**Sanctions or Benefits Associated with Official Cohort Default Rates**

**Additional Web Resources:** [**Cohort Default Rate Guide, Chapter 2.4**](http://ifap.ed.gov/sites/default/files/attachments/2019-06/CDRGuideCh2Pt4CDREffects.pdf)

**The web links referenced below are from the Cohort Default Rate Guide linked above. It is recommended that you open the above links in a new window and refer to the appropriate page reference outlined in the topic heading. However, regulatory citations and other guidance are linked throughout the document.**

There are no sanctions or benefits associated with draft cohort default rates. However, a school that fails to challenge the accuracy of its draft cohort default rate data through an incorrect data challenge may not contest the accuracy of that same data when it receives its official cohort default rate. [**Cohort Default Rate Guide, Chapter 4.1**](http://ifap.ed.gov/sites/default/files/attachments/2019-06/CDRGuideCh4Pt1IDC.pdf)

**Benefits for schools with low cohort default rates:**

Schools whose official cohort default rates were less than 15% beginning October 1, 2011 for each of the three most recent fiscal years for which data are available may:

* Choose to deliver or disburse loan proceeds in a single installment as long as the student’s loan period is not more than one semester, one trimester, one quarter, or, for non term-based schools or schools with non-standard terms, 4 months.
* Choose not to delay the delivery or disbursement of the first installment of loan proceeds for first-year, first-time undergraduate borrowers.

An eligible domestic institution, whose most recent cohort default rate is less than 5%, that originates federal student loans to cover the cost of attendance for students in study abroad programs may:

* Choose to deliver or disburse loan proceeds in a single installment to a student studying abroad regardless of the length of the student’s loan period.
* Choose not to delay the delivery or disbursement of the first installment of loan proceeds for first-year, first-time borrowers studying abroad.

**Requirements and Sanctions for Schools with High Cohort Default Rates:**

1. Schools whose official cohort default rates are 30.0% or greater have specific requirements and sanctions:
* First Year: Establish default prevention task force to identify the factors causing the CDR to exceed the threshold. The task force should establish measurable objectives and steps that will be taken to improve the CDR. The plan must be submitted to ED for review.
* Second Year: Revise default prevention plan and submit it to ED for review. ED may revise the plan and include specific actions the school must take to improve the CDR.
* Third Year: School will lose Direct Loan and Pell eligibility for the fiscal year in which the school is notified of its sanction and for the following TWO fiscal years.\*

2) Schools whose current official cohort default rate is greater than 40%:

Will lose Direct Loan eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following TWO fiscal years.\*

A school that loses Direct Loan eligibility may reapply for participation when the sanction period ends. A school should apply online at [**https://eligcert.ed.gov/**](https://eligcert.ed.gov/)**.**

\*A school may be able to avoid specific sanctions in the event of a successful adjustment or appeal.