UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA ECETIVED

UNITED STATES OF AMERICA ex rel. SHELDON BATISTE 15711 Pfeiffer Dr. Houston, TX 77082 Plaintiff JUN 13 2008 Clerk, U.S. District and Bankruptcy Courts

V.

CIVIL ACTION NO.:1:08-cv-00425-RJL

SLM CORPORATION a/k/a SALLIE MAE 12061 Bluemont Way Reston, VA 20190 Defendant

FIRST AMENDED COMPLAINT - JURY TRIAL DEMANDED - TO BE FILED UNDER SEAL

COMES NOW Sheldon Batiste and alleges the following as his First Amended Complaint herein, to wit:

1. This is a civil action brought against SLM Corporation a/k/a Sallie Mae ("Sallie Mae"), and on behalf of the Untied States of America ("U.S."), through the *qui tam* provisions of the False Claims Act, 31 U.S.C. §§ 3129-3732 (as amended by the False Claims Act Amendments of 1986), to recover treble damages and civil penalties arising from Sallie Mae's false statements, false claims and regulatory non-compliance while designated an Exceptional Performer by the United States Department of Education ("DOEd"). Sallie Mae's violations of the False Claims Act arise from its systemic failure to service loans and abide by forbearance regulations as required by Title IV of the Federal Higher Education Act ("HEA") and its receipt of U.S. subsidies to which it was not entitled by getting false claims allowed or paid through the Federal Family Educational Loan Program ("FFELP").

JURISDICTION AND VENUE

- 2. Defendant Sallie Mae is a corporate body established by and pursuant to 20 U.S.C. § 1087-2(b)(i) of the HEA, as are its subsidiaries. Pursuant to 20 U.S.C. § 1087-2(b)(l) of the HEA, Sallie Mae shall maintain its principal offices in the District of Columbia and shall be deemed a resident and citizen of the District of Columbia for purposes of venue and personal jurisdiction in civil actions. Sallie Mae transacts and at all relevant times transacted business in the District of Columbia. Upon information and belief, Sallie Mae instituted and mandated the policies and procedures yielding the violations complained of herein within the District of Columbia, and all such policies and procedures emanate from the District of Columbia. Accordingly, this action and Sallie Mae are subject to the jurisdiction and venue of the District of Columbia.
- 3. This Court has jurisdiction over this action pursuant to 31 U.S.C. §§ 3732(a) and 3730(b). This Court also has jurisdiction pursuant to 28 U.S.C. §§ 1345 and 1331.
- 4. Venue is proper in this district pursuant to 31 U.S.C. § 3732(a), because, the acts proscribed by 31 U.S.C. § 3729 and complained of herein took place in this district. Venue is also proper pursuant to 28 U.S.C. § 1391(b) and (c) and 31 U.S.C. § 3732(a) because at all times material and relevant, Sallie Mae resided and continues to reside in the District of Columbia.

THE PARTIES

5. Sheldon Batiste is an adult resident citizen of Houston, Texas, and the United States. Mr. Batiste was employed by Sallie Mae as a senior loan associate from

September 27, 2004, until he was terminated on April 28, 2006. His job required him to execute Sallie Mae's duty to properly service FFELP loans. Mr. Batiste has direct and independent knowledge of the information on which the allegations in the First Amended Complaint are based.

- 6. The U.S. is herein named a Plaintiff because funds of the U.S. were and are awarded to Sallie Mae as a result of the false claims alleged in this First Amended Complaint. The U.S., through the DOEd and under FFELP, funds Stafford Loans, Federal Plus Loans, and Federal Consolidation loans. The U.S., through the DOEd, funds insurance or guaranty payments upon default by the student borrower, and also funds interest payments, "special allowance" payments, and other payments to subsidize such college loan obligation directly to the U.S. and through at least one Guaranty agency.
- 7. Sallie Mae is a Delaware corporation that claims its principal place of business is in Reston, Virginia. Sallie Mae does business throughout the U.S., including in the District of Columbia. At all times, Sallie Mae acted by and through its agents, servants, workers, employees, officers and directors, all of whom were acting through the course and scope of their actual and apparent authority, duties and employment with Sallie Mae. Sallie Mae is publicly traded and one of the largest U.S. companies that holds and services federally insured student loans. On the student loans it holds, Sallie Mae presents claims directly to the DOEd, or sometimes through a third party, including guaranty agencies, for interest subsidies, special allowance

payments and insurance default claims on the federally guaranteed loans it holds and services.

8. Sallie Mae indicates in its 2007 10k to the SEC that:

We are the largest source of funding, delivery and servicing support for education loans in the United States. Our primary business is to originate, acquire and hold both federally guaranteed student loans and Private Education Loans, which are not federally guaranteed or privately insured. The primary source of our earnings is from net interest income earned on those student loans as well as gains on the sales of such loans in off-balance sheet securitization transactions. We also earn fees for pre-default and post-default receivables management services on student loans, such that we are engaged in every phase of the student loan life cycle from originating and servicing student loans to default prevention and ultimately the collection on defaulted student loans. Through recent acquisitions, we have expanded our receivables management services to a number of different asset classes outside of student loans. SLM Corporation, more commonly known as Sallie Mae, is a holding company that operates through a number of subsidiaries. References in this report to the "Company" refer to SLM Corporation and its subsidiaries.

We have used both internal growth and strategic acquisitions to attain our leadership position in the education finance marketplace. Our sales force, which delivers our products on campuses across the country, is the largest in the student loan industry. The core of our marketing strategy is to promote our on-campus brands, which generate student loan originations through our Preferred Channel. Loans generated through our Preferred Channel are more profitable than loans acquired through other acquisition channels because we own them earlier in the student loan's life and generally incur lower costs to acquire such loans. We have built brand leadership through the Sallie Mae name, the brands of our subsidiaries and those of our lender partners. These sales and marketing efforts are supported by the largest and most diversified servicing capabilities in the industry, providing an unmatched array of services to borrowers. In recent years, borrowers have been consolidating their FFELP Stafford loans into FFELP Consolidation Loans in much greater numbers such that FFELP Consolidation Loans now constitute 55 percent of our Managed loan portfolio. FFELP Consolidation Loans are marketed directly to consumers and we believe they will continue to be an important loan acquisition channel. We continue to expand our offerings in the Private Education Loan marketplace that we market both on campus and direct-to-consumers.

We have expanded into a number of fee-based businesses, most notably, our Asset Performance Group ("APG"), formerly known as Debt Management Operations ("DMO"), business. Our APG business provides a wide range of accounts receivable and collections services including student loan default aversion services, defaulted student loan portfolio management services, contingency collections services for student loans and other asset classes, and accounts receivable management and collection for purchased portfolios of receivables that are delinquent or have been charged off by their original creditors as well as sub-performing and non-performing mortgage loans. In the purchased receivables business, we focus on a variety of consumer debt types with emphasis on charged off credit card receivables and distressed mortgage receivables. We purchase these portfolios at a discount to their face value, and then use both our internal collection operations coupled with third party collection agencies to maximize the recovery on these receivables. We manage our business through two primary operating segments: the Lending operating segment and the APG operating segment.

9. Essentially, Sallie Mae presents, causes to be presented and causes to be paid three types of claims for federal funds. First, Sallie Mae makes claims for and receives "interest subsidies" from the U.S. on all loans it holds while the FFELP borrower (or the child of the borrower in the case of PLUS loan) is in school, in grace or in deferment, on government insured student loans. Second, Sallie Mae makes claims for and receives "special allowance payments" from the U.S. on all FFELP loans it holds for the life of the loan. Third, Sallie Mae makes claims for and receives 99% of all loan defaults from a guaranty agency which holds U.S. funds. Sallie Mae collects 99% of all loan defaults from a guaranty agency, rather than 96%, because it has applied for and been approved and designated an Exceptional Performer by the DOEd, since October 5, 2004. After the guaranty agency pays the default claim, the guaranty agency then

must fulfill regulatory due diligence duties, and if unsuccessful in collecting the amount due, makes a claim to the federal government for the unrecovered amount. As explained below, all claims presented by Sallie Mae to the U.S. or a guaranty agency or that Sallie Mae caused to be paid by the U.S. or a guaranty agency from at least October 5, 2004, until present are false claims for which the U.S. is entitled to treble the amount paid as a result of such false claims, plus civil penalties in accordance with law.

- 10. Pursuant to 20 U.S.C. § 1077, a FFELP loan is insurable by the DOEd, and thus eligible for interest subsidies, special allowance payments and default guaranty payments, by the DOEd if, *inter alia*, the borrower's loans were incurred to pay for attendance at an eligible institution as defined by the Higher Education Act. 20 U.S.C. § 1091 and 20 U.S.C. § 1094(a).
- 11. Pursuant to 20 U.S.C. § 1078(a)(1)(A), a private lender receives interest subsidies from the DOEd on certain FFELP loans it holds to reduce the burden on borrowers to pay interest while in school, grace or deferment, and to maximize the private lenders' profits. In order to be eligible for interest subsidies, the FFELP loan must be insured by the DOEd and the borrower's institution must be eligible as defined by the Higher Education Act.
- 12. Pursuant to 20 U.S.C. § 1087-1(b)(3), a private lender holding an "eligible loan" shall be deemed to have a contractual right against the U.S., during the life of such loan, to receive a federal subsidy known as the special allowance payment.

However, the definition of an "eligible loan" excludes those loans that are not insured by the DOEd. 20 U.S.C. § 1078-1(b)(5).

13. 20 U.S.C. § 1078-9(g) states that any lender or servicer, designated as an Exceptional Performer by the DOEd, who fails to comply with applicable program regulations shall be considered in violation of 31 U.S.C. § 3729. As explained below, because Sallie Mae failed to comply with HEA program regulations applicable to FFELP, all its claims for special allowance payments, interest subsidies and default guaranty payments are in violation of the False Claims Act under the mandate of 20 U.S.C. § 1078-9(g) and because Sallie Mae is an Exceptional Performer.

SALLIE MAE'S SYSTEMIC VIOLATION OF THE LOAN SERVICING REGULATIONS

14. While a student loan is in repayment, a borrower may become eligible for a permissive forbearance, during which time the student's obligation to repay is postponed. During this period of forbearance, the borrower suspends payments, but the loan continues to accrue interest and the lender continues to receive special allowance payments from the DOEd. A forbearance in this manner extends the life of a student loan – extending the period of time during which the lender receives special allowance payments from the DOEd and during which interest accrues. Indeed, a lender may use forbearances to extend the total time during which it receives special allowance payments and during which interest accrues by up to 3 years over the life of the loan. 20 U.S.C. §1077(a)(2)(C). The granting of forbearances increases not only the life of a student loan, but also the gross amount paid by the DOEd on student loans,

as the DOEd must make the additional special allowance payments and, in the event the borrower later defaults, the DOEd must ultimately pay the interest that accrues during periods of forbearance.

- 15. The law permits a lender to put a borrower in forbearance only if the lender reasonably believes, based on supporting documents in the borrower's file, that (1) the borrower or endorser intends to repay the loan, and, yet, (2) due to poor health or other delineated acceptable reasons the borrower is currently unable to make scheduled payments. 34 C.F.R. § 682.211(a)(2)(I).
- 16. Beginning at least when Plaintiff began working for Sallie Mae, and continuing until present, Sallie Mae did not and does not comply with Higher Education Act regulations when granting a forbearance to borrowers of the loans it holds and services. Sallie Mae purposefully and knowingly gives forbearance to borrowers regardless of: (1) the borrower's intention to repay the loan, (2) the borrower's reason for not being able to make "currently scheduled" payments and (3) whether the borrower's file was documented. This behavior violates 34 C.F.R. § 682.211(a) and Sallie Mae knowingly and recklessly violated and violates this regulation. Sallie Mae purposefully violated the above referenced regulation which dictates that a forbearance may only be granted if a lender "reasonably believes, and documents in the borrower's file, that the borrower or endorser intends to repay the loan but, due to poor health or other acceptable reasons is currently unable to make scheduled payments."

