

## **LOAN PURCHASE PROGRAMS ELECTRONIC ANNOUNCEMENT #23**

Date: August 22, 2008

To: FFEL Program Community

From: Larry Warder, Acting Chief Operating Officer  
Federal Student Aid

Subject: Document Submission Process for the Loan Purchase Commitment Program

In an Electronic Announcement posted on July 25, 2008, we attached copies of the Master Participation Agreement and the Master Loan Sales Agreement (the Agreements). The Agreements, as appropriate, must be executed by a FFEL lender who wishes to participate in one or both of the Loan Purchase Programs that were announced in a *Federal Register* Notice published on July 1, 2008 [73 FR, No. 127, page 37422]. In addition to providing the details of each of the Loan Purchase Programs, each Agreement describes the documents that a FFEL lender or holder must submit if it wishes to participate in the programs. The Agreements also include, as exhibits, forms for the contractual documents that must be executed and submitted.

The attachment to this memorandum gives instructions on execution and submission of the Master Loan Sale Agreement under the Loan Purchase Commitment Program and the other documents used to sell loans to the Department.

We have scheduled a Webinar for today, August 22, 2008, at 2:00 PM Eastern Time, where we will review the provisions of the Master Loan Sale Agreement and the document submission procedures for the Loan Purchase Commitment Program

Thank you for your continued support of these FFEL Loan Purchase Programs.

Attachment

**United States Department of Education  
Federal Family Education Loan Program  
Loan Purchase Program Under a Master Loan Sale Agreement**

**INITIAL DOCUMENT SUBMISSION INSTRUCTIONS  
AUGUST 22, 2008**

This document provides information and guidance to FFEL Program lenders (including current FFEL loan holders) that wish to execute a Master Loan Sale Agreement with the U.S. Department of Education (the Department) for the purpose of selling to the Department eligible FFEL loans made for the 2008-2009 academic year.

The procedures included below explain how a lender creates and executes the initial documents needed to enter into a Master Loan Sale Agreement with the Department as well as how to submit the required 45-Day Notice of Intent to sell loans. In subsequent announcements, we will provide information on how other documents and data sets will be submitted and acknowledged.

**PRELIMINARY SUBMISSION**

**Notice of Intent to Participate (Exhibit F of the Master Loan Sale Agreement):**

As noted in earlier Electronic Announcements on the Loan Purchase Programs, the first step that a FFEL Program lender or loan holder must take if it wants to reserve its option to participate in either of the Loan Purchase Programs is to submit to the Department a “Notice of Intent to Participate”. The format and wording for this Notice is provided as Exhibit F to the Master Loan Sale Agreement (and as Exhibit H to the Master Participation Agreement). As also noted in earlier Electronic Announcements, while the submission of a Notice of Intent to Participate does not bind the lender to sell loans (or participation interests) to the Department, it does reserve those choices for both the originating lender and for any subsequent holder. Therefore, the submission of a Notice of Intent to Participate by an originating lender is critical even if that lender will not be participating in the programs. This is because the eligibility of a loan to be included in the programs by a subsequent holder is determined by the date the originating lender filed its Notice of Intent to Participate.

The Notice of Intent to Participate must be submitted to the Department by any FFEL Program lender or holder, including an entity participating in the FFEL Program as a beneficial holder under an Eligible Lender Trustee agreement, following the instructions provided on Exhibit F