

Loan Servicing Appeal

Chapter 4.6

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Loan Servicing Appeal

What is a loan servicing appeal?

A loan servicing appeal is an appeal alleging that a school's official cohort default rate includes defaulted Federal Family Education Loans (FFELs) or William D. Ford Federal Direct Loans (Direct Loans) that are considered improperly serviced for cohort default rate purposes. For this guide, "improperly serviced" always means "improperly serviced for cohort default rate purposes only."

Timing is critical when submitting a loan servicing appeal. A school must begin the process by sending a request for loan servicing records to the data manager responsible for a loan within 15 calendar days of receiving the loan record detail report for the official period. Figure 4.6.1 shows the time frame for submitting a loan servicing appeal.

When is a defaulted FFEL considered improperly serviced for cohort default rate purposes?

A defaulted FFEL is considered improperly serviced for cohort default rate purposes if one or more of the following occurs:

- ❖ The borrower fails to make a payment, and the school can document that the lender was required and failed to send at least one letter (other than the final demand letter) urging the borrower to make payments on the loan.
- ❖ The borrower fails to make a payment, and the school can document that the lender was required and failed to attempt at least one telephone call to the borrower.
- ❖ The borrower fails to make a payment, and the school can document that the lender was required and failed to submit a request for pre-claims assistance or default aversion assistance to the guaranty agency.
- ❖ The borrower fails to make a payment, and the school can document that the lender was required and failed to send a final demand letter to the borrower.
- ❖ The borrower fails to make a payment, and the school can document that the lender was required and failed to submit a certification (or other documentation) to the data manager that indicates that the lender performed skip tracing.

34 CFR 668.193

Figure 4.6.1
Time Frame for Submitting a Loan Servicing Appeal



For cohort default rate purposes, skip tracing must be shown if the lender receives information before the 241st day of delinquency indicating that the borrower's address of record is incorrect. Skip tracing is not required for cohort default purposes if the lender has the borrower's address but does not have a record of the borrower's correct telephone number. (Prior to October 7, 1998, for cohort default rate purposes, performance of skip tracing had to be shown if the lender received information before the 151st day of delinquency regarding an incorrect address.)

If the borrower makes a payment or if the lender timely performs all of the listed activities it is required to perform, the loan is considered properly serviced for cohort default rate purposes. However, servicing and collection activities performed after sending the final demand letter will not be considered when determining if a loan has been properly serviced.

When is a defaulted Direct Loan considered improperly serviced for cohort default rate purposes?

A defaulted Direct Loan is considered improperly serviced for cohort default rate purposes if one or more of the following occurs:

- ❖ The borrower fails to make a payment, and the school can document that the Direct Loan servicer was required and failed to send at least one letter (other than the final demand letter) urging the borrower to make payments on the loan.
- ❖ The borrower fails to make a payment, and the school can document that the Direct Loan servicer was required and failed to attempt at least one telephone call to the borrower.
- ❖ The borrower fails to make a payment, and the school can document that the Direct Loan servicer was required and failed to send a final demand letter to the borrower.
- ❖ The borrower fails to make a payment, and the school can document that the Direct Loan servicer was required and failed to document that skip tracing was performed if the Direct Loan servicer determined it did not have the borrower's current address.

If the borrower makes a payment or if the Direct Loan servicer timely performs all of the listed activities it is required to perform, the loan is considered properly serviced for cohort default rate purposes. However, servicing and collection activities performed after sending the final demand letter will not be considered when determining if a loan has been properly serviced.

Which schools are eligible to submit a loan servicing appeal?

Any school, even those that have withdrawn from the FFEL or Direct Loan programs, may file a loan servicing appeal if it believes that its official cohort default rate calculation includes one or more defaulted FFELs or Direct Loans that were improperly serviced for cohort default rate purposes.

Any school may submit a loan servicing appeal for its most recent official cohort default rate. Schools that are subject to sanctions may submit a loan servicing appeal for any official cohort default rate upon which the loss of eligibility is based.

However, a school may not submit a loan servicing appeal for an official cohort default rate if the school previously submitted a loan servicing appeal for that official cohort default rate. Further, a school may not submit a loan servicing appeal for an official cohort default rate that was the basis, either entirely or partially, of a previous sanction.

