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This letter describes the new electronic process that will be used to notify institutions of their draft and official cohort default rates in the FFEL and Direct Loan programs

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Subject: Electronic Cohort Default Rate (eCDR) Notification Process

Summary: This letter describes the new electronic process that will be used to notify institutions of their draft and official cohort default rates in the FFEL and Direct Loan programs.

Dear Colleague:

As announced in a Notice published in the Federal Register on February 25, 2003, beginning with the just completed distribution of Fiscal Year 2001 (FY '01) draft cohort default rates and continuing for both draft and official cohort default rate notifications thereafter, we will electronically transmit cohort default rate notification packages to domestic institutions using the Student Aid Internet Gateway (SAIG).^[1] This electronic process, called "eCDR", will replace the paper notification processes previously used. eCDR packages will be delivered to the SAIG destination point designated by each institution. An institution's destination point could be a third party servicer.

We believe that receiving important cohort default rate information electronically rather than by paper will be of great benefit to institutions. Instead of either ignoring the sometimes hundreds of pages of default rate supporting data or expending significant resources sifting through and compiling results

from those pages, institutions will be able to analyze loan default data on the data files (print file and data extract file) sent to them under the eCDR process. The results of such analysis can be used not only for purposes of requesting corrections and appeals, but also to provide an institution with a better understanding of the repayment behavior and trends of its student loan borrowers. Such understanding can help an institution develop or refine its default prevention activities.

As provided in the Federal Register Notice all domestic institutions must, no later than June 1, 2003 designate an SAIG destination point that will receive the institution's electronic cohort default rate (eCDR) notification packages. The designation of the eCDR destination point must be conducted through the SAIG enrollment process at:

www.sfawebenroll.ed.gov

As part of its SAIG registration each institution must submit, by June 1, 2003, a hardcopy SAIG signature page signed by the institution's Chief Executive Officer (CEO) (e.g., President, Chancellor, Owner) or the person previously designated by the CEO as the institution's SAIG signature authority. Once SAIG enrollment is completed, the institution's designated destination point will receive electronic school cohort default rate notification packages unless the school changes the destination point by submitting a revision to its SAIG enrollment.

Each eCDR package will include (1) an electronic cover letter, (2) electronic loan record detail information in a reader-friendly print file report format, and (3) electronic loan record detail information in a data extract analysis-friendly format. Using the extract format of the loan record detail report can facilitate any challenge, adjustment, and appeal process and in default prevention activities. The cover letter will describe any consequences associated with the reported cohort default rate(s).

Electronic Cohort Default Rate (eCDR) Notification Process

For each eCDR distribution we will announce on our Information for Financial Aid Professionals (IFAP) website (www.ifap.ed.gov) the date of the electronic transmission of cohort default rate information. The time periods for institutions to make appeals and challenges and to seek adjustments under 34 CFR part 668, subpart M will begin with the sixth business day after the date the eCDR packages were transmitted to the SAIG destination points, as noted in the IFAP announcement. Therefore, it is important for each institution to access its eCDR package as quickly as possible on or after the date of transmission, as announced on IFAP, and to determine if it has any technical difficulties accessing the information. Requests for assistance in the resolution of technical difficulties must be made by e-mail and addressed to our Default Management sharepost at

fsa.schools.default.management@ed.gov

If an institution believes that a technical problem that was caused by the U.S. Department of Education (Department) resulted in the institution not being able to access its electronic cohort default rate information, it must notify us no later than five business days after the transmission date announced on IFAP. By doing so and if we agree that the Department caused the problem, we will extend the challenge, appeal, and adjustment deadlines and timeframes to account for a re-transmission of the information after the technical problem is resolved.

While participation in the eCDR process by domestic institutions will be mandatory as of June 1, 2003, we used the new eCDR process to distribute FY '01 draft cohort default rate information to those institutions that had previously designated an eCDR destination point using the SAIG registration process. The above discussion regarding timelines and requests for technical assistance is applicable to those institutions. All other institutions received their FY '01 draft cohort default rate information using the existing paper process (the last such use of the paper process except for foreign institutions) and their rights to appeal, make challenges and seek adjustments based upon the draft information continues to run from the date of receipt of the hardcopy, as they have in the past.

Each institution is responsible for updating its SAIG enrollment whenever a change is needed to its eCDR destination point. Failure of an institution to enroll in or update SAIG for the eCDR process does not constitute a valid, timely technical problem that would extend timeframes or deadlines for appeals, challenges, and adjustments.

Institutions should refer to the IFAP and Schools Portal websites for updates on the eCDR process. If you have any questions regarding eCDR, please contact our Default Management team by phone at (202) 377-4259, by FAX at (202) 275-4511 or by email at fsa.schools.default.management@ed.gov.

Sincerely,

Theresa S. Shaw
Chief Operating Officer
Federal Student Aid

[1] Until further notice, participation by foreign institutions in eCDR is optional. Foreign institutions who choose to participate in the eCDR process will be bound by the same deadlines described in this letter for domestic institutions. Otherwise, foreign institutions will continue to receive their cohort default rate notification packages through hardcopy deliveries and their rights to appeal, make challenges and seek adjustments will continue to run from the date of their receipt of the hardcopy, as they have in the past.

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