17. Sallie Mae's motive for giving borrowers forbearance in circumstances that do not meet the regulatory requirements is simple. First, if Sallie Mae were to begin enforcing payment of its loans pursuant to the regulations, rather than permitting unqualified forbearance, borrowers would pay off their loans faster. If a borrower pays off a loan, the holder of the loan, in this case Sallie Mae, can no longer collect special allowance payments from the U.S. on the loan, or if Sallie Mae is the servicer, can no longer collect servicing fees from the holder of the loan. In addition, the longer the loan is outstanding, the longer interest accrues on the loan -- interest that the borrower must repay or, in case the borrower defaults, that the government ultimately must pay. So a lender and servicer have a direct financial incentive to keep loans from being paid for as long as possible. By violating the hardship requirement in the forbearance regulation - and putting borrowers into forbearance regardless of whether they suffer from a hardship that would prevent them from paying – Sallie Mae increases the amount of money it ultimately collects from the government. Further, Sallie Mae has a second motive for granting unlawful forbearances. By violating the requirement in the forbearance regulation that the borrower intends to repay the loan – and putting borrowers into forbearance without regard to whether they ever intend to repay – Sallie Mae postpones the point at which a non-paying borrower who never intends to repay will go into default. As a loan in forbearance counts as "current," the granting of unlawful forbearances thus artificially deflates Sallie Mae's default ratio, helping it maintain its status as an eligible lender and keep its Exceptional Performer designation,

both of which are dependent upon a low default ratio. Finally, ever since Sallie Mae began securitizing loans, it openly urged its employees to bring loans "current" so as to satisfy investor expectations. It did not matter how these employees brought loans "current," so long as they were brought current. Securitization is an especially important source of revenue and pressure on Sallie Mae to keep default ratios down is intense. According to Sallie Mae's 2007 10-K, 90% of its funding needs in 2008 were expected to come from securitized loans and its long-term financing liquidity is based on such securitizations. In fact, the primary sources of its earnings are net interest income earned on student loans, special allowance payments, and gains on the sales of such loans in securitized transactions.

SALLIE MAE'S PRACTICE OF GRANTING UNLAWFUL FORBEARANCES

- 18. After nearly two decades of employment as a collection agent for various corporations, on September 27, 2004, Batiste was hired as a senior loan officer by Sallie Mae in the Mt Laurel, New Jersey office. Batiste was hired for the 60-day delinquency unit and remained employed at that unit until April 28, 2006.
- 19. Upon entering employment with Sallie Mae, Batiste entered a one-week training program where the computer system, company protocol, and the proper methods of administering delinquent loans were taught. However, after the end of this training period, the managers in charge of the daily activities of the loan officers explicitly state and advise new loan officers to forget the formal training as new methods would be taught "on the job". The "on the job" training materially differed and

substantially and substantively conflicted with the prior formal training as it pertained to the administration of tardy loans. Immediately after training, Batiste was told by his supervisors to forget what he learned about servicing loans in training, and while Batiste was on the floor, he needed to follow the instructions given to him by his supervisors, which included applying the Sallie Mae policy of unlawfully granting borrowers a forbearance.

- 20. Instead of waiting for the borrower to ask for a forbearance, instead of offering forbearances to qualified individuals with documented, verified, and acceptable reasons of hardship¹, Sallie Mae management train and encourage employees to offer forbearances to anyone who is delinquent regardless of excuse or whether the borrower had any intention of ever repaying the loan. For Sallie Mae, "qualified" simply means having time left on the 3-year statutory maximum of forbearance time; Sallie Mae knowingly and recklessly violated the requirement that a forbearance may only be granted if a lender "reasonably believes, and documents in the borrower's file, that the borrower or endorser intends to repay the loan but, due to poor health or other acceptable reasons is currently unable to make scheduled payments." 34 C.F.R. § 682.211(a).
- 21. In particular, Sallie Mae offered borrowers unlawful forbearances as an inducement to get those borrowers to make outstanding payments on their loans. If a

¹ For example, prolonged illness or disability, loss of job, pregnancy, providing care for an elderly relative, and military obligations are all reasonable excuses of hardship. These reasons did not need to be voiced much less verified or documented in the file before a forbearance was offered.

borrower was behind by two payments, for example, Sallie Mae employees were instructed to offer the borrower a six-month forbearance in exchange for the borrower making those two payments, or a three-month forbearance in exchange for making one of the two outstanding payments. Instead of confining forbearances, as required by law, to borrowers suffering hardships that rendered them unable to pay, Sallie Mae's practice was to do just the opposite: granting forbearances precisely to those people who *did* make payments. Indeed, the computer system used by the 60-day team was set up to allow team members to grant forbearances only when the borrower first made a payment, thereby insuring that Sallie Mae employees would systematically and predictably violate the law when granting forbearances.

22. Sallie Mae not only designed its forbearance protocol in a way that was sure to violate the law, but it further fostered the unlawful granting of forbearances by setting up a payment system to its employees that incentivized the conduct. In addition to a base salary (\$36,000 per anum), Batiste was also eligible for commissions based on quotas. Quotas were based on a goal of reducing outstanding delinquent loans. For example, if in a given month Batiste's portfolio of delinquent loans amounted to \$1.5 million, then his quota would be to reduce delinquencies by \$900,000 in his portfolio. Delinquencies would be considered reduced or eliminated for the purpose of the bonus offered to Sallie Mae's employees if the agent in charge of collection either persuaded the borrower to get current on their outstanding FFELP loan payments or their obligation to pay was delayed through the granting of a forbearance.

- 23. If this quota was met, Batiste would be eligible for two bonuses. For his 60-day delinquency unit, if his personal quota was met he would receive a \$200 individual bonus for the month. If the whole team met their collective quota (i.e. they reduced the collective portfolio held by the 60-day team by a pre-set amount, e.g., \$10-12 million), each individual's monthly bonus would increase to \$550. Thus, bonuses for team members equaled roughly 20% of an employee's monthly pay. By providing the entire 60-day team with strong financial incentives to get their collective portfolio of loans current by whatever means necessary, including the granting of unlawful forbearances Sallie Mae created a culture in which co-employees were encouraged not only to violate the law themselves, but also to pressure their co-workers into violating the law.
- 24. Team bonuses varied with the term of delinquency: 30-day delinquency units received a team bonus of \$400 each; 60-day delinquency units received a team bonus of \$550 each; 90-day delinquency units received a team bonus of \$650 each; 120-day units received a team bonus of \$750 each; and the 180-day units received a team bonus of \$1000 per person for the month.
- 25. In short, other than a *pro forma* training period that is quickly denounced, Sallie Mae management strongly encourages that its employees violate 20 U.S.C. § 1077 and 34 C.F.R. § 682.211 for Sallie Mae's own benefit, and to the detriment of the United States Treasury. By pushing forbearances, Sallie Mae retains interest subsidies, special allowance payments and default insurance claims payments, its

status as an eligible lender and Exceptional Performer, and satisfies the demands and expectations of investors. However, the same conduct that benefits Sallie Mae works to the detriment of the government.

SALLIE MAE MADE AND USED FALSE STATEMENTS TO GET FALSE CLAIMS PAID

- 26. The DOEd generally pays interest and special allowance subsidies directly to lenders. The DOEd relies on lenders and servicers to maintain current and complete loan files, submit billings and make any necessary adjustments to their claims promptly. The billing statements that lenders present to the DOEd only show summary information, such as the total loans eligible for interest subsidies and special allowance payments at various interest rates charged to student borrowers. Lenders do not submit supporting documents along with their billings because it would be too voluminous for the DOEd to verify. Accordingly, the DOEd relies on Sallie Mae's certifications on a number of forms described below that it has complied and will comply with applicable laws and regulations. These various certifications of compliance are an express condition of getting Sallie Mae's claims paid.
- 27. First, in order to be eligible to make claims for interest subsidies and special allowance payments on the loans it holds and services, which are made electronically, Sallie Mae is required to sign a certification in an Organization Participation Agreement, a copy of which is attached hereto as Exhibit A. The presentment of this Organization Participation Agreement is a condition of payment for any claims filed for special allowance payments and interest subsidies. In presenting its

Organization Participation Agreement to the DOEd, Sallie Mae completes the following certification, which makes compliance with applicable law and regulations an express condition of its eligibility to receive payments from the federal government:

CERTIFICATION:

As an eligible Lender, Servicer, or Eligible Lender Trustee in the federal Family Education Loan Program (FFELP) that submits the Lender Reporting System report (LaRS) electronically, I certify by my signature above that:

The data that my organization or its agent, or its third party servicer, will submit to the U.S. Department of Education electronically pursuant to this Agreement is and will be correct to the best of my knowledge and belief. I certify that it conforms to the laws, regulations, and policies applicable to the Federal Family Education Loan Program. I understand that all documents, files, accounts and records supporting this data are subject to audit or review by the Secretary of Education or other authorized representatives of the United States Government (including representatives of any guaranty agency that provides the guarantees on loans included in data submitted electronically), and I agree to make all such documents, files, accounts and records available to the Secretary or such authorized representatives without restriction.

- In order to receive interest subsidies and special allowance payments from the DOEd, Sallie Mae must then present billing statements (claims) to an employee of the DOEd on a quarterly basis. The requisite Form 799, entitled, "Lender's Request for Interest and Special Allowance," (or "LaRS Form") is attached hereto as Exhibit B. Sallie Mae uses the LaRs Form to report four items of information used to claim payments from the U.S.: (a) loan origination and lender loan fees; (b) interest benefits; (c) special allowance; and (d) loan activity.
- 29. The LaRS Form requests for payment are presented to DOEd where they are processed at the DOEd's Student Loan Processing Center. The LaRS form is

submitted and presented by Sallie Mae directly to an employee of the DOEd for interest and special allowance payments on all loans it holds or services. Like the Organization Participation Agreement, the LaRS Form contains the following certification, which makes compliance with applicable law and regulations an express condition of payment:

CERTIFICATION:

As an eligible Lender, Servicer, or Eligible Lender Trustee in the federal Family Education Loan Program (FFELP) that submits the Lender Reporting System report (LaRS) electronically, I certify by my signature above that:

The data that my organization or its agent, or its third party servicer, will submit to the U.S. Department of Education electronically pursuant to this Agreement is and will be correct to the best of my knowledge and belief. I certify that it conforms to the laws, regulations, and policies applicable to the Federal Family Education Loan Program. I understand that all documents, files, accounts and records supporting this data are subject to audit or review by the Secretary of Education or other authorized representatives of the United States Government (including representatives of any guaranty agency that provides the guarantees on loans included in data submitted electronically), and I agree to make all such documents, files, accounts and records available to the Secretary or such authorized representatives without restriction.

30. The DOEd reviews all billings for accuracy and subjects them to limited tests and audits to identify obvious errors. Once the DOEd verifies the accuracy of the lender's interest calculation, calculates the special allowance payments, and makes any needed adjustments, the DOEd determines the total amount of interest and special allowance subsidies due to Sallie Mae. The quarterly LaRS Form billing statements that Sallie Mae presents to an employee of the DOEd for interest and special allowance payments is a claim within the meaning of 31 U.S.C. § 3729(c) of the False Claims Act.

A claim is any request or demand, whether under contract or otherwise, for money or property which is made by a contractor, grantee, or other recipient if the U.S. Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded.

31. Before a FFELP loan can be included in Sallie Mae's quarterly requests for payment, and thus eligible for interest subsidies and special allowance payments from the DOEd, the loan must be federally insured by a guarantee agency. As a condition of obtaining this federal insurance – and a condition of receiving special allowance payments and interest subsidies directly from the United States and receiving federal funds for default claims via a quarantee agency - Sallie Mae must enter into a Guarantee Services Agreement with a Guarantee Agency. This Guarantee Services Agreement is a claim within the meaning of 31 U.S.C. § 3729(c) of the False Claims Act. Sallie Mae entered into Guarantee Services Agreements with Guaranty Agencies of each state, representing and certifying that as to each claim or submission to each such agency Sallie Mae would comply with all federal regulations applying to each such transaction. In these Guarantee Services Agreements, Sallie Mae represents, warrants and covenants that it will comply with the provisions of all relevant federal laws and regulations, including, but not limited to, the provisions of the Higher Education Act and applicable DOEd regulations governing the granting of forbearances.

- 32. In addition to presenting (1) an Organization and Participation Agreement and (2) quarterly LaRS Form requests for payments to the Government directly, and executing a (3) Guarantee Services Agreement with the relevant guarantee agencies, Sallie Mae submits to guarantee agencies (4) a Claim Form for each individual student loan that goes into default. A copy of this Claim Form is attached hereto as Exhibit C. The presentment of the Claim Form is a condition of payment for default insurance claims from a federally authorized guarantee agency. The Claim Form, like the LaRS Form, the Organization and Participation Agreement, and the Guarantee Services Agreement is considered a claim within the meaning of the False Claims Act.
- 33. As a legally necessary part of each and every Claim Form through which Sallie Mae asserted a claim to applicable Guaranty Agencies (and/or to the DOEd) for payment with funds of the U.S. on any federal guaranty or insurance agreement upon the default of any required payments on a FFELP loan made by Sallie Mae, Sallie Mae as lender signed the following certification:

By submitting this claim to the guarantor for reimbursement, the lender/holder certifies, to the best of its knowledge, that the information in the claim is true and accurate and the loan(s) included in the claim was (were) made, disbursed (including remittance of origination fees) and serviced in compliance with all federal regulations and appropriate guarantor rules. Should the Guarantor determine that the loan(s) was (were) not serviced in compliance with federal regulations and appropriate guarantor rules, and such non-compliance results in the guarantor's inability to collect from the borrower or the guarantor's ineligibility for federal reinsurance on the loan(s), the lender/holder agrees to repurchase such loans(s) or refund the amount of the reinsurance loss if required by the guarantor.

This certification of compliance with application laws and regulations in the Claim Form compliance is an express condition of payment.

- 34. In addition to certifying its compliance with applicable laws and regulations in order to get claims paid in (1) the Organization and Participation Agreement, (2) the quarterly LaRS requests for payment, (3) the Loan Applications, and (4) the Claim Forms, Sallie Mae also had an ongoing duty to return wrongfully received federal funds as mandated by Higher Education Act regulations.
- 35. All of Sallie Mae's certifications of compliance in (1) its Organization and Participation Agreement, (2) its quarterly LaRS Form requests for payment, (3) its Guarantee Services Agreements, and (4) its Claim Forms for defaults were false statements and were intended to be material in the decision to pay those claims. These false statements served as the basis for false claims. Sallie Mae granted unlawful forbearances, made false statements to the United States that the forbearances were lawful, and used these false statements to make false claims for payment out of the U.S. Treasury.

<u>COUNT ONE - FALSE CLAIMS PER SE</u>

- 36. Relator re-alleges the paragraphs of this First Amended Complaint plead herein.
- 37. With respect to claims made through (or other activities of) FFELP lenders or servicers having an Exceptional Performer designation, Congress decided expressly to provide that such lenders or servicers exhibiting non-compliance with applicable

program regulations shall be considered in violation of Section 3729 of Title 31, which of course is the substantive provision of the False Claims Act. See 20 U.S.C. § 1078-9(g). In submitting claims for insurance payments, special allowance payments, and interest subsidy payments to guaranty agencies and the DOEd, Sallie Mae committed per se violations of the False Claims Act, 31 U.S.C. § 3729. In other words, Sallie Mae's policy of non-compliance with the forbearance and loan servicing regulations makes any claim submitted by or on behalf of Sallie Mae, while an Exceptional Performer, a legally and factually false claim, on which payment is not due, within the meaning of 31 U.S.C. § 3729. Sallie Mae was designated an Exceptional Performer from October, 5, 2004 to December 31, 2007, when a change in applicable law made the designation obsolete.

38. As a result of Sallie Mae's *per se* violations of the False Claims Act, the U.S. has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of Sallie Mae's claims presented to the DOEd or a guaranty agency or caused to be paid by the DOEd or a guaranty agency, and other monetary relief as appropriate.

COUNT TWO - VIOLATIONS OF FALSE CLAIMS ACT BY PRESENTING FALSE AND FRAUDULENT CLAIMS TO THE U.S. FOR SPECIAL ALLOWANCE PAYMENTS IN QUARTERLY LARS STATEMENTS (FORM 799)

39. Relator realleges the paragraphs of this First Amended Complaint plead herein.

- 40. By virtue of the acts and conduct described above, Sallie Mae since its origin has knowingly caused to be presented false and/or fraudulent claims to employees of the DOEd for payment in violation of 31 U.S.C. § 3729(a)(1) through each and every claim for special allowance payments on each and every FFELP Ioan of which Sallie Mae has been a lender or servicer.
- 41. Sallie Mae falsely concealed its noncompliance, and falsely represented its compliance, with the forbearance regulations and loan servicing regulations in order to obtain U.S. funding it would not otherwise have been able to obtain because of the prohibition on granting forbearance without making and documenting the required findings, and file documentation, as to the borrower's eligibility. In doing so, Sallie Mae presented false and fraudulent claims to the U.S. for special allowance payments.
- 42. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims presented or caused to be presented by Sallie Mae, has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

COUNT THREE - VIOLATIONS OF FALSE CLAIMS ACT BY PRESENTING FALSE AND FRAUDULENT CLAIMS TO THE U.S. FOR INTEREST SUBSIDIES IN QUARTERLY LARS STATEMENTS (FORM 799)

43. Relator realleges the paragraphs of this First Amended Complaint plead herein.

- 44. By virtue of the acts and conduct described above, Sallie Mae since its origin has knowingly presented and caused to be presented false and/or fraudulent claims to the DOEd for payment in violation of 31 U.S.C. § 3729(a)(1) through each and every claim for interest payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer.
- 45. Sallie Mae falsely concealed its noncompliance, and falsely represented its compliance, with the forbearance regulations and loan servicing regulations in order to obtain U.S. funding it would not otherwise have been able to obtain because of the prohibition on granting forbearance without making and documenting the required findings, and file documentation, as to the borrower's eligibility. In doing so, Sallie Mae presented false and fraudulent claims to the U.S. for interest subsidy payments.
- 46. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims presented or caused to be presented by Sallie Mae, has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

COUNT FOUR - VIOLATIONS OF FALSE CLAIMS ACT BY PRESENTING FALSE AND FRAUDULENT CLAIMS TO THE U.S. FOR INSURANCE GUARANTY PAYMENTS

47. Relator realleges the paragraphs of this First Amended Complaint plead herein.

- 48. By virtue of the acts and conduct described above, Sallie Mae since its origin has knowingly presented and caused to be presented false and/or fraudulent claims to the DOEd (and to State Guaranty Agencies operating as agents of the DOEd and expending funds of the DOEd and thus the U.S.) for payment in violation of 31 U.S.C. § 3729(a)(1) through each and every insurance or guaranty payment upon the claimed default of each and every FFELP loan of which Sallie Mae has been a lender or servicer.
- 49. Sallie Mae falsely concealed its noncompliance, and falsely represented its compliance, with the forbearance regulations and loan servicing regulations in order to obtain U.S. funding it would not otherwise have been able to obtain because of the prohibition on granting forbearance without making and documenting the required findings, and file documentation, as to the borrower's eligibility. In doing so, Sallie Mae presented false and fraudulent claims.
- 50. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims presented or caused to be presented by Sallie Mae, has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

COUNT FIVE - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS IN ORGANIZATION AND PARTICIPATION AGREEMENT TO BE MADE AND USED TO GET FALSE AND FRAUDULENT CLAIMS PAID AND APPROVED FOR SPECIAL ALLOWANCE PAYMENTS

- 51. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 52. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to its service as lender and servicer as to FFELP loans, including the certifications of compliance in the Organization Participation Agreement described above, in violation of 31 U.S.C. § 3729(a)(2), as a part of each and every claim for special allowance payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer.
- 53. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance. Sallie Mae falsely concealed its disregard of the loan servicing regulations in order to obtain U.S. Government funding it otherwise would not have been able to obtain because of its unlawful granting of forbearance.

54. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT SIX - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS IN ORGANIZATION AND PARTICIPATION AGREEMENT TO BE MADE AND USED TO GET FALSE AND FRAUDULENT CLAIMS PAID AND APPROVED FOR INTEREST SUBSIDIES

- 55. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 56. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to its service as lender and servicer as to FFELP loans, including the certifications of compliance in the Organization Participation Agreement described above, in violation of 31 U.S.C. § 3729(a)(2), as a part of each and every claim for interest payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer.

- 57. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance. Sallie Mae falsely concealed its disregard of the loan servicing regulations in order to obtain U.S. Government funding it otherwise would not have been able to obtain because of its unlawful granting of forbearance.
- 58. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT SEVEN - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS IN LARS/FORM 799 TO BE MADE AND USED TO GET FALSE AND FRAUDULENT CLAIMS PAID AND APPROVED FOR SPECIAL ALLOWANCE PAYMENTS

- 59. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 60. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd through explicit and implicit

certifications of Sallie Mae compliance with regulations pertaining to its service as lender and servicer as to FFELP loans in violation of 31 U.S.C. § 3729(a)(2), as a part of each and every claim for special allowance payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer.

- 61. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance. Sallie Mae falsely concealed its disregard of the loan servicing regulations in order to obtain U.S. Government funding it otherwise would not have been able to obtain because of its unlawful granting of forbearance.
- 62. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT EIGHT - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS IN LARS/FORM 799 TO BE MADE AND USED TO GET FALSE AND FRAUDULENT CLAIMS PAID AND APPROVED FOR INTEREST SUBSIDIES

- 63. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 64. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to its service as lender and servicer as to FFELP loans in violation of 31 U.S.C. § 3729(a)(2), as a part of each and every claim for interest payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer:
- 65. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance. Sallie Mae falsely concealed its disregard of the loan servicing regulations in order to obtain U.S. Government funding it otherwise would not have been able to obtain because of its unlawful granting of forbearance.
- 66. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications,

records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT NINE - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS TO BE MADE IN CLAIM FORM TO GET FALSE AND FRAUDULENT CLAIMS FOR PRINCIPAL AND ACCRUED INTEREST PAID AND APPROVED IN CASES OF DEAULT

- 67. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 68. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd and to Guaranty Agencies acting as agents of the DOEd and also disbursing funds of the DOEd through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to its service as lender and servicer as to FFELP loans, including the Claim Form described above, in violation of 31 U.S.C. § 3729(a)(2), as a part of each and every insurance or guaranty payment made upon the claimed default of each and every FFELP loan of which Sallie Mae has been a lender or servicer.
- 69. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance. Sallie Mae falsely

concealed its disregard of the loan servicing regulations in order to obtain U.S.

Government funding it otherwise would not have been able to obtain because of its unlawful granting of forbearance.

70. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT TEN – VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS TO BE MADE IN GUARANTEE SERVICES AGREEMENT TO GET FALSE AND FRAUDULENT CLAIMS FOR SPECIAL ALLOWANCE PAYMENTS, INTEREST SUBSIDIES, AND DEFAULT CLAIMS PAID

- 71. Relator realleges the paragraphs of this First Amended Complaint plead herein.
- 72. By virtue of the acts and conduct described above, Sallie Mae, since at least September 27, 2004, has knowingly made, used, and caused to be made or used, false certifications and other false statements to the DOEd and to Guaranty Agencies acting as agents of the DOEd and also disbursing funds of the DOEd through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to its

service as lender and servicer as to FFELP loans, including the Guarantee Services Agreements with Guarantee Agencies described above, in violation of 31 U.S.C. § 3729(a)(2):

- as a part of each and every claim for interest payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer;
- as a part of each and every claim for special allowance payments
 on each and every FFELP loan of which Sallie Mae has been a
 lender or servicer; and
- as a part of each and every insurance or guaranty payment made
 upon the claimed default of each and every FFELP loan of which
 Sallie Mae has been a lender or servicer.
- 73. Sallie Mae falsely concealed its unlawful granting of forbearance to its borrowers in order to obtain U.S. Government funding it would not otherwise have been able to obtain because of its unlawful granting of forbearance.
- 74. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the false claims paid or approved as a result of the knowing making or use of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and are entitled to recover three times the amount by which it is damaged,

plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented, and other monetary relief as appropriate.

COUNT ELEVEN - VIOLATIONS OF FALSE CLAIMS ACT BY CAUSING FALSE CERTIFICATIONS AND OTHER STATEMENTS TO BE MADE AND USED TO CONCEAL, AVOID AND DECREASE OBLIGATIONS TO PAY U.S.

- 75. Relator realleges the paragraphs of this First Amended Complaint plead herein.
 - 76. Sallie Mae's conduct constitutes a reverse false claim.
- 77. By virtue of the acts and conduct described above, Sallie Mae since its origin has knowingly made, used, and caused to be made or used false certifications and other false statements through explicit and implicit certifications of Sallie Mae compliance with regulations pertaining to service as lender and servicer as to FFELP loans (including the certifications of compliance described above), in violation of 31 U.S.C. § 3729(a)(7):
 - in order to avoid or decrease obligations to pay or return funds to the DOEd or to the State Guaranty Agencies;
 - as a part of each and every claim for interest payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer;
 - c. as a part of each and every claim for special allowance payments on each and every FFELP loan of which Sallie Mae has been a lender or servicer; and

- d. as a part of each and every insurance or guaranty payment made
 upon the claimed default of each and every FFELP loan of which
 Sallie Mae has been a lender or servicer.
- 78. Sallie Mae used false records and statements to conceal its disregard of the loan servicing regulations it agreed to conform with in order to obtain and keep U.S. Government funding it would not otherwise have been able to obtain and keep because of its unlawful granting of forbearance and consequently, submitted false claims.
- 79. The U.S., unaware of the falsity of the claims and/or statements, in reliance on the accuracy thereof, and by virtue of and as a result of the absence of demands to Sallie Mae for refunds or returns of claims paid and approved as a result of the knowing making or using of such false certifications, records, and other statements caused by Sallie Mae, the U.S. has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil monetary penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

PRAYER FOR RELIEF

WHEREFORE, the U.S. demands and prays that judgment be entered in favor of the U.S.:

A. On Counts 1-11, under the False Claims Act, against Sallie Mae for treble (or three times) the amount of the U.S. claim payments and other actual

damages (including investigative costs), plus civil penalties as are allowable by law for each false claim and for all costs of this civil action;

B. For all costs of this civil action; and

C. For such other and further relief as the Court deems just and equitable.

WHEREFORE, Sheldon Batiste demands and prays that judgment be entered in his favor as follows:

A. On Counts 1-11, under the False Claims Act, for a percentage of all civil penalties and damages obtained from Sallie Mae pursuant to 31 U.S.C. § 3730.

 Reasonable attorneys' fees, and all costs incurred in the prosecution of this action against Sallie Mae; and

C. Such other relief as the Court deems just and proper.

Dated: June 13, 2008 Respectfully Submitted,

Sheldon Batiste

BY:

Tracy D. Rezvani (D.C. Bar No.464293) Halley F. Ascher (D.C.Bar No. 455871)

Finkelstein Thompson, LLP

1050 30th Street NW Washington D.C. 20007

Tel: (202) 337-8000 Fax: (202) 337-8090 Timothy J. Matusheski (MBN 100998) **Law Offices of Timothy J. Matusheski** PO Box 1421 Waynesboro, MS 39367

Tel: (601) 735-5222 Fax: (601) 735-5008

CERTIFICATE OF SERVICE

I hereby certify that the below received this document by First Class U.S. Mail on this 13th day of June 2008.

Laurie Weinstein Assistant United States Attorney 555 Fourth Street, NW Room E4820 Washington, DC 20530

Sean T. Woosley

Exhibit A

Office of Student Financial Assistance

government's first performance-based organization



U.S. Department of Education Lender/Servicer Organization Participation Agreement

If you are an ELIGIBLE LENDER:		
Lender Name		
Lender Identification (LID) Number(s)		
Authorizing Official for LID Number(s) (please	print):	
Original Signature	Date	
		-
If you are a lender SERVICER:		
Servicer Name		
Servicer Identification Number filed on behalf o	f I ID Numbers	
convicer recommends remove the on behalf	i LiD Mullibels	
Authorizing Official for Servicer (please print):		
Original Signature	Date	
If you are an Eligible Lender TRUSTEE:		
Eligible Lender Trustee Name		
LID Number(s)		
Authorizing Official of Lender for ID Number(s) (please print):	
Original Signature	Date	
Name of Entity(ies) for whom the Trustee is act	ine.	
the same of the same same same same same same same sam		

By completing and signing this agreement, the Lender, Servicer, or Eligible Lender Trustee agrees to submit data on the quarterly Lender Reporting System report (LaRS) to the U.S. Department of Education and to receive information and data from the Department electronically.

NOTE: in the event that more space is needed on this first page, please attach additional copies of this first page completed with the information requested and with original signatures as appropriate.

Certification:

As an eligible Lender, Servicer, or Eligible Lender Trustee in the Federal Family Education Loan Program (FFELP) that submits the Lender Reporting System report (LaRS) electronically, I certify, by my signature above that:

The data that my organization or its agent, or its third-party servicer, will submit to the U.S. Department of Education electronically pursuant to this Agreement is and will be correct to the best of my knowledge and belief. I certify that it conforms to the laws, regulations, and policies applicable to the Federal Family Education Loan Program. I understand that all documents, files, accounts and records supporting this data are subject to audit or review by the Secretary of Education or other authorized representatives of the United States Government (including representatives of any guaranty agency that provides the guarantees on loans included in data submitted electronically), and I agree to make all such documents, files, accounts and records available to the Secretary or such authorized representatives without restriction.

Warning:

Any person who submits false or inaccurate data may be subject to civil action and/or criminal penalties under the laws of the United States. Any person who knowingly and willfully destroys or conceals any record(s) relating to the provision of assistance under Title IV of the Higher Education Act of 1965, as amended, or attempts to so destroy or conceal with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under Part B of Title IV, shall upon conviction thereof, be fined not more than \$20,000, or imprisoned not more than 5 years, or both, under the provisions of 20 U.S.C. 1097.

Term of Agreement:

This Agreement terminates on September 30, 2004 unless extended by consent of both parties. Either party may terminate this Agreement prior to that date by providing written notice of the termination to the other party no less than 30 calendar days prior to the effective date of the termination. This Agreement automatically terminates if the Lender, Servicer, or Eligible Lender Trustee merges or otherwise combines with another organization. If the Agreement is executed by an Eligible Lender Trustee, it applies only to data submitted by the Trustee or its agent in connection with loans made by the Trustee under an Agreement with the Entities identified on the first page of this Agreement. In the event of a merger or new trustee relationship, the Lender, Servicer, or Eligible Lender Trustee must submit a new Agreement to the Department at least 30 days prior to the event. A lender, servicer, or eligible lender trustee that does not have an Agreement in effect with the Department will not be authorized to exchange data with the Department electronically which may delay the payment of funds by the Department.

WHERE TO SEND THIS AGREEMENT:

U.S. Department of Education Lender Reporting P.O. Box 2768 Washington, DC 20013-2768

If you have any questions, please contact us at fsa lr@ed.gov or call 202-377-3326

Original signatures are required. Stamped or photocopied signatures will not be accepted.

Unite	d States Department of	f Education Use Only!		
Signa	ture of Authorized U.S	S. Department of Education Represe	entative	
Date_				

Instructions:

Please read the below narrative carefully to ensure that you have provided the <u>correct number of signatures</u> and have properly completed your Organization Participation Agreement. It is important that you complete each section on page 1 that applies to your particular situation. For example, if you are an institution that functions as a lender, a servicer, and a trustee bank, you will need to provide information that pertains to each function.

I. Definition of key terms/Who Signs the Agreement:

The <u>Lender or Servicer ID Number</u>: is the 6-digit identification code issued to your organization by the United States Department of Education (the Department).

The <u>Lender or Servicer Name</u> is the name of the organization, which participates in the FFELP.

A <u>third-party servicer</u> is any organization or individual that acts on behalf of another party in administering any aspect of the FFELP as defined in 34 C.F.R., 682.200. A third-party servicer may submit data under this Agreement only if it is authorized to do so by the Lender or Eligible Lender Trustee for which it is acting.

The <u>Authorizing Official</u> for the ID Number is the name of the person in your organization responsible for submitting correct financial data and has the authority to commit the organization's or company's funding.

II. The Lender/Servicer agrees to:

- Transmit documents to the Department via an ED-administered website.
- Provide and maintain, at its expense, all machines, and programs necessary to effectively and reliably transmit and receive data.
- Submit Lender Reporting System report (LaRS) using File Transfer methodology or data entry in accordance with the Department's requirements and directions. Provide the Department with the name and address of the person legally responsible for the data transmissions to SFA.
- Certify the accuracy and completeness of the data electronically transmitted to SFA's Financial Management System.
- Accurately complete all steps on the Agreement and promptly notify SFA of any change to the information provided herein.

III. If the Lender or Servicer submits this Agreement to the Department and completes the on-line Lender Application Process (LAP), the Department will:

- 1. Allow web submission of Lender Reporting System report (LaRS) data to Student Financial Assistance Lender/Servicer Reporting, using File Transfer methodology or data entry.
- 2. Acknowledge web submissions by receipt that includes date and time of the transaction.

3. Notify the Lender or Servicer if it does not accept the substance of the received web data.

IV. Miscellaneous/When is an Agreement Submitted:

- 1. The Lender or Servicer agrees to submit data in the format specified by the U.S. Department of Education.
- 2. For an institution that is acting in more than one capacity (e.g., Lender and Trust Bank), only one <u>Agreement</u> is required.
- 3. Complete and valid Agreements must be mailed to the Department for an institution to successfully complete the on-line LAP and begin submitting LaRS reports.

For Office Use Only
Date

Exhibit B



Previous Versions Obsolete Expiration Date: 10-31-2007 OMB NO: 1845-0013

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT - (LaRS/799) $\,^{ m PARS99}$ instructions for each part IDENTIFICATION AND CERTIFICATION

Lender Identification Number (LID), Lender Name;

Servicer Identification Number, Servicer Name (if applicable);

ĸ

Year and Quarter Ending (Complete both fields);

m

CERTIFICATION

Education Loan Program (FFELP) that submits the Lender Reporting System report As an eligible Lender, Servicer, or Eligible Lender Trustee in the Federal Famlly (LaRS), I certify, by my signature below that:

the U.S. Department of Education is correct to the best of my knowledge and belief, I Education or other authorized representatives of the United States Government, and I certify that it conforms to the laws, regulations, and policies applicable to the Federal Family Education loan Program. I understand that all documents, files, accounts and The data that my organization or its agent, or its third-party servicer, will submit to agree to make all such documents, files, accounts and records available to the records supporting this data are subject to audit or review by the Secretary of Secretary or such authorized representatives without restriction,

	4. Signature	5. Date			6 Typed Name and Title		
T [] March 31	2 [] June 30	3 [] September 30 YEAR	4 [] December 31	Wall completed form to:	U.S. Department of Education	Post Office Box 2768 Washington, D.C. 20013-2768	

knowingly and willfully destroys or conceals any record(s) relating to the provision of assistance under Title IV of the Higher Education Act of 1965, as amended, or attempts to so destroy or conceal with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under Part B of Title IV, shall upon conviction thereof, be fined not more than \$20,000, or imprisoned not more than 5 years, or both, under the provisions of 20 U.S.C 1097. WARNING: Any person who submits false or inaccurate data may be subject to civil action and/or criminal penalties under the laws of the United States. Any person who

REPORTING BURDEN: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number for this information collection is estimated to average 3.75 hours per response, including the time to review instructions, search existing data sources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write directly to: U.S. Department of Education, Washington, DC 20202-5449. If you have any comments or concerns regarding the status of your individual submission of this form, write directly to: Financial Management, Lender Reporting, Post Office Box 2768, Washington, D.C. 20013-2768.

OMB NO; 1845-0013 Expiration Date; 10-31-2007 LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (LARS/799)

Previous Versions Obsolete	
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PART I – Loan Origination and Lender Loan Fees	Principal Amount of Loans (E)								
	Loan Interest Rate (D)								
	Fee Percent (C)			·					
	Fee Code (B)								bages for Part I
	Loan Type (A)								Check here if submitting additional pages for Part I

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (LARS/799)

Expiration Date: 10-31-2006 Previous Versions Obsolete OMB NO: 1845-0013

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<u>:</u>

	Interest Amount (Use only for Adjustments) (F)								
PART II – Interest Benefits	Average Daily Principal Balance (E)								
	Ending Principal Balance (D)								
	Billing Code (C)								pages for Part II
	Interest Rate (B)								Check here if submitting additional pages for Part II
	Loan Type (A)								Check here if s

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (LaRS/799)

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	Adjustments for Difference in Average Daily Principal Balance (1)										
	Average Daily Principal Balance (H)										
PART III – Special Allowance	Ending Principal Balance (G)									# \(\frac{1}{2}\)	
PART II	Interest Rate (F)										
	Special Allowance Category (E)		A A A								
	Loan Type (D)			-							
	Quarter Code (C)										
	Calendar Year (B)					,					
	Billing Code (A)										

Check here if submitting addilional pages for Part III

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LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (LaRS/799)

	PART IV:	PART IV: Loan Activity			
·	FEDERAL STAFFORD & FISL (Except Unsubsidized)	FEDERAL PLUS (B)	FEDERAL SLS (C)	FEDERAL CONSOLIDATION (D)	FEDERAL UNSUBSIDIZED STAFFORD (E)
1. Beginning Principal Balance					
2. Loan Principal Disbursed					
 Interest Capitalized or Other Principal Increases 					
4. Principal of Loans Purchased		·			
5. Principal of Loans Cured					
6. Principal of Loans Sold					
7. Principal Paid by Insurance Claims					
8. Principal of Loans on Which the Guarantee Was Voided					
Principal Paid by Borrowers and Other Principal Reductions					



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LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (LaRS/799)

FEDERAL UNSUBSIDIZED STAFFORD (E) FEDERAL CONSOLIDATION (D) FEDERAL SLS (C) PART V - Loan Portfolio Status FEDERAL PLUS (B) FEDERAL STAFFORD & FISL (Except Unsubsidized) (A) Loans in Repayment or Forbearance: Claims filed, but not yet paid, and not listed above Loans in Authorized Deferment 271 days or more past due Loans in School and in Grace 121-180 days past due 181-270 days past due 91-120 days past due 31-60 days past due 61-90 days past due Current or less than 31 days past due 'n. Þ. ن o, ω̈ Ġ Ë 2 က်

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What is the Lender's Interest & Special Allowance Request and Report (LaRS)?

The LaRS form is used by the U.S. Department of Education (ED) to calculate interest subsidies and special allowance payments due to the lending institution, to calculate origination fees and Lender loan fees owed to ED, and to obtain information on your portfolio under the Federal Family Education Loan Program.

Who should complete this form?

A lending institution that originates loans must submit this form to report fees due to ED. The lending institution must also submit this form each quarter to receive interest and special allowance payments. The form must be submitted within 90 days of the quarter's end to be considered timely.

What help is available?

Help can be obtained by calling Federal Student Aid (FSA) at 202 377-3322, 202 377-3324- or by e-mail at FSA_LR@ed.gov.

The Entire form must be completed.

Failure to complete all sections of the LaRS form will result in the rejection of the entire form.

Are there any other helpful hints?

- 1. It is important to put your LID on the top of each page.
- 2. Number the pages sequentially using the space provided.
- 3. If additional space is needed for Parts I, II, or III, make additional copies, and check the block at the bottom of each page to indicate that additional pages are being submitted.
- 4. Unless otherwise stated, calculate each monetary amount to the nearest cent, round to the nearest dollar, and enter the amount on the form.
- 5. Sign and date the form, and send it to the address shown on the first page.

LaRS Instructions

Page 1

1	Lender ID, Lender Name	The Lender Identification Number (LID) is a 6-digit code assigned by ED to identify each participant in the FFEL program. Provide the full, legal name of your institution.
2	Servicer ID, Servicer Name	The Servicer Identification Number is a 6-digit code assigned by ED to identify each participant in the FFEL program. Provide the full, legal name of the servicing institution (if applicable).
3	Year and Quarter Ending	Provide the calendar year and associated quarter ending date covered by this form.
4	Signature	Read the certification statement and sign the form in ink. Forms signed with signature stamps and unsigned forms will be rejected and returned to you.
5	Date	Enter the date the LaRS form is signed.
6	Typed Name and Title	Type or Print the name and title of the official signing the form.

Part I - Loan Origination and Lender Loan Fees

This section is divided into 5 columns. Make separate line entries for each unique combination of Loan Type, Fee Code, Fee Percent, and Loan Interest Rate. For each line, if any column is completed, all columns for that line must be completed. If you do not have anything to report, please indicate this by inserting zeros in the first line. Report adjustments to previous quarters only if applicable. If additional space is needed, make a copy of the blank page and check the block at the bottom of each page.

Applicability: Most FFEL Program loans are subject to a loan origination fee, which is a percentage of the loan principal and is deducted proportionately from each loan disbursement. The fee depends on the period of enrollment covered by the loan.

A Loan Type

Provide the 2-letter code of the loan type being reported:

SF - Federal Stafford (except Unsubsidized Stafford)

SL - Federal Supplemental Loans for Students (SLS)

PL - Federal PLUS Loans

CL - Federal Consolidation Loans

SU - Unsubsidized Stafford Loans

B Fee Code

Provide the code for the period and type of loan activity being reported: **Origination fees for current quarter:**

FN - New Loans you have made (including those then sold) in the quarter covered by this form if you owe the origination fees

FS - Loans you made and **s**old in the quarter covered by this form if the purchaser owes the origination fees

FB - Loans you <u>b</u>ought from another Lender in the quarter covered by this form, if you owe the origination fees

Origination fee adjustments to previously reported quarters:

FI - Net increase in loans you made or bought as reported for a previous quarter, if you owe the origination fees

FD - Net <u>d</u>ecrease in loans you made or bought as reported for a previous quarter, if the fees are to be credited to you

Lender Loan fees for current quarter:

LN - \underline{N} ew loans you have made (including those then sold) in the quarter covered by this form, if you owe the Lender loan fees

LS - Loans you made and **s**old in the quarter covered by this form, if the purchaser owes the Lender loan fees

LB - Loans you **b**ought from another Lender in the quarter covered by this form, if you owe the Lender loan fees

Lender fee adjustment to previously reported quarters:

LI - Net <u>increase</u> in loans you made or bought as reported for a previous quarter, if you owe the Lender fees

 ${\bf LD}$ - Net $\underline{{\bf d}}$ ecrease in loans you made or bought as reported for a previous quarter, if the fees are to be credited to you

Separate entries must be made for origination fees and for Lender fees. For

lines containing the codes FN, FB, FI, LN, LB and LI, ED will charge you the fee. For lines containing the codes FD and LD, you will receive credit toward fees due. Use the current quarter codes only for loans made, bought or sold in the quarter covered by this form.

If a loan transaction occurred in the current quarter and an adjustment was made to it in the same quarter, only report the net result. Do not report the original action and the adjustment separately. Include all loans, which can be classified under the same loan type, the same adjustment fee code, the same fee percent, and the same loan interest rate in one line item. When using an adjustment code, report the sum of all activity for loans made in all prior quarters. Do not make separate entries for each separate prior quarter.

C Fee Percent

Provide the percentage (as a decimal) of the loan used to determine the fee

- Loans <u>first disbursed on or after July 1, 2006</u> for periods of enrollment that either include that date or begin after that date:
 - Federal Stafford and Unsubsidized Stafford fees are 0.02
 - Federal PLUS fees are 0.03
- Loans first <u>disbursed on or after July 1, 1994 through June 30, 2006</u> for periods of enrollment that either include that date or begin after that date:
 - Federal Stafford, PLUS and Unsubsidized Stafford fees are 0.03
- Loans <u>first disbursed on or after July 1, 1994</u> for period of enrollment that begin before that date and include that date:
 - Federal SLS loans certified before July 1, 1994 is 0.03
- Period of enrollment beginning before July 1, 1994 and disbursed prior to that date:
 - Federal Stafford, Federal SLS and Federal PLUS fee is 0.05
 - Unsubsidized Stafford combined origination fee/insurance premium is 0.065

All FFEL Program loans made on or after October 1, 1993, are subject to a **Lender loan fee,** which is ½% or **.005** of the loan principal and is charged proportionately against each loan disbursement.

D Loan Interest Rate

Provide the applicable interest rate (as a decimal) of each group of loans.

- Use ".068" for Federal Stafford and Unsubsidized Stafford loans disbursed on or after 7/1/2006.
- Use ".085" for Federal PLUS loans disbursed on or after 7/1/2006.
- Use "EVAR" for Federal Stafford, Federal PLUS and Unsubsidized Stafford variable rate loans made to new borrowers on/after 10/1/92 – 6/30/2006.
- Use the actual rate of the loan for Consolidation loans made on/after 10/1/98.
- Use FVAR7, FVAR8, FVAR9, FVAR10, and FVARX respectively for converted fixed rate loans of 0.07, 0.08, 0.09, or 0.08/0.1 percent (adjustments only).

E Principal Amount of Loans

The principal amount of the loan is the amount disbursed plus the amount of the insurance premium and origination fee deducted prior to disbursement. (The Lender loan fee is based on the same amount and is a **charge to you**.

It cannot be charged to the borrower; that is, it cannot be deducted from the loan principal disbursed.)

Enter the total principal amount of loans (whole dollars only) made or bought which are covered by the transaction indicated by the Loan Type and Fee Code. Do not include amounts representing cancellations or adjustments occurring in the same quarter that the loan was disbursed.

For a Fee Code of FI and LI, report the additional amount which was not previously reported to ED. For a Fee Code of FD and LD, report the amount, which was previously reported but has now been cancelled or overstated in previous quarters.

Part II - Interest Benefits

This part is divided into 6 columns. When billing for interest for the quarter covered by the form, (Billing Code BC), make separate line entries for each different loan type and allowable interest rate. Columns A-E must be completed. Column F, Interest Amount, is for reporting adjustments only.

When billing for all other codes (Bl and BD), make separate line entries for each type of adjustment. Complete columns A, C, and F. Leave the other columns blank. If additional space is needed, make a copy of the blank page and check the block at the bottom of each page.

Applicability: In general, ED will pay the interest due on:

- Subsidized Federal Stafford and FISL loans while the borrower is in school at least half time, in grace, and during a period of authorized deferment.
- Federal Consolidation loans for which the Lender received the application on/after 1/1/93 and prior to 8/10/93 during periods of authorized deferment.
- Federal Consolidation loans comprised solely of subsidized Federal Stafford Loans for which the Lender received the application on/after 8/10/93 and prior to 11/13/97, during periods of authorized deferment.
- Federal Consolidation loans whose application was received after 11/13/97, interest benefits are paid on the portion of the loan that repaid subsidized Federal Stafford, subsidized Federal Direct Stafford, FISL, subsidized Federal Consolidation, and subsidized Federal Direct Consolidation loans, during periods of authorized deferment.
- A Loan Type

Provide the 2-letter code for the loan type being reported.

SF - Federal Stafford (except Unsubsidized Stafford) and FISL

CL - Federal Consolidation

B Interest Rate

Provide the interest rate (as a decimal) for loans or portions of loans on which you are billing interest for the quarter covered by this form, as explained above. For loans made at rates other than those shown, make separate line entries for each actual rate used (up to 5 decimal places, then round). For lines showing an adjustment (Billing Code BI or BD), leave this column blank.

- For 6.8% enter 0.068
- For 8.25% enter 0.0825

C Billing Code

Provide the code for the period and type of loan activity being reported:

BC - Interest due to you for the current quarter

BI - Adjustment, resulting in a net increase in the interest due to you from previous quarters' billings

BD - Adjustment, resulting in net <u>decrease</u> in the interest due to you form previous quarters' billings

For lines containing the codes BC or BI, you will receive an interest payment from ED. For lines containing the code BD, you will be charged for the amount owed to ED.

If an interest transaction occurred in the current quarter and an adjustment was made to it in the same quarter, report only the net result. Do not report the original action and the adjustment separately.

Use codes BI and BD to report adjustments to interest activity for all prior

quarters combined, regardless of the loans' individual interest rates.

D Ending Principal Balance

Enter the total unpaid principal balance outstanding on all loans or portions of loans eligible for interest benefits (whole dollars only) for the stated Loan Type, Interest Rate and Billing Code combination, as of the last day of the quarter covered by this form. Complete this column only for lines with Billing Code BC.

E Average Daily Principal Balance

For each combination of Loan Type, Interest Rate and Billing Code, enter the average (whole dollars only) of the daily principal balances of all eligible loans or portions of loans for the quarter covered by this form. This is accomplished by adding the outstanding principal balance of all eligible loans or portions of loans for each day in the quarter and dividing by the number of days in the quarter. This column must be completed for any line with Billing Code BC.

F Interest Amount (Use only for adjustments)

For each combination of Loan Type, Interest Rate and Billing Code enter to the nearest penny the amount of interest due you or owed to ED.

Do not use Column F for interest due for the current quarter (Billing Code is BC). This column is *required* for adjustments (Billing Code is BI or BD). Enter a positive number only. We will use the Billing Code to determine whether you are due interest or owe money to ED.

LaRS Instructions

Part III - Special Allowance

This part is divided into 9 columns. Make separate line entries for each different combination of Billing Code, Calendar Year, Quarter Code, Loan Type, Special Allowance Category, and Interest Rate. These first 6 columns *must* always be completed. If additional space is needed, make a copy of the blank page and check the block at the bottom of each page.

Applicability: In general, special allowance may be paid on all loans, except certain Federal Stafford and FISL loans and any "HEAL" portion of a Consolidation loan. For loans disbursed on/after 4/1/06, if the applicable interest rate exceeds the market rate, the lender may owe funds back the government.

A Billing Code

Provide the code for the period and type of loan activity being reported:

BC - Special allowance due/owed for the current quarter

BI - Adjustment resulting in a net increase in the special allowance previously paid/collected for a given quarter

BD - Adjustment resulting in a net $\underline{d}\text{e}\text{crease}$ in the special allowance previously paid/collected for a given quarter

For lines containing the codes BC and BI, **YOU** may receive a payment from ED. For a line containing the code BD, **YOU** may be charged for the amount owed to ED. If a transaction occurred in the current quarter and an adjustment was made in the same quarter, only report the net result.

- B Calendar Year
- Provide the year being reported (e.g. 2006)
- C Quarter Code

Provide the digit for the quarter being reported:

1- March 31

3 - September 30

2 - June 30

4 – December 31

D Loan Type

Provide the 2-letter code for the loans being reported:

SF - Federal Stafford (except Unsubsidized Stafford) and FISL

SL - Federal SLS

PL - Federal PLUS

CL - Federal Consolidation

SU - Unsubsidized Stafford

E Special
Allowance
Category

Provide the code for the loans being reported:

SA - For loans made prior to 10/1/81. (Tax-exempt loans during this period use XA)

- SB For Stafford (subsidized) and PLUS loans made on/after 10/1/81 but prior to 10/17/86, or loans made on/after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning prior to 11/16/86. Also, for Consolidation loans made on/after 10/1/81 but prior to 11/16/86. (Tax-exempt loans during this period use XB)
- SC Used for sequester periods only.
 (Tax-exempt loans during this period use XC)
- **SD** For Stafford (subsidized) and PLUS/SLS loans made on/after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning on/after 11/16/86. Also, for

Stafford (subsidized), PLUS/SLS and Consolidation loans made on/after 11/16/86 but prior to 10/1/92. Also, for Stafford (unsubsidized) loans made prior to 10/1/92 for periods of enrollment beginning on/after 10/1/92. (Tax-exempt loans during this period use XB)

SE - For Stafford loans made on/after 10/1/92 but prior to 7/1/94, regardless of the enrollment period, or loans made after 7/1/94 for an enrollment period ending prior to 7/1/94. Also, for PLUS loans made on/after 10/1/92 but prior to 7/1/94; or *certified* before 7/1/94 and *disbursed* after 7/1/94. Also, for Consolidation loans made on/after 10/1/92 and those for which the loan application was received by an eligible lender prior to 11/13/97.

(Tax-exempt loans during this period use XE)

- SG For Stafford loans made on/after 7/1/94 but prior to 7/1/95, or loans made on/after 7/1/95 but prior to 7/1/98 during periods of repayment or forbearance. Also, for PLUS loans made on/after 7/1/94 but prior to 7/1/98. Also, for Consolidation loans for which the loan application was received by an eligible lender on/after 11/13/97 but prior to 10/1/98. (Tax-exempt loans during this period use XG)
- SH For Stafford loans made on/after 7/1/95 but prior to 7/1/98 only during the inschool, grace and deferment periods. Also, for PLUS loans made on/after 7/1/98 but prior to 1/1/2000.
 (Tax-exempt loans during this period use XH)
- SJ For Stafford loans made on/after 7/1/98 but prior to 1/1/2000 only during the inschool, grace and deferment periods. (Tax-exempt loans during this period use XJ)
- SK For Stafford loans made on/after 7/1/98 but prior to 1/1/2000 only during the repayment and forbearance periods. (Tax-exempt loans during this period use XK)
- SL Consolidation loans made on/after 10/1/98 but prior to 1/1/2000. (Tax-exempt loans during this period use XL)
- CA Stafford loans made on/after 1/1/2000 but prior to 3/31/06, only during the inschool, grace and deferment periods.
 (Tax-exempt loans during this period use XJ)
- CB Stafford loans made on/after 1/1/2000 but prior to 3/31/06, only during the repayment and forbearance periods. (Tax-exempt loans during this period use XK)
- CC Consolidation loans made on/after 1/1/2000 but prior to 3/31/06 (Tax-exempt loans during this period use XL)
- CD PLUS loans made on/after 1/1/2000 but prior to 3/31/06. (Tax-exempt loans during this period use XH. *Note: Effective 4/1/06, these loans should be reported as XQ*).
- CE- Stafford loans made on/after 4/1/2006, only during the in-school, grace and deferment periods. (Tax-exempt loans during this period use XM)

- CF Stafford loans made on/after 4/1/2006, only during the repayment and forbearance periods. (Tax-exempt loans during this period use XN)
- **CG** Consolidation loans made on/after 4/1/2006. (Tax-exempt loans during this period use XO)
- **CH-** PLUS loans made on/after 4/1/2006. (Tax-exempt loans during this period use XP)

F Interest Rate

Provide the applicable interest rate (as a decimal) for each group of loans. Allowable rates are from 3% (enter as .03) - .25. For Consolidation loans made on or after October 1, 1998, the allowable rates are from 3% - 8.25%. Other allowable rates:

EVAR - for variable Federal Stafford and Unsubsidized Stafford, PLUS, and SLS loans made on or after 10/1/92 – 6/30/06 and Consolidation loans made during the "Emergency Consolidation Loan Act"

 $\mbox{\bf CVAR}$ - for Federal PLUS and SLS loans made in 1986-7 where the interest rate changes each January 1

FVAR7, FVAR8, FVAR9, FVAR10, and FVARX - respectively for converted fixed rate loans of 7%, 8%, 9%, 10% and 8/10%

 ${f VAR}-{f for}$ variable rate, PLUS and SLS loans made prior to 10/1/92

G Ending Principal Balance

Provide the total unpaid principal balance outstanding on all loans eligible for special allowance (whole dollars only) for the stated combination of entries in columns A-F, as of the last day of the quarter covered by this form. Complete this column for Billing Code BC only.

H Average Daily Principal Balance

For each combination of columns A through F, provide the average daily principal balance (whole dollars only) of all eligible loans for the quarter. Complete this column for Billing Code BC only.

I Adjustments for Difference in Average Daily Principal Balance

Provide the difference in the Average Daily Principal Balance (whole dollars only, positive number) between what should have been reported and what was originally reported. Complete this column for a Billing Code of BI or BD only.

LaRS Instructions

Part IV - Loan Activity

Applicability: Part IV shows the changes, which have occurred to the guaranteed loan principal in your portfolio for each type of loan for the quarter covered by this form. Loan principal includes capitalized interest as defined in line 3. This part must be completed and submitted each time you submit a LaRS form. This part has 5 columns and 9 lines. Report all amounts in whole dollars.

Enter all loan information in the appropriate column:

- A) Federal Stafford (except Unsubsidized Stafford) and FISL
- B) Federal PLUS
- C) Federal SLS
- D) Federal Consolidation
- E) Federal Unsubsidized Stafford
- 1 Beginning Principal Balance

Provide the outstanding principal balance (including the sum of capitalized interest outstanding) of loans at the start of business on the first day of the quarter. Unless an adjustment has been made, this amount must be the same as the Ending Principal Balance from the previous quarter's form.

PLEASE NOTE: adjustments made to the prior quarter ending balance may be subject to review.

2 Loan Principal Disbursed

Provide the principal amount of loans disbursed during the quarter. This may be new loans or additional disbursements for loans initially disbursed in a prior quarter. Report the gross amount; that is, the amount prior to any deductions for insurance premiums or origination fees. Include amounts actually disbursed for Consolidation loans and for refinanced PLUS and SLS loans. Do not report amounts disbursed and then cancelled (e.g., checks returned uncashed) in the same quarter.

3 Interest Capitalized or Other Principal Increase Provide the amount of interest and unpaid insurance premiums, which were added to principal during the quarter in accordance with program regulations, principal transferred from other LIDs assigned to your institution, and any other increases in your portfolio not shown elsewhere.

4 Principal of Loans
Purchased

Provide the principal amount of loans purchased (including interest capitalized prior to purchase) from other Lenders. <u>Do not</u> include amounts disbursed to consolidate a loan

5 Principal of Loans Cured

Provide the principal amount of loans (including the sum of interest capitalized prior to the reinstatement of the loan's insurance) on which insurance coverage was reinstated (cured) in accordance with program regulations.

6 Principal of Loans Sold

Provide the principal amount of loans sold (including interest capitalized prior to sale) to other Lenders. <u>Do not include loans paid in full through consolidation</u>. Also, do not include Federal PLUS and SLS loans paid in full as part of a refinancing of those loans.

7 Principal Paid by Insurance Claims

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Provide the amount received from the guarantor for principal (including interest capitalized prior to claim filing) for default, death, disability, bankruptcy and other claims authorized by statute, regulations, and policy.

8 Principal of Loans on Which the Guarantee Was Voided Provide the principal amount of loans (including interest capitalized prior to the loss of guarantee) on which the insurance guarantee was voided due to a due diligence, timely filing, or other violation.

9 Principal Paid by Borrowers and other Principal Reductions Provide the amount of payment received to reduce outstanding principal and capitalized interest, including payments from borrowers, refunds received from schools, checks returned uncashed for loans reported disbursed in prior quarters, and amounts received to pay off loans included in Federal Consolidation and refinanced Federal PLUS and SLS loans. Do not include claim payments from guarantors.

Part V - Loan Portfolio Status

Applicability: Part V shows the status of the outstanding guaranteed loan principal in your portfolio for each type of loan as of the end of the quarter covered by this form. Principal includes capitalized interest. Include all guaranteed loans in this part except for ones, which the guarantee was voided. Also, include loans, which were previously voided and then cured.

This part must be completed and submitted each time you submit a LaRS form. This part has 5 columns, each covering a specific type of loan, and 4 rows (with the third containing 8 sub lines). Report all amounts in whole dollars.

Enter all loan information in the appropriate column:

- A) Federal Stafford (except unsubsidized Stafford) and FISL
- B) Federal PLUS
- C) Federal SLS
- D) Federal Consolidation
- E) Federal Unsubsidized Stafford
- 1 Loans in School and in Grace

Provide in the principal amount of all Stafford, FISL and Unsubsidized Stafford loans in an "in school or grace period" status. Do not include loans for which the borrower has a deferment due to returning to school after expiration of the grace period. These loans are to be included in line 2. Also, note that this status does not apply to Federal PLUS, Federal SLS or Federal Consolidation loans.

2 Loans in Authorized Deferment

Provide the principal amount of all loans in a period of authorized deferment.

3 Loans in Repayment or Forbearance Provide the appropriate category the principal amount of all loans in a repayment for forbearance status. Include loans on which the grace period has ended and no deferment has been authorized, whether or not the borrower has made repayment arrangements or has made a payment. Do not include loans on which a claim has been filed with a guarantor in lines 3a through 3g. These loans are reported in line 3h.

4 Ending Principal Balance

Provide the principal balance of outstanding loans at the end of business on the last day of the quarter. Allowing for rounding, this must equal the sum of lines 1,2, and 3a through 3h.

$$(4) = (1) + (2) + (3a) + (3b) + (3c) + (3d) + (3e) + (3f) + (3g) + (3h)$$

Exhibit C

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Federal Family Education Lo	an Program		Guarantor Identific	ation		
Claim Form						
I. CLAIM INFORMATION						
1. Claim Type			2. DCO		3. Claim Review	Туре
II. BORROWER INFORMATIO	N					
4. Social Security #						
5. Name (Last, First, MI)			6. AKA			
7. Address			8. Valid?			
9. Home # ()		10. Valid?	11. Other # ()		12. Valid?
13. Work # ()		14. Valid?	15. Employer			
16. E-mail Address						
III. LOAN INFORMATION						
17. Loan Type 18. Loan ID 19.	1st Disb DI 20a. \$	Curr Prin Bal 20b. \$ Ui	npd Fee/Int 21. Dt	Loan Sold 22. DI Serv Resp	icer 23. Inl Rale/Typ Conv Dt	oe/ 24. \$ Uninsured Interest
IV. ENDORSER/COMAKER/PL	.US STUDENT (E/C	:/S) INFORMATION	- William			
V CONVENCIONITO DEDAYM	ENT INFORMATION					
V. CONVERSION TO REPAYM	ENT INFORMATION	V				
33. OSD	34. Notification Dt		35. Repayment Cha	nge?	36. 1st Pmt Due D	rt
VI. REPAYMENT INFORMATIO	ON		15AUR			
37a. \$ Total Borrower Pmls 37b. \$ DI Refund	38. # Mnths Pmts	39. # Mnths Det/Forb	40. # Mnths Violation	41. # Events	42. # Reconv Mnlhs	43. Pmt Due Dt
VII. REQUESTED CLAIM AMO	TNU					
44. Total Amount Disb/Repurchased	\$		50. Int-Paid-Through	n Dt		
45. Capitalized Int	+ \$		51. Int Claimed as o		\$	
46. Prin Repaid	- \$		52. Unpaid Cure Int	not Capitalized		
47. Prin Used for Int Claimed	_		53. Other Charges			
48. Cure Int Capitalized	_				- <u>-</u>	
49. Prin Claimed						
VIII. LENDER/SERVICER INFO	PRMATION AND CE	ERTIFICATION			141	
54. Lender ID			55. Servicer ID			
56. Lender/Servicer Name			57. Lender/Servicer	Address		
58. Prepared By			59. Preparer's # ()		

BY SUBMITTING THIS CLAIM TO THE GUARANTOR FOR REIMBURSEMENT, THE LENDER/HOLDER CERTIFIES, TO THE BEST OF ITS KNOWLEDGE, THAT THE INFORMATION IN THIS CLAIM IS TRUE AND ACCURATE AND THAT THE LOAN(S) INCLUDED IN THE CLAIM WAS (WERE) MADE, DISBURSED (INCLUDING REMITTANCE OF ORIGINATION FEES) AND SERVICED IN COMPLIANCE WITH ALL FEDERAL REGULATIONS AND APPROPRIATE GUARANTOR BULES. SHOULD THE GUARANTOR DETERMINE THAT THE LOAN(S) WAS (WERE) NOT SERVICED IN COMPLIANCE WITH FEDERAL REGULATIONS AND APPROPRIATE GUARANTOR RULES, AND SUCH NON-COMPLIANCE RESULTS IN THE GUARANTOR'S INABILITY TO COLLECT FROM THE BORROWER OR IN THE GUARANTOR'S INCLUDING REFUND THE AMOUNT OF THE RETURN AND SUCH NON-COMPLIANCE SUCH LOAN(S) OR REFUND THE AMOUNT OF THE RETURN AND SUCH NON-COMPLIANCE SUCH LOAN(S) OR REFUND THE AMOUNT OF THE RETURN AND SUCH NON-COMPLIANCE SUCH LOAN(S) OR REFUND THE AMOUNT OF THE RETURN AND INTEREST IN THE LOAN(S) LISTED IN SECTION III OF THIS FORM TO THE GUARANTOR, OR ITS SUCCESSOR.

IX. Cellection History (the 270-day period prior to default date)			
60. Borrower's Social Security #			
61. Borrower/Comaker(s)		Endorser(s)	
Date/Code	Date/Code	Date/Code	Date/Code
:			
• •			·
·	· -		
			-
		·	
			07/06

Instructions for Completing Claim Form

This form is to be used to submit a request for claim reimbursement to the guarantor. All loans included on the Claim Form must have the same loan type, due date, interest-paidhrough date, claim review status, and lender ID. (Note: Some guarantors may require separate claims for subsidized and unsubsidized Statford loans, and/or for loans with different nerest rates.) When completing this form, print or type all information and complete all fields. Use the chart in the Common Manual titled "Information to be Provided for Claim Form" or identify which fields are required and provide the requested information; for fields where the information is not available (or not applicable), complete alpha fields with "NA" and fill numeric/date fields with zeroes. All date fields must be completed with numerics in MM/DD/CCYY format. Address/phone "Valid" fields must be completed with a "Y" tor yes or an "N" for no; indicate "Y" unless the information is known to be invalid. No claim may be submitted for an amount less than fifty dollars (\$50.00). If the number of claimed loans requires more space han is provided, attach a separate Claim Form with the following information completed: Section II (social security number and name) and Section III (all applicable loan information).

Note: Order of claim documentation will not be a reason for returning a claim to the lender. However, confusing or conflicting documentation may require claim return for lender clarification. All supporting documentation not required for claim submission must be retained by the lender in accordance with federal requirements.

. CLAIM INFORMATION:

- 1. Claim Type: Provide the appropriate claim type code from the following key:
 - RC.
 - Bankruptcy (Chapter 12 or 13)
 Bankruptcy (with hardship petition or adversary complaint) BH
 - Closed School
 - Default (reached prior to borrower's bankruptcy filing)
 - DE
 - Default (failure to make monthly payments) DF
 - Disability (total and permanent) DI
 - Default (failure to make quarterly or less frequent than monthly payments) DΩ
 - Abbreviated Cure Dυ
 - False Certification FC
 - Ineligible (borrower is determined not eligible for the loan)
- 2. DCO: Date Condition Occurred is defined by the Claim Type indicated in Item I at the top of the form. Provide the corresponding month, day, and year as follows:
 - If Claim Type is "BC" (Bankruptcy Chapter 12 or 13), provide the date you received the Notice of First Meeting of Creditors or other acceptable evidence of the bankruptcy action, or the date the guaranter advised you to file a claim.
 - It Claim Type is "BH" (Bankruptcy with hardship petition or adversary complaint), provide the date you received the petition for undue hardship (or adversary complaint), or the date the guaranter advised you to file a claim.
 - If Claim Type is "CS" (Closed School), provide the date you received the statement from the borrower certifying eligibility for a Closed School discharge or the date the guarantor advised you to file a claim.
 - If Claim Type is "DB" (Default reached prior to borrower's bankruptcy filing), provide the due date of the borrower's first unmet installment.

 - If Claim Type is "DE" (Death), provide the date you received official notification of the death of the borrower or, if applicable, the student.

 If Claim Type is "DF" (Default failure to make monthly installments), provide the due date of the borrower's first unmet installment.

 If Claim Type is "DI" (Disability total and permanent), provide the date you received official notification that the borrower's physician certified the borrower to be totally and permanently disabled.

 If Claim Type is "DO" (Default – failure to make quarterly or less frequent than monthly installments), provide the due date of the borrower's first unmet installment.

 If Claim Type is "DU" (Abbreviated Cure – ICA/location cure), provide the due date of the borrower's first unmet installment that resulted in the original default.

 If Claim Type is "FC" (False Certification), provide the date you received the statement from the borrower certifying eligibility for a False Certification discharge or the date the

 - guarantor advised you to file a claim.
- If Claim Type is "IN" (Ineligible borrower is determined not eligible for the loan), provide the date you determined or were notified of the borrower's ineligibility.
- 3. Claim Review Type: Provide one of the following numeric codes to indicate the Claim Review Type for which you currently qualify:
 - "1" Exceptional Performer Status Expedited claim review

 - "2" Standard Review Status Regular claim review
 "3" Program Review Status Monitored claim review

II. BORROWER INFORMATION:

- 4. Social Security #: Provide the borrower's social security number (do not submit a Claim Form without a social security number).
 5. Name (Last, First, MI): Provide the borrower's last name, first name, and middle initial.
 6. AKA: Provide previous or alternative name(s) used by borrower (e.g., maiden name).
- 7-8. Address and Valid?: Provide the borrower's last known complete address (apartment number, box number, street address, city, state, and zip code plus four); indicate the
- validity of the address by entering a "Y" or an "N" in the appropriate field. Use "Y" unless the information is known to be invalid.

 9-14. Home #, Other #, Work #, and Valid?: Provide the home phone number, work phone number, and/or other phone number (including area code) for the borrower, it any or all are available. Indicate the validity of each number by entering a "Y" or an "N" in the appropriate field. If no number is available, enter "NA" in the number field. If it has been verified that the borrower does not have a phone, enter "Y" in the validity field. If it has not been verified that there is no phone for the borrower, enter "N" in the validity field.
 - 15. Employer: Provide the name, phone number and address of the borrower's place of employment, if known.
 - 16. E-mail Address: Provide borrower's current e-mail address (optional).
- III. LOAN INFORMATION: For each loan included in this claim, provide the requested information.
 - 17. Loan Type: For each loan listed, provide the loan type using one of the following codes: SF = Subsidized Stafford (including non-subsidized disbursed prior to 10/92);
 SU = Unsubsidized Stafford; PL = PLUS; GB = Graduate PLUS; SL = SLS; CL = Consolidation. A separate Claim Form must be submitted for each loan type. Note:
 Subsidized and unsubsidized Stafford loans that have been combined into one repayment schedule may be combined into one claim, subject to guarantor requirement.
 - 18. Loan ID: For each loan listed, provide the loan identifier code, file number, guarantee date, or guarantee amount, as required by the guaranter of the loan(s).
 - 19. 1st Disb Dt: For each loan listed, provide the date of the first disbursement.
- 20a. \$ Curr Prin Bal: For each loan, provide the current principal balance (including all insured and uninsured capitalized interest) due on the date claimed.
- 20b. \$ Unpd Fee/Int: For each eligible loan, provide separately (with "7" between) the amount of unpaid origination fee and unpaid capitalized interest included in the principal balance on the date claimed. For CS, DE, or FC claims, provide zeros.
- 21. Dt Loan Sold: For each loan that has been purchased from another lender, provide the date the loan was purchased. If the loan was not purchased from another lender, enter zeroes.

 22. Dt Servicer Resp: For each loan, provide the date on which the current servicer assumed responsibility for servicing the loan, as applicable. If the loan is not being serviced, enter zeroes.
- 23. Int Rate/Type/Conv Dt: For each loan, provide the current interest rate and indicate the type of interest rate by entering the appropriate code: F = Fixed rate; V = Variable rate; 8 = Adjustable rate (8-10%). Indicate, if applicable, the date the loan was converted as required by HEA 1986 rebate requirements or HEA 1992 rebate requirements. Provide zeroes if the loan was not converted or was not subject to rebate requirements.
- 24. \$ Uninsured Int: For each loan claimed, provide the amount of cure interest capitalized and the unpaid cure interest not capitalized that accrued during period(s) the account was out of quarantee (in cure status).
- IV. ENDORSER/COMAKER/PLUS STUDENT (E/C/S) INFORMATION: Complete this section if any claimed loan either has an endorser or comaker or is a PLUS loan.
 - 25. Loan ID: Repeat the applicable Loan ID from field 18.
 - 26. E/C/S Code, ID #: Provide "E" if the individual listed is an endorser; "C" if the individual listed is a comaker; "S" if the individual listed is a PLUS student. Assign each endorser and comaker a numeric identifier beginning with "1" then "2" etc. An individual who is an endorser, a comaker, or both will have a single numeric identifier regardless of the number of loans that individual has endorsed/comade.
 - 27. E/C/S Name: For each loan listed, provide the last name, first name, and middle initial of any endorser, comaker, or PLUS student. If an endorser or comaker exists on a PLUS loan, list both the endorser or comaker and the PLUS student information.
- 28. Social Security #: Provide the social security number for each endorser, comaker, or PLUS student, as applicable.

 29-30. Address and Valid?: Provide the last known complete address (apartment number, box number, street address, city, state, and zip code plus four) for each endorser, comaker, or PLUS student. Indicate the validity of the address by entering a "Y" or an "N" in the appropriate field. Use "Y" unless the information is known to be invalid.

 31-32. Home # and Valid?: Provide the home phone number (including area code) for each endorser, comaker, or PLUS student, indicate the validity of the number by entering a "Y"
- or an "N" in field 32. If no number is available, enter "NA" in the number field. If it has been verified that there is no phone, enter "Y" in the validity field. If it has not been verified that there is no phone, enter "N" in the validity field.
- V. CONVERSION TO REPAYMENT INFORMATION: Complete this section only for accounts that entered repayment. This section is not applicable for CS, FC, or IN claims. For items in this section, provide dates of the "original" conversion to repayment based upon the first verified correct OSD.
 - OSD (Out-of-School Date): Statlord Loans: Provide the most recently verified date the borrower ended enrollment on at least a half-time basis that caused the loan in Section III that first reached maturity, to enter repayment. PLUS/Graduate PLUS/SLS Loans Immediately Deferred: Provide the date the borrower/student ceased eligibility for the initial in-school determent. Consolidation Loans and PLUS/Graduate PLUS/SLS Loans Not Immediately Deferred: Provide the date of the last disbursement. Consolidation Loans with Add-On Loans: Determine if the due date of the first monthly installment was changed due to an add-on. If so, provide the disbursement date of the add-on loan. If not, provide the last disbursement date of the beginning loan balance.

- 34. Notification Dt: Provide the date you were notified of the date in field 33. If the account was converted to repayment based upon the anticipated graduation date, provide zeroes in this field. For PLUS/Graduate PLUS/SLS loans entering immediate repayment, provide the date of the last disbursement. For an SLS loan converted to repayment based on an alignment forbearance with a corresponding Stafford loan, provide the last day of the alignment forbearance. For Consolidation loans, provide the date of the last disbursement or the date of the add-on disbursement if that is what was used in field 33. For repurchased loans (including rehabilitated loans), provide the date used to convert the loan back to a repayment status.
- 35. Repayment Change?: It like OSD provided in field 33 was received after the loan entered repayment, and the resulting 1st payment due date is prior to the notification date, provide a "Y" (yes). If there was no change to the OSD after the loan entered repayment or the receipt of the OSD provided in field 33 resulted in establishing a new 1st payment due date that is later than the notification date, provide an "N" (no). For repurchased loans (including rehabilitated loans), provide an "N" (no).
- 1st Pmt Due Dt: Provide the due date of the first monthly installment established following the OSD provided in field 33. If this claim includes loans that entered repayment at different times, provide the due date of the first monthly installment for the first loan entering repayment. For repurchased loans (including rehabilitated loans), provide the due date established following the notification date provided in field 34.
- VI. REPAYMENT INFORMATION: Complete this section only for accounts that entered repayment. Data in fields 38 through 43 must only reflect events occurring on or after the date provided in field 36. (Fields 38 through 43 are not applicable for CS, FC, or IN claims.)
 - 37a. \$ Total Borrower Pmts: Provide the total amount of payments made by or on behalf of the borrower (for CS or FC claims, provide principal, interest, and any collection costs paid by the borrower that may be subject to refund, not including payments made by third parties).
- 37b. \$ DI Refund: For DI claims only, provide the total amount of payments made by or on behalf of the borrower that were received by the lender/servicer after the date the borrower became unable to work and earn money.
- 38. # Mnths Pmts: Provide the number of months the due date was advanced by payments made by or on behalf of the borrower. Use the loan with the highest number of months advanced by payments. Do not include payments that did not advance the due date of the borrower's account.
- 39. # Mnths Del/Forb: Provide separately (with "/" between) the number of regular monthly installments deterred and torborne. Provide the higher or highest number when multiple loans are included in the claim and their use of determent and/or forbearance differs. When there are overlapping periods of determent/lorbearance on multiple loans, count those months only once. Do not include forbearance periods covering uninsured months.
- # Mnths Violation: Determine the number of days the account was out of guarantee (i.e., in cure status and uninsured). Divide the total number of days by 30 and round up. Provide the total number of violation months. Include forbearance periods covering uninsured months.
- 41. # Events: Provide the total number of non-continuous individual periods of determent and forbearance granted on this account. (A determent or forbearance
- immediately followed by another determent or forbearance must be considered one event.) Include all uninsured months, whether a forbearance period was granted or not. 42. # Reconv Mnths: For Stafford and SLS loans, multiply the number of events listed in field 41 times 3.0 months (90 days); use 2.0 months (60 days) for PLUS, Graduate PLUS, and Consolidation loans.
- 43. Pmt Due Dt: Provide the due date of the first unmet installment of the borrower's delinquency. In the case of DB, DF, DO, or DU claims, this date would be the same as the Date Condition Occurred (DCO). With BC, BH, DE, or DI claims, enter "NA" in this field unless the account was delinquent prior to the DCO, in which case this date must be prior to the DCO.

VII. REQUESTED CLAIM AMOUNT:

- 44. Total Amount Disb/Repurchased: Provide the total original principal value of loans disbursed to the borrower. (For CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan, provide the amount paid by the consolidation lender to the prior holder on the applicable underlying loan(s).) For repurchased loans (including rehabilitated loans), provide the amount restored to servicing excluding uninsured interest, if identified by the guarantor.

 45. Capitalized Int: Provide (and add) the total amount of interest capitalized (added to the total principal amount) and disclosed to the borrower. (Not applicable for CS or FC
- claims that include Statlord, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan.) For repurchased loans (including rehabilitated loans), all interest capitalized after resumption of servicing of the rehabilitation or repurchase should be included in this field, including uninsured interest excluded per instructions for field 44.
- 46. Prin Repaid: Provide (and subtract) the total principal (only) repaid on the borrower's account before and after entering repayment, including any cancellations after disbursement, post-withdrawal return of funds, third party payments, and prepayments to principal. (Not applicable for CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan.) For repurchased loans (including rehabilitated loans), include only those payments applied to principal following the repurchase or rehabilitation.
- 47. Prin Used For Int Claimed: Provide the total principal value of the borrower's debt, including insured and uninsured capitalized interest, interest claimed should be calculated
- based upon this principal amount.

 48. Cure Int Capitalized: Provide (and subtract) any capitalized interest amount that is not eligible for claim payment because it accrued during a violation period when the account was out of guarantee. Do not include this amount in field 49 or field 51. (Not applicable for CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan.)
- 49. Prin Claimed: Based upon the calculations above, provide the total principal value of the claim.
- 50. Int-Paid-Through Dt: Provide the date through which interest was last paid. (For CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan, this date will be the date of the consolidation, unless a subsidized determent applied to the Consolidation loan requires adjustment to a later date.)
- 51. Int Claimed As Of: Provide the date through which interest claimed was accrued and the amount of outstanding accrued insured interest claimed. Do not include any uninsured interest (unpaid cure interest not capitalized) in this field. (For CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan, provide the amount of interest accrued from the date of consolidation through the date interest was claimed on the amount of the applicable
- underlying loan(s).)
 52. Unpaid Cure Int Not Capitalized: Provide the amount of unpaid interest that accrued during period(s) the account was out of guarantee that was not capitalized. (Not applicable lor CS or FC claims that include Statlord, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan.)
- 53. Other Charges Claimed: Provide the amount of any other insured costs incurred by the lender on this account (e.g., guarantor collection cost repurchased or collection costs incurred on CS or FC claims). Do not include late charges.
- VIII. LENDER/SERVICER INFORMATION AND CERTIFICATION: With this claim submission, the lender certifies full compliance as indicated in this section of the Claim Form.
 - 54. Lender ID: Provide the six-digit Department of Education lender code and, as applicable, the four-digit non-Department of Education suffix of the lender or the current holder.

 55. Servicer ID: If the account is being serviced, provide the six-digit Department of Education servicer code.

 - 56. Lender/Servicer Name: If the account is being serviced, provide the servicer's name; if there is no servicer, provide the lender's name.
 - 57. Lender/Servicer Address: If the account is being serviced, provide the servicer's address; if there is no servicer, provide the lender's address.
 - 58. Prepared By: Provide an identifier of the person or unit responsible for answering questions about information provided on this form. 59. Preparer's #: Provide the phone number (including area code) where the preparer may be reached.
- IX. COLLECTION HISTORY (THE 270-DAY PERIOD PRIOR TO DEFAULT DATE):

- 60. Borrower's Social Security #: Provide the borrower's social security number.
 61. Collection History: Provide the month, day, and year (MM/DD/CCYY) of each collection activity. Provide the appropriate Collection Activity Code and/or Skiptracing Activity
 Code from below. Endorser and/or comaker collection activity, if applicable, must include the numeric identifier assigned to the endorser/comaker in Section IV (e.g., LC2 = letter
 contact to the endorser or comaker designated "2"). List the collection activity for the comaker who also is an endorser in the Borrower/Comaker section. Note: Even if the address and/or phone number of the borrower or andorser were invalid before the account became delinquent (prior to DCO), provide the date you were notified of the invalid address/phone and any skiptracing performed prior to the delinquency, in order to demonstrate that skip requirements were satisfied. Also, do not complete this section for CS or FC claims. Do not complete this section for DE, DI, BC or BH claims, unless the borrower's loans were delinquent prior to the DCO. However, for all DE claims, the "DD" collection activity code and corresponding date must be provided. For IN claims, final demand information must be provided; for DU claims, Intensive Collection Activities (ICA) must be provided. NOTE: Provide all activities after day 270 pertinent to the collection of the account.
 - Date borrower located (for ICA/Location cures only)
 - The date on which the payment was reversed due to nonsufficient funds for one monthly installment (when reporting nonsufficient funds that includes multiple installments, provide a CR code for each installment)
 - DB Deferment period/post deferment grace period, begin date
 - nn Date of death
 - Determent period/post determent grace period, end date DE
 - Date disclosure sent (for ICA/Location cures only) DS
 - Forbearance period begin date FΒ
 - Final demand letter
 - Forbearance period end date
 - Lender became aware of invalid address for borrower
 - Lender became aware of borrower's incarceration, or lender became aware of borrower's residence outside a State, Mexico, or Canada, or borrower has
 - Lender became aware of invalid phone number for borrower Letter contact with borrower
 - IC.
 - Lender approved a determent or forbearance with ending date prior to lender's receipt of documentation or adjusted OSD that changes the delinquency

- Lender requested delault aversion assistance
- The date on which one monthly installment was satisfied by payment or prepayment (when reporting a payment that includes multiple installments, provide a PR code for each installment)
- Attempted phone contact with borrower
- TC Phone contact or contact in person with borrower
- Account converted from one servicing system to another
- VA VT Lender became aware of valid address for borrower
- Lender became aware of valid phone number for borrower

Skiptracing Activity Codes (to obtain address/phone number)

- Contact attempted with reference or endorser by phone or a reference skiptracing activity
- Contact with Directory Assistance for borrower, endorser, or comaker
- Other skiptracing activity including contact or contact attempt to a relative, individual, borrower, or other entity by phone or letter
- Contact with reference or endorser by phone or letter
- Contact with borrower's school by phone or letter