

NCSEAA's Default Rate Remains Among the Lowest in the Nation

NCSEAA works closely with borrowers, with the lender College Foundation, Inc. (CFI), and with colleges and universities to prevent defaults in the Federal Family Education Loan Program (FFELP). Historically, NCSEAA has maintained one of the lowest default rates in the nation.

In September 2010 the U. S. Department of Education announced the official cohort default rates for federal fiscal year 2008 for guaranty agencies participating in FFELP. The cohort default rate is a calculation showing the percentage of borrowers whose loans entered repayment during the period October 1, 2007 through September 30, 2008 and whose loans defaulted prior to October 1, 2009. NCSEAA's draft cohort default rate of 2.8% is one of the lowest in the nation among all guaranty agencies. This marks the seventh consecutive year in which the North Carolina's default rate has been in the best four among guaranty agencies nationally and actually represented a decrease in NCSEAA's rate at a time when the national cohort default rate for the same period rose from 6.7% to 7.0%.

NCSEAA's "trigger default rate" also continues to be extremely low. A "trigger default rate" is the ratio between the net amount of reinsurance received by a guarantor on default claims in a given fiscal year and the dollar amount of loans in repayment as of the end of the prior fiscal year. In February 2011 the U. S. Department of Education announced NCSEAA's "trigger default rate" for federal fiscal year 2010 as **1.31%**, one of the lowest in the nation among all guaranty agencies.