What benefit will a school gain from submitting a loan servicing appeal?

If, as a result of a loan servicing appeal (or as the result of a school's submission of any adjustment or appeal), the U.S. Department of Education's (the Department's) Default Management determines that a school's official cohort default rate calculation includes defaulted loans that were improperly serviced for cohort default rate purposes, Default Management will remove the loans (or, if applicable, a valid statistical projection of the total number of borrowers who defaulted due to improper loan servicing) from the calculation and will recalculate the official cohort default rate using the remaining data. This may lower or not affect the official cohort default rate. If the school is subject to sanction and the official cohort default rate is lowered below the sanction level, the school is no longer subject to sanctions. In addition, a school that would otherwise be subject to sanctions in a later year may avoid being subject to sanctions.

However, even though Default Management may revise an official cohort default rate, subsequent copies of the loan record detail report for the official period will not reflect the change. Therefore, it is important for a school to keep a copy of Default Management's final determination letter as the official record of the school's revised official cohort default rate.

Any school, even those that have withdrawn from the FFEL or Direct Loan programs, may file a loan servicing appeal

What roles do the Department and data managers have in a school's loan servicing appeal?

A data manager is required to review a school's request for loan servicing records if the request is submitted in a timely manner and the data manager has responsibility for the loans. If a school submits a request to the wrong entity, the request will not be reviewed and the school could miss the deadline. The guarantor/servicer code on the loan record detail report identifies the data manager for a loan.

Data managers are responsible for providing loan servicing records for the loans they hold. The data manager may charge a fee not to exceed \$10 per borrower file. If the data manager chooses to charge a fee, it is not required to provide the records until after the school pays the full fee in a timely manner.

The data manager must respond to the request within 20 calendar days. However, the data manager is not required to respond to a request for loan servicing records if school did not timely send the request for loan servicing records or make the payment within the appropriate 15 calendar day time frame. If the data manager does not respond within 20 calendar days, the school should advise Default Management in writing of the delay.

The Department's primary role is to review a school's loan servicing appeal, which is submitted after the school has received loan servicing records from the data manager. The Department is also responsible for responding to a school's request for loan servicing records if the Department is the data manager for the loans. The Department is the data manager for FFELs the Department holds and for all Direct Loans.

Default Management is responsible for responding to schools' requests for loan servicing records regarding FFELs that the Department holds. These loans are primarily identified in the loan record detail report with a guarantor/servicer code of 555. See Chapter 2-3, "Loan Record Detail Report," for a listing of other codes that identify the Department as the holder of a loan.

The Department's Direct Loan servicer is responsible for responding to schools' requests for loan servicing records regarding all Direct Loans, even those that are in default. These loans are identified in the loan record detail report with a guarantor/servicer code of 0101.

How does a school submit a loan servicing appeal?

Timing is critical when submitting a loan servicing appeal. A school must begin the process by sending its request for loan servicing records to the data manager responsible for a loan within 15 calendar days of receiving the loan record detail report for the official period. If a school does not receive a loan record detail report for the official period, and the school believes it may have grounds for a loan servicing appeal, it must request a loan record detail report for the official period within 15 calendar days of receiving the official cohort default rate notification letter. See Chapter 2.3, "Loan Record Detail Report," for information on requesting a loan record detail report for the official period.

How does a school identify the data manager of a loan?

As mentioned, the guarantor/servicer code on the loan record detail report shows the data manager responsible for a loan. A school can use this number to obtain the name and address of the data manager. See the "Numerical Data Manager Contacts" section in Chapter 2.4, "Loan Record Detail Report Tools," for a listing of data manager codes and addresses.

How does a school submit a request for loan servicing records?

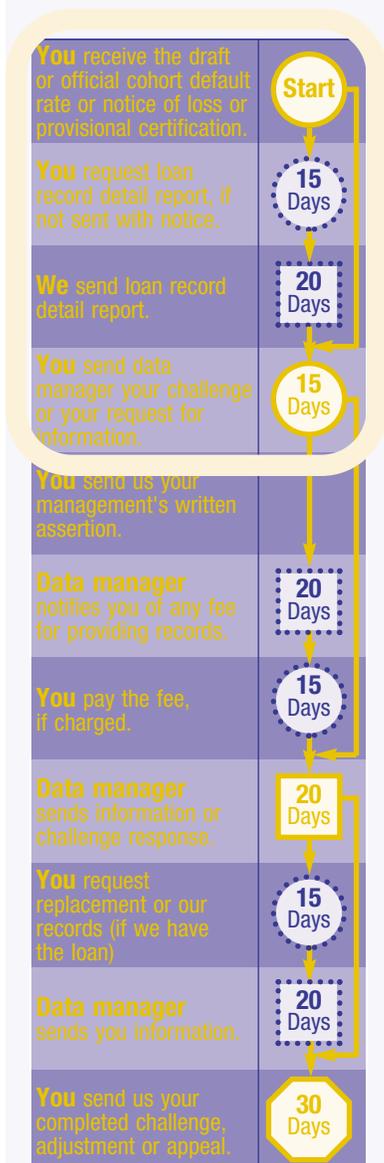
If a school believes the official cohort default rate calculation contains a defaulted loan that was improperly serviced for cohort default rate purposes, the school should request loan servicing records from the data manager. However, a school cannot file a loan servicing appeal on a loan that is considered in default because the loan met "other specified conditions" (see Glossary).

A school must prepare a separate request for each data manager holding loans for which the school alleges improper loan servicing for cohort default rate purposes. The request must include the following items:

- ❖ A letter on the school's letterhead.

The letter should include the school's OPE ID number, a statement indicating that the school is requesting loan servicing records, and the fiscal years and the cohort default rates to which the request applies. The letter should feature a subject line that reads "Subject: FY [insert fiscal year being used in the appeal] Request for Loan Servicing Records." The letter should also include a notation that the school is sending a copy of the letter to Default Management and a list of the other adjustments or appeals the school intends to submit to Default





Management. The school's President/CEO/Owner should sign the letter, and the signature should be followed by a signature block showing the signer's name and job title. Figure 4.6.2 is a sample school letter requesting loan servicing records from a data manager.

- ❖ Copies of the entire relevant loan record detail reports for the official period.

The school must send a copy of the letter to Default Management at the same time it sends the request to the data manager. The school does not need to send copies of the loan record detail reports to Default Management at this time unless the school is requesting loan servicing records for a loan that the Department holds.

Default Management recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation that verifies the receipt of the appeal as well as copies of all documentation submitted as a part of the appeal process. If a school does not meet the 15 calendar day time frame for requesting loan servicing records, the request will not be reviewed.

How does a data manager respond to a school's request for loan servicing records?

A data manager is required to respond to a school's timely submitted request for loan servicing records for those loans for which the entity is the data manager. The data manager is also required to send a copy of the response to Default Management. However, if the school did not send the loan servicing records request to the data manager within the 15 calendar day time frame, the data manager should not review the record request.

Within 20 calendar days of receiving the school's request, a data manager must determine if the school's request is timely. The school must submit the request within 15 calendar days of receiving the loan record detail report for the official period. If the school's due date falls on a weekend or a federal holiday, a school may send its request to the data manager no later than the next federal business day.

Before denying a school's request on the basis of a late submission, a data manager should verify the actual date the school received its official cohort default rate data from Default Management. If the school did not submit the request in a timely manner, the data manager should not review any part of the request. In its response to the

**Figure 4.6.2 - Sample School Letter Requesting
Loan Servicing Records from a Data Manager**

Coralville College
5029 Greta Avenue
Coral City, Iowa 12345-5029
1-987-654-3211

October 2, 2003

ATTN: Lesa Neiers, Compliance Officer
State Guaranty Agency
132 Ocean Front Road
Black Diamond Bay, Nebraska 13213-0132

OPEID #998998

Subject: FY 2001 Loan Servicing Appeal

Dear Ms. Neiers:

Coralville College, OPE ID#998998, is requesting the loan servicing records for the defaulted loans guaranteed and currently maintained by your agency and included in our school's FY 2001 official cohort default rate. Please see the enclosed loan record detail report for the official period.

Coralville College also intends to submit a participation rate index appeal.

Thank you for your consideration.

Sincerely,

Serena Rooney
President, Coralville College

Enclosure

cc: U.S. Department of Education,
Default Management



school, the data manager should explain that it is unable to provide the records because the school missed the regulatory deadline. The data manager should also send a copy of the response to Default Management.

The data manager should also determine if the school's request for loan servicing records is appropriate. As mentioned, any school may submit a loan servicing appeal for its most recent official cohort default rate. Schools that are subject to sanctions may submit a loan servicing appeal for any official cohort default rate upon which the loss of eligibility is based.

However, a school may not submit a loan servicing appeal for an official cohort default rate if the school previously submitted a loan servicing appeal for that official cohort default rate. Further, a school may not submit a loan servicing appeal for an official cohort default rate that was the basis, either entirely or partially, of a previous sanction.

Similarly, the school must have submitted the appropriate materials with the request. As mentioned, the request must include the following items:

- ❖ A letter on the school's letterhead.
- ❖ Copies of the entire relevant loan record detail reports for the official period.

If the request is timely and appropriate, the data manager must identify a representative sample of the defaulted loans included in the official cohort default rate the school contests within 20 calendar days of receiving the request.

What if the data manager requires that a fee be paid to obtain loan servicing records?

If the data manager charges a fee, the data manager should send the school a request for payment and send Default Management a copy of the payment request within 20 calendar days of receiving the request for loan servicing records. As mentioned, the fee may not exceed \$10 per borrower file.

Figure 4.6.3 is a sample request for payment letter. The letter should include a description of the method used to select the representative sample. The data manager should also send the school a list, in Social Security Number (SSN) order, of the borrowers included in the sample and the number of loans belonging to each borrower.

**Figure 4.6.3 - Sample Data Manager Request
for Loan Servicing Records Letter**

132 Ocean Front Road
Black Diamond Bay, Nebraska 13213-0132

October 7, 2003

Serena Rooney
President
Coralville College
5029 Greta Avenue
Coral City, Iowa 12345-5029

OPE ID# 998998

Dear Ms. Rooney:

State Guaranty Agency has identified 156 borrowers with 167 defaulted loans that are guaranteed by our agency and included in the FY 2001 loan record detail report for the official period for Coralville College, OPE ID# 998998. Based on a total population of 156 borrowers, the State Guaranty Agency has determined that the representative sample of loan servicing records will consist of 119 borrowers and 125 loans.

Prior to providing the loan servicing records associated with the 119 borrowers' loans, the State Guaranty Agency is requesting payment of \$1,190.00. This payment is due within 15 working days of your school's receipt of this request.

Please see the enclosed list and invoice.

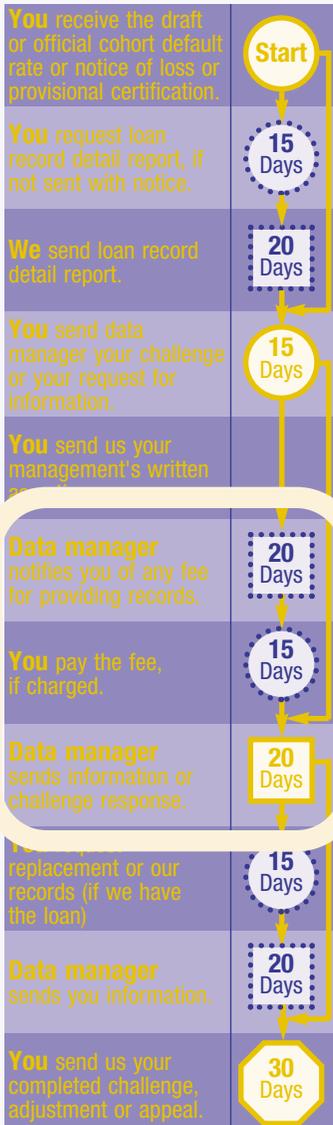
Sincerely,

A handwritten signature in cursive script that reads "Yvonne Carter".

Yvonne Carter
CEO

Enclosures

cc: U.S. Department of Education,
Default Management



If the school does not make payment in full within 15 calendar days of receiving the request for payment, the data manager should notify the school and Default Management that payment in full was not received and that the school has waived its right to appeal the official cohort default rate calculation based on improper loan servicing of the data manager's loans for cohort default rate purposes.

What happens after the data manager determines it is appropriate to send the loan servicing records?

Within 20 calendar days of receiving the request (if the data manager does not charge a fee for loan servicing records) or 20 calendar days of receiving payment (if the data manager charges a fee for the loan servicing records), the data manager must determine which loan servicing records to send to the school. The loan servicing records are the collection and payment history records regarding a borrower that are

- ❖ submitted to the guaranty agency by the lender and used by the guaranty agency in determining whether to pay a default claim or
- ❖ maintained by the Direct Loan servicer and used by the Direct Loan servicer in determining the default rate.

If a data manager currently holds defaulted loans associated with 99 or fewer borrowers in a school's official cohort default rate calculation, the data manager is required to provide loan servicing records associated with each loan included in the official cohort default rate calculation. If a data manager currently holds defaulted loans associated with 100 or more borrowers in a school's official cohort default rate calculation, the data manager should identify a representative sample of the borrowers and only provide the loan servicing records for those borrowers included in the representative sample.

To select a representative sample, the data manager should first identify all of its borrowers with defaulted loans in the loan record detail report for the official cohort default rate calculation that the school is appealing. The data manager should then identify a sample that is large enough such that the universe estimate derived from the sample is acceptable at a 95 percent confidence level with a plus or minus 5 percent confidence interval. The data manager will be required to supply servicing records for each loan that is associated with a borrower included in the sample. Because loans that are considered in default for cohort default rate purposes due to "other specified conditions" cannot be included in a loan servicing appeal, the data manager should not include records for those loans.

Data Manager Name: State Guaranty Agency
 Data Manager Code: 111
 School Name: Coralville College
 OPE ID: 998998

FY 2001 Data Manager Loan Servicing Appeal Response Spreadsheet

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Date Demand Letter Sent	Date Call Attempted	Date Pre-claims Assistance Requested	Date Final Demand Letter Sent	Address Known?	Date of Skip Tracing Activity	Illegible record	Missing record	Improperly Serviced?	Data Manager Code
1														
2	777-77-7777	Green, Marcia	SF	1										
3	777-77-7777	Green, Marcia	SU	1										
4	777-77-7777	Green, Marcia	SU	1										
5	888-88-8888	Kent, Dale	SF	2										
6	999-99-9999	Clark, Shirley	SF	1										
7	999-99-9999	Clark, Shirley	SU	1										
8														
9														

Date 10/07/2003

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The Department has provided guidance to guaranty agencies on how to determine a representative sample. Guaranty agencies should refer to the Dear Guaranty Agency Director letter dated June, 1994 for information on determining appropriate sample sizes. A copy of the Dear Guaranty Agency Director letter can be obtained by contacting Default Management at 1-202-708-9396.

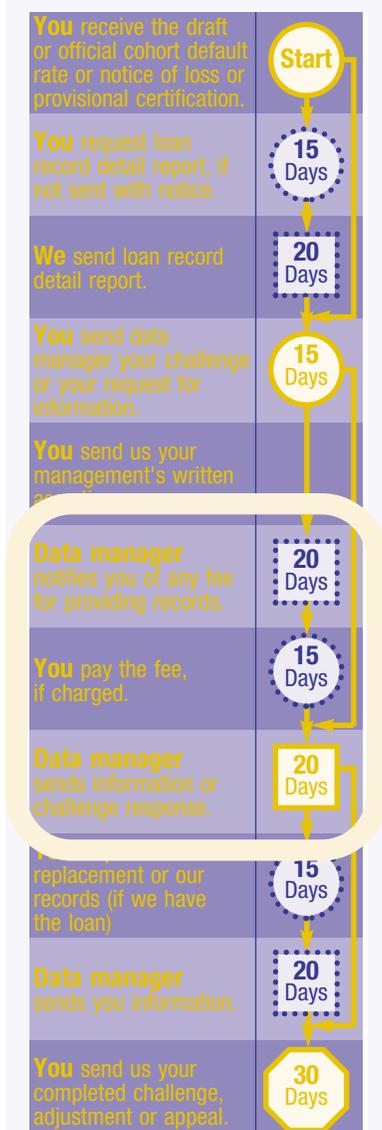
Figure 4.6.4
 Sample Data Manager Loan Servicing Appeal Response Spreadsheet to a School

When sending school loan servicing records, the data manager response should include the following:

- ❖ A list, in spreadsheet format, of the borrowers included in the representative sample and the loans for each borrower.

The list should include the borrower’s name, SSN, number of borrower’s defaulted loans, and loan types. Figure 4.6.4 is a sample data manager loan servicing appeal response spreadsheet to a school. See the blank spreadsheet and the instructions for creating and completing the spreadsheet in the “Loan Servicing Appeal Tools” section of Chapter 4.11, “Challenge, Adjustment, and Appeal Tools.” A data manager may photocopy and use the blank spreadsheet or create its own spreadsheet using the layout provided.

- ❖ Copies of all loan servicing records relating to loans included in the representative sample (or, if the total number of borrowers is less than 100, copies of loan servicing records for each borrower).
- ❖ A letter on the data manager’s letterhead with the school’s name and OPE ID number.



The letter should indicate that the data manager is responding to the school's request for loan servicing records and the fiscal year to which the request applies. The letter should feature a subject line that reads "Subject: FY [insert fiscal year being used in the appeal] Loan Servicing Records Response." The letter should state the total number of defaulted borrowers in the official cohort rate calculation with loans serviced by the data manager and the total number of borrowers and loans included in the representative sample. The letter should also include a statement that a copy of the letter and the list of borrowers have been sent to Default Management. The responsible data manager official should sign the letter, and the signature should be followed by a signature block showing the signer's name and job title. Figure 4.6.5 is a sample data manager response to a request for loan servicing records letter.

The data manager then sends its response to the school. The data manager should also send a copy of the letter and a copy of the list of borrowers to Default Management. The data manager does not need to send copies of the loan servicing records to Default Management.

The data manager must send the responses to the school and Default Management within 20 calendar days of receiving the request from the school (if the data manager does not charge for the records) or within 20 calendar days of receiving payment in full from the school (if the data manager does charge for the records). Default Management recommends that a data manager mail its response via return receipt requested or via overnight courier delivery. The data manager can use this information when submitting monthly status reports to Default Management. For additional information on monthly status reports, see Chapter 3.4, "Monthly Status Reports."

A data manager can assist schools in reading the collection history by identifying the relevant collection activities for each loan. See the section of this chapter entitled "What is a loan servicing appeal?" for a listing of the relevant collection activities for a loan. This may be done by highlighting the collection activities in the actual collection records provided to the school or by creating a summary sheet outlining the abbreviation/codes associated with specific collection activities.

Within 15 days of receiving the loan servicing records, a school may request replacement records for missing or illegible records from the data manager. The data manager has 20 calendar days to respond. The data manager should either replace the missing or illegible records or notify the school and Default Management in writing that no additional or improved copies are available.

**Figure 4.6.5 - Sample Data Manager Response
to a Request for Loan Servicing Records**

132 Ocean Front Road
Black Diamond Bay, Nebraska 13213-0132

October 7, 2003

Serena Rooney
President
Coralville College
5029 Greta Avenue
Coral City, Iowa 12345-5029

OPE ID# 998998

Subject: FY 2001 Loan Servicing Records Response

Dear Ms. Rooney:

This is State Guaranty Agency's response to the request by Coralville College, OPE ID# 998998, for loan servicing records. State Guaranty Agency has identified 156 borrowers with 167 defaulted loans that are guaranteed by our agency and included in your school's FY 2001 official cohort default rate. Based on a total population of 156 borrowers, we have determined that the representative sample of loan servicing records provided to your school will consist of 119 borrowers and 125 loans.

Please see the enclosed list of borrowers and loans and a copy of the relevant loan servicing records.

Sincerely,

A handwritten signature in cursive script that reads "Yvonne Carter".

Yvonne Carter
CEO

Enclosures

cc: U.S. Department of Education,
Default Management

Which Department addresses should a data manager use for submitting a copy of the response to a request for loan servicing records?

The data manager should send the copy of the response to Default Management via commercial courier or the U.S. Postal Service. Default Management will not accept any appeal correspondence by facsimile (fax) or e-mail. If sent by commercial overnight mail/courier delivery, the address is

U.S. Department of Education
Default Management
ATTN: Data Manager Response
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024

If sent by U.S. Postal Service, the address is

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

A data manager should not send a loan servicing response to any other addresses at the Department.

Default Management recommends that a data manager send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. The data manager can use this information when submitting monthly status reports to Default Management. For additional information on monthly status reports, see Chapter 3.3, "Monthly Status Reports."

What does the school do with the data manager's response?

A data manager must respond to a school's request for loan servicing records within 20 calendar days of receiving the request by sending the records (if the data manager does not charge for the records) or by requesting payment (if the data manager charges for the records). If the data manager charges for the records, the data manager must send the records within 20 calendar days of receiving payment in full from the school.

If a school finds that a record identified as part of the representative sample is missing or illegible, the school may request the replacement records for missing or illegible record from the data manager.

The school has 15 calendar days to request the missing and illegible records. The data manager has 20 calendar days to respond to the request. The data manager must either replace the missing or illegible records or notify the school and Default Management in writing that no additional or improved copies are available.

Within 30 calendar days of receiving the last response to all of the school's requests for loan servicing records, the school must decide how to proceed and prepare a response to Default Management accordingly. If the records indicate that there are no improperly serviced loans for cohort default rate purposes in the school's official cohort default rate calculation, the school should notify Default Management that the school is withdrawing the appeal.

If the records indicate that there are improperly serviced loans for cohort default rate purposes included in the school's official cohort default calculation, the school should submit a loan servicing appeal to Default Management. The school must submit the appeal within 30 calendar days of receiving the last response to its request for loan servicing records with the following exception: If the school is submitting the loan servicing appeal to Default Management along with a timely new data adjustment or a timely erroneous data appeal, the school may submit all materials by the later of

- ❖ within 30 calendar days of receipt of the last response to all of the school's new data adjustment allegations,
- ❖ within 30 calendar days of receipt of the last response to all of the school's erroneous data appeal allegations, or
- ❖ within 30 calendar days of receipt of the last response to all of the school's requests for loan servicing records.

If the school does not submit the loan servicing appeal in a timely manner, Default Management will not review the loan servicing appeal and will return all loan servicing appeal materials to the school. If a school is submitting a loan servicing appeal for multiple cohort default rates, it should submit all the loan servicing appeals in the same mailing to Default Management. However, the school still needs to submit separate documentation for each loan servicing appeal.

The school must submit to Default Management the following:

- ❖ Copies of the data manager responses to the school's requests for records.
- ❖ A spreadsheet that lists the allegations.



Data Manager Name: State Guaranty Agency
 Data Manager Code: 111
 School Name: Coralville College
 OPE ID: 998998

FY 2001 School Loan Servicing Appeal Spreadsheet

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Date Demand Letter Sent	Date Call Attempted	Date Pre-claims Assistance Requested	Date Final Demand Letter Sent	Address Known?	Date of Skip Tracing Activity	Illegible record	Missing record	Improperly Serviced?	Data Manager Code
2	777-77-7777	Green, Marcia	SF	1	04/08/2001	05/07/2001		11/07/2001	Yes	N/A			x	111
3	777-77-7777	Green, Marcia	SU	1	04/08/2001	05/07/2001		11/07/2001	Yes	N/A			x	111
4	777-77-7777	Green, Marcia	SU	1	04/08/2001	05/07/2001		11/07/2001	Yes	N/A			x	111
5	888-88-8888	Kent, Dale	SF	2	12/08/2001	01/06/2002	05/16/2002		Yes	N/A			x	111
6	999-99-9999	Clark, Shirley	SF	1	11/10/2001		12/15/2001	01/04/2002	Yes	N/A			x	111
7	999-99-9999	Clark, Shirley	SU	1	11/10/2001		12/15/2001	01/04/2002	Yes	N/A			x	111
8														
9														

Date 11/02/2003

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Figure 4.6.6

Sample School Loan Servicing Appeal Spreadsheet to Default Management

Figure 4.6.6 is a sample school loan servicing appeal spreadsheet to Default Management. See the blank spreadsheet and the instructions for creating and completing the spreadsheet in the "Loan Servicing Appeal Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools." A school may photocopy and use the blank spreadsheet or create its own spreadsheet using the layout provided.

- ❖ Copies of the loan servicing records.
- ❖ A letter on the school's letterhead.

The letter should include the school's OPE ID number, a statement indicating that the school is submitting a loan servicing appeal, and a reference to the applicable cohort default rates to which the appeal applies. The letter should feature a subject line that reads "Subject: FY [insert fiscal year being used in the appeal] Loan Servicing Appeal." The letter should also include a certification that the information provided is true and correct under penalty of perjury and a list of the other adjustments and appeals the school intends to submit to Default Management. Finally, there should be a notation that the school is sending a copy of the letter and the spreadsheet to the data managers of the relevant loans. The school's President/CEO/Owner should sign the letter, and the signature should be followed by a signature block showing the signer's name and job title. Figure 4.6.7 is a sample school loan servicing appeal letter to Default Management.

**Figure 4.6.7 - Sample School Loan Servicing
Appeal Letter to Default Management**

Coralville College
5029 Greta Avenue
Coral City, Iowa 12345-5029
1-987-654-3211

November 2, 2003

U.S. Department of Education
Default Management
ATTN: Loan Servicing Appeal
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

OPE ID# 998998

Subject: FY 2001 Loan Servicing Appeal

To Whom It May Concern:

Coralville College, OPE ID# 998998, is submitting an appeal of its official FY 2001 cohort default rate based on allegations of improperly serviced loans. Please see the enclosed correspondence, spreadsheet, and improperly serviced loans, as identified on the spreadsheet.

I, the undersigned, certify under penalty of perjury that all information submitted in support of this improper loan servicing and collection appeal is true and correct.

Coralville College has also timely submitted an uncorrected data adjustment.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads 'Serena Rooney'.

Serena Rooney
President, Coralville College

Enclosures

cc: State Guaranty Agency

Which Department addresses does a school use for submitting a loan servicing appeal?

The school must send the appeal materials to Default Management via commercial courier or the U.S. Postal Service. Default Management will not accept any appeal correspondence by facsimile (fax) or e-mail. If sent by commercial overnight mail/courier delivery, the address is

U.S. Department of Education
Default Management
ATTN: Loan Servicing Appeal
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024

If sent by U.S. Postal Service, the address is

U.S. Department of Education
Default Management
ATTN: Loan Servicing Appeal
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

A school should not send loan servicing appeals to any other addresses at the Department.

Default Management recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation that verifies the receipt of the appeal as well as all documentation submitted as a part of the appeal process. If a school does not meet the time frame for submitting an appeal, the appeal will not be reviewed.

What happens after the school submits the appeal?

Default Management will review only the information submitted with the loan servicing appeal and will not review information submitted after the deadline. Default Management will send the school and each involved data manager written notification of Default Management's decision. Default Management's decision is final and no further administrative review is provided.

If Default Management determines, using the standard of review described in 34 CFR 668.189(f), that a school's official cohort default rate calculation includes defaulted loans that were improperly serviced for cohort default rate purposes, Default Management will remove the loans (or, if applicable, a valid statistical projection of the total number of borrowers who defaulted due to improper loan servicing) from the calculation and will recalculate the official cohort default rate using the remaining data.

If the school was notified that it was subject to sanction and the appeal is successful and the revised official cohort default rate is below the sanction level, Default Management will withdraw the sanction notice. If the school was notified that it was subject to sanction and the appeal is unsuccessful (or if the appeal is successful but the revised official cohort default rate remains above the sanction level), and the school has no other outstanding adjustments or appeals, Default Management will notify the school of the effective date of the sanctions.

If a school that is subject to loss of eligibility to participate in the FFEL and/or Direct Loan programs loses a cohort default rate adjustment or appeal, the school will be liable for certain costs associated with any FFELs the school certifies and/or any Direct Loans the school originates during a specified liability period. The liability period begins 30 calendar days after the school receives notice that it is subject to loss of eligibility and ends upon the earlier of

- ❖ the withdrawal of the adjustment or appeal,
- ❖ the resolution of the adjustment or appeal, or
- ❖ the 45th calendar day after the date the school submitted the adjustment or appeal to Default Management for review.

A school may avoid a liability associated with an unsuccessful cohort default rate adjustment or appeal if the school chooses not to certify and/or originate loans during the liability period.