(c) The following repayment records for each individual borrower must be retained for at least 5 years from the date of retirement of a loan:

1. The amount and date of each loan;
2. The amount and date of each payment or cancellation;
3. Records of periods of deferment;
4. Date, nature and result of each contact with the borrower or proper endorser in the collection of an overdue loan;
5. Copies of all correspondence to or from the borrower and endorser;
6. Copies of all correspondence with collection agents related to the individual borrower;
7. Copies of all correspondence with a credit bureau related to an individual borrower; and
8. Copies of all correspondence relating to uncollectible loans which have been written off by the Federal Government or repaid by the school.

(d) The school must also retain other records as the Secretary may prescribe.

In all cases where questions have arisen as a result of a Federal audit, the records must be retained until resolution of all questions.

(e) Institutional officials who have information which indicates the potential or actual commission of fraud or other offenses against the United States, involving these loan funds, should promptly provide this information to the appropriate Regional Office of Inspector General for Investigations.

(Approved by the Office of Management and Budget under control number 0915–0047)

§ 57.216a Performance standard.

On June 30, 1984, and on each June 30 thereafter, except as provided in paragraph (b) of this section, each school must have a default rate (as calculated under paragraph (a) of this section) of not more than 5 percent.

(a) The default rate for each school shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of the school bears to the matured loans of the school. For this purpose:

1. The term defaulted principal amount outstanding means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or canceled) on loans in default for more than 120 days; and
2. The term matured loans means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by the school to students who are:
   (i) Enrolled in a full-time course of study at the school; or
   (ii) In their grace period.

(b) Any school that has a default rate greater than 5 percent on June 30 of any year will be required to: