

Table 1. AUTOMATIC TRIGGERING ACTIONS*
***for nonprofit institutions**

AUTOMATIC TRIGGERING ACTIONS for Nonprofit Institutions	Related to	Calculation	Reporting Requirement
Debts and Borrower Defense-Related Lawsuits	<p>(A) The institution is required to pay any debt or incur any liability arising from a final judgment in a judicial proceeding or from an administrative proceeding or determination, or from a settlement; or</p> <p>(B) The institution is being sued in an action brought on or after July 1, 2017 by a Federal or State authority for financial relief on claims related to the making of the Direct Loan for enrollment at the school or the provision of educational services and the suit has been pending for 120 days.</p>	<p>Amount of loss is--</p> <p>(A) The amount of debt;</p> <p>(B) For a suit, the amount set by a court ruling, or, in the absence of a court ruling--</p> <p>(1) The amount of relief claimed in the complaint;</p> <p>(2) If the complaint demands no specific amount of relief, the amount stated in any final written demand issued by the agency to the institution prior to the suit or a lesser amount that the agency offers to accept in settlement of any financial demand in the suit; or</p> <p>(3) If the agency stated no specific demand in the complaint, in a pre-filing demand, or in a written offer of settlement, the amount of tuition and fees received by the institution during the period, and for the program or location, described in the allegations in the complaint.</p>	<p>Institution must notify the Secretary of any of the following actions or events no later than-</p> <p>(A) For lawsuits, 10 days after the institution is served with the complaint and 10 days after the suit has been pending for 120 days; and</p> <p>(B) For debts arising from lawsuits and for other actions or events, 10 days after a payment was required or a liability was incurred.</p>
Other Litigation	<p>The institution is being sued in an action brought on or after July 1, 2017 that is not described in paragraph (c)(1)(i)(B) of this section and--</p> <p>(A) The institution has filed a motion for summary judgment or summary disposition and that motion has been denied or the court has issued an order reserving judgment on the motion;</p> <p>(B) The institution has not filed a motion for summary judgment or summary disposition by the deadline set for such motions by the court or agreement of the parties; or</p> <p>(C) If the court did not set a deadline for filing a motion for summary judgment and the institution did not file such a motion, the court has set a pretrial conference date or trial date and the case is pending on the earlier of those two dates.</p>	<p>The amount of loss is the amount set by a court ruling, or, in the absence of a court ruling--</p> <p>(A) The amount of relief claimed in the complaint;</p> <p>(B) If the complaint demands no specific amount of relief, the amount stated in any final written demand by the claimant to the institution prior to the suit or a lesser amount that the plaintiff offers to accept in settlement of any financial demand in the suit; or</p> <p>(C) If the complainant stated no specific demand in the complaint, in a pre-filing demand, or in a written offer of settlement, the amount of the claim as stated in a response to a discovery request, including an expert witness report.</p>	<p>(A) Ten days after the institution is served with the complaint;</p> <p>(B) Ten days after the court sets the dates for the earliest of the events described in paragraph (c)(1)(ii) of this section, provided that, if the deadline is set by procedural rules, notice of the applicable deadline must be included with notice of the service of the complaint; and</p> <p>(C) Ten days after the earliest of the applicable events occurs;</p>

Accrediting Agency Actions	The institution was required by its accrediting agency to submit a teach-out plan, for a reason described in §602.24(c)(1), that covers the closing of the institution or any of its branches or additional locations.	The amount of loss is the amount of title IV, HEA program funds the institution received in its most recently completed fiscal year for that location or institution, or for those GE programs.	10 days after the institution is notified by its accrediting agency that it must submit a teach-out plan;
Gainful Employment	As determined annually by the Secretary, the institution has gainful employment programs that, under §668.403, could become ineligible based on their final D/E rates for the next award year.	The amount of loss is the amount of title IV, HEA program funds the institution received in its most recently completed fiscal year for that location or institution, or for those GE programs.	

Table 2. Discretionary Factors or Events

The Secretary has the discretion to determine an institution to be not financially responsible if—

Discretionary Factor/Event	Definition	Reporting Requirement
Direct Loan or Pell Grant Fluctuation	There is a significant fluctuation between consecutive award years, or a period of award years, in the amount of Direct Loan or Pell Grant funds, or a combination of those funds, received by the institution that cannot be accounted for by changes in those programs;	n/a
State Licensing or Authorizing Agency Citation	The institution is cited by a state licensing or authorizing agency for failing state or agency requirements;	Institution must notify the Secretary no later than 10 days after the institution is cited for violating a state or agency requirement;
Financial Stress Test	The institution fails a financial stress test developed or adopted by the Secretary to evaluate whether the institution has sufficient capital to absorb losses that may be incurred as a result of adverse conditions and continue to meet its financial obligations to the Secretary and students;	n/a
Dropout Rates	As calculated by the Secretary, the institution has high annual dropout rates;	n/a
Accreditation Status	The institution is or was placed on probation or issued a show-cause order, or placed on an accreditation status that poses an equivalent or greater risk to its accreditation, by its accrediting agency for failing to meet one or more of the agency's standards;	Institution must notify the Secretary no later than 10 days after the institution's accrediting agency places the institution on that status;
Loan Agreement Violation	The institution violated a provision or requirement in a loan agreement; and (ii) As provided under the terms of a security or loan agreement between the institution and the creditor, a monetary or nonmonetary default or delinquency event occurs, or other events occur, that trigger, or enable the creditor to require or impose on the institution, an increase in collateral, a change in contractual obligations, an increase in interest rates or payments, or other sanctions, penalties, or fees;	Institution must notify the Secretary no later than 10 days after a loan violation occurs, the creditor waives the violation, or the creditor imposes sanctions or penalties in exchange or as a result of the waiver.
Borrower Discharge Claims	The institution has pending claims for borrower relief discharge under §685.206 or §685.222;	n/a
Borrower Discharge Lawsuits and Settlements	The Secretary expects to receive a significant number of claims for borrower relief discharge under §685.206 or §685.222 as a result of a lawsuit, settlement, judgement, or finding from a State or Federal administrative proceeding.	n/a