RE: FY 2006 Official Cohort Default Rate Notification Letter

Dear President:

This letter officially notifies you of your school's fiscal year (FY) 2006 cohort default rate based on Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans made to students for attendance at your school. Your school's FY 2006 cohort default rate is shown above. Please note that even if your school is no longer participating in the student loan program(s), federal law requires the U.S. Department of Education (Department) to notify your school of its cohort default rate.

If you received this letter electronically via the Student Aid Internet Gateway (SAIG), please refer to the website http://www.ed.gov/offices/OSFAP/defaultmanagement/ecdr.html for a description of the other files that the Department transmitted to you along with this letter.

WHAT FORMULA DID THE DEPARTMENT USE TO CALCULATE MY SCHOOL'S RATE?

The Department uses one of three methods for calculation of cohort default rates:

1. Official non-average rate for schools with 30 or more borrowers entering repayment,
2. Official average rate for schools with 29 or fewer borrowers entering repayment, and
3. Unofficial rate for schools with 29 or fewer borrowers entering repayment with less than three years of data.

For complete explanation of the three types of rates, please see Chapter 2.1 of the Cohort Default Rate Guide, How the Rates are Calculated,
WHAT TYPES OF LOANS DID THE DEPARTMENT INCLUDE IN MY SCHOOL'S RATE CALCULATION?

The Department included three types of loans in your school's cohort default rate calculation:

1) Federal Stafford Subsidized and Federal Stafford Unsubsidized Loans
2) Federal Direct Subsidized and Federal Direct Unsubsidized Loans
3) Federal Supplemental Loans for Students (Federal SLS Loans).

Although rare, it is possible for Federal SLS loans to be included in your school's cohort default rate calculation.

WHAT LOAN RECORD DETAIL REPORT (LRDR) ACCOMPANIES THIS NOTIFICATION LETTER?

If your school's FY 2006 official cohort default rate is a non-averaged rate, the LRDR that accompanies this letter reflects all loans that went into repayment during FY 2006. If your school's FY 2006 official cohort default rate is an averaged rate, the LRDR that accompanies this letter reflects all loans that went into repayment during FY 2006, FY 2005 and FY 2004.


For foreign schools that have one or more borrowers that entered into repayment during the FY 2006 period, the enclosed CD-ROM contains information on the loans made to students for attendance at your school. The encrypted LRDR on this CD-ROM has been password protected. Foreign schools will receive a separate letter containing the password needed to decrypt and access the data on the CD-ROM. If you have any questions about accessing the data in the file, please contact Default Prevention and Management at (202) 377-4259 or via email at fsa.schools.default.management@ed.gov.

WHAT SANCTIONS AND BENEFITS APPLY TO MY SCHOOL BASED ON THIS RATE?

According to the Higher Education Act of 1965 (HEA), as amended, the Higher Education Reconciliation Act of 2005 (HERA), Pub.L.109-71 and the Department's regulations, your school is not subject to any sanctions based on your school's FY 2006 cohort default rate. However, if your school's
official FY 2006 cohort default rate is 25.0 percent or greater, the Department may provisionally certify your school when your school applies for recertification to participate in the Student Financial Assistance Programs. For more information about provisional certification, please refer to 34 C.F.R. Section 668.16(m)(1) and (2)(i) or contact the School Participation Management Division at 202-377-3173.

If your school's most recent official cohort default rate is less than 5.0 percent and your school is an eligible home institution that certifies/originates a loan to cover the cost of attendance in a study abroad program, your school is eligible for this benefit. Your school may disburse/deliver loan proceeds in a single installment and may choose to release loan proceeds to first-year, first-time borrowers prior to 30 calendar days after the first day of the borrower's program of study. Once your school receives notice from the Department that your school's official cohort default rate is 5.0 percent or greater, this benefit will end within 30 calendar days of the notification.

An institution with a cohort default rate of less than 10 percent for each of the three most recent fiscal years for which data are available, including eligible foreign institutions, may disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period. Such an institution is also no longer required to delay the delivery or disbursement of the first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers. (Refer to DCL ID: GEN-06-02: FP-06-01 http://www.ifap.ed.gov/dpcletters/GEN0602.html).


WHY DOES THIS LETTER SAY THAT MY SCHOOL IS NOT SUBJECT TO SANCTIONS BUT MY RATES EXCEED THE SANCTION THRESHOLD?

If your school has official FY 2006, FY 2005, and FY 2004 cohort default rates that are 25.0 percent or greater or your school has an official FY 2006 cohort default rate that is greater than 40.0 percent, your school is NOT subject to the loss of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility because your school met one or more of the following criteria:
FY 2006, FY 2005, FY 2004 Cohort | FY 2006 Cohort Default
-------------------------------------------|-----------------------------
| Default Rates >= 25.0%                  | Rate > 40.0%
-------------------------------------------|-----------------------------
At least two of your schools three most recent cohort default rates are official average cohort default rates and would be less than 25.0 percent if the Department had calculated the rate using the data for that cohort fiscal year alone.
-------------------------------------------|-----------------------------
Thirty or fewer borrowers entered into repayment during your schools three most recent official cohort default rates.
-------------------------------------------|-----------------------------
Your school submitted a successful participation rate index challenge/appeal based on your schools draft FY 2006 cohort default rate, official FY 2005 cohort default rate, or official FY 2004 cohort default rate.
-------------------------------------------|-----------------------------
Your school entered into a settlement agreement with the U.S. Department of Education that supersedes any sanctions the Department would apply based on cohort default rate calculations.
-------------------------------------------|-----------------------------
WHAT RIGHTS DOES MY SCHOOL HAVE TO APPEAL THIS RATE INFORMATION?

Based on your school's FY 2006 cohort default rate, your school may be eligible to submit the following adjustments/appeals:

Uncorrected Data Adjustment
Loan Servicing Appeal

New Data Adjustment

Averaged Rates Appeal

Thirty-or-fewer Borrowers Appeal

If your school is located within the United States, your timeframe for submitting these adjustments and appeals begins on the sixth business day after the Department transmitted the cohort default rate notification package to the SAIG destination points. The Department announces the transmittal date for every cohort default rate distribution at http://www.ifap.ed.gov.

If you are a foreign school and have received this letter via hard copy mail from the Department, the timeframe for submission of adjustments/appeals begins with the receipt of the notification letter or letter that contains the password required to access the data on the CD-ROM (whichever is the latest).

All schools must meet the established submission timeframes for cohort default rate adjustments and appeals. The Department will not review adjustments and appeals that any school submits outside of the established timeframes.

WHAT TOOLS AND INFORMATION ARE AVAILABLE TO HELP MONITOR AND MANAGE MY SCHOOL'S COHORT DEFAULT RATE?

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with FY1999 notification letter. The electronic version was revised August 2006 and may be found online.

Cohort | The Cohort Default Rate Guide Quick reference May be printed from CDR
Default Rate | at http://ifap.ed.gov/drmaterials/attachments/ CDRGQuickRef093005FINAL.pdf presents some of the key elements of the Guide in a more informal manner to give schools a summary of what they should do during the draft and official cohort default rate cycles.


*NEW* | Electronic Cohort Default Rate Appeals Process | Beginning with the fiscal year (FY) 2006 draft cohort default rate (CDR) distribution in February of 2008 schools had the option of submitting and processing certain CDR challenge and adjustment requests via eCDR Appeals, a web-based application.
eCDR Appeals will facilitate the exchange of information between parties for three of the challenge/adjustment processes: Incorrect Data Challenge (IDC), Uncorrected Data Adjustments (UDA), and New Data Adjustments (NDA). The February 2008 release of eCDR Appeals included the IDC process only; the official release includes the UDA and NDA processes too. The application will allow schools to electronically submit these challenges and adjustment requests during a cohort default rate cycle, and will allow data managers (guaranty agency or Direct Loan Servicer) and Federal Student Aid (FSA) personnel to electronically view and respond to challenges and adjustment requests. The application will track the entire life cycle of each challenge/adjustment request from the time the case is submitted until the time a decision is made and the case is closed.

This electronic process will eventually replace the paper process of challenging and appealing CDRs for all Title IV schools, foreign and domestic. However, use of eCDR Appeals is optional for schools at this time. All data
managers are required to respond to a school's IDC submission in the format used by the school. Therefore, all data managers are required to register for eCDR Appeals.

Schools should refer to IFAP (www.ifap.ed.gov), Schools Portal (fsa4schools.ed.gov) or the Default Prevention and Management website (http://www.ifap.ed.gov/DefaultManagement.html) for updated information on the eCDR Appeals process.

Late Stage Loan Delinquency Assistance (LSDA) Process whereby schools work in collaboration with servicers or guarantors to identify and provide counseling to borrowers more than 240 days late on loan repayment. For Direct Loan schools, the website http://www.dlservicer.ed.gov/ identifies borrowers whose impending default will impact the school's cohort default rate. FFEL schools can obtain assistance for their late stage delinquent borrowers by contacting their servicer or guarantor.

National Student Loan Data System (NLSDS) https://www.nlsdsfap.ed.gov. Offers schools the opportunity to request reports in extract or preformatted formats that can be retrieved through the Students Aid Internet Gateway (SAIG) (800) 999-
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<td>School CDR Rate History Report provides school with a copy of the Loan Record Detail Report that lists students in default/repayment during the cohort period indicated.</td>
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<td>Enrollment Reporting Summary Report provides school users with the chronology of enrollment reporting events.</td>
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<td>Date Entered Repayment Report provides school users with a list of student borrowers with loan history who are scheduled to go into repayment during a specified date range.</td>
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<td>School Repayment Information Loan Detail provides school users with the current repayment status of certain borrowers in FFEL/DL loan programs who attended a school during a specific period.</td>
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<td>Exit Counseling Report provides school users with exit counseling information on students who attended the requesting school and whose anticipated completion dates fall within a specified date range.</td>
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If you have any questions about this letter that are not answered in the Cohort Default Rate Guide, please contact Default Prevention and Management via email at FSA.Schools.Default.Management@ed.gov or via phone at (202) 377-4259. Please be sure to include your Office of Postsecondary Education Identification Number (OPE ID) on all correspondence, as shown on page one of this letter.

Sincerely,

Sybil Phillips
Director
Portfolio Performance Management,
Business Operations

Enclosures

OPEID: 005499
School Name: Salina Area Technical School
City and State: Salina, KS 67401-8195

The Department's records indicate the following with regard to your school's loan program participation:

CERTIFIED FFEL  CERTIFIED DIRECT LOAN

Based on borrower participation in the FFEL Program and/or Direct Loan Program at your school, here are the FY 2006, FY 2005 and FY 2004 official cohort default rates on record for your school:

Fiscal Year 2006
(1) Number of borrowers entering repayment: 95
(2) Number of borrowers who entered repayment and defaulted: 6
(3) Official Cohort Default Rate: 6.3%
(4) Rate Type: DL
Fiscal Year 2005
(1) Number of borrowers entering repayment: 97
(2) Number of borrowers who entered repayment and defaulted: 4
(3) Official Cohort Default Rate: 4.1%
(4) Rate Type: DU

Fiscal Year 2004
(1) Number of borrowers entering repayment: 99
(2) Number of borrowers who entered repayment and defaulted: 4
(3) Official Cohort Default Rate: 4.0%
(4) Rate Type: DL

The rate type indicates the category of loans that the Department included in your school's cohort default rate:
FL-FFEL Program loans only
DL-Direct Loan Program loans only
DU- both FFEL Program and Direct Loan Program loans

For additional information on the methodology that the Department uses to calculate cohort default rates, please refer to the Chapter 2.1 of the Cohort Default Rate Guide, How the Rates are Calculated, available at http://ifap.ed.gov/DefaultManagement/guide/04CDRGuidePart2.html.