher Education Corporation
2401 International Lane
Madison, WI 53704
(608) 246-1800

Wyoming, WY (656)

SEE United Student Aid Funds, Inc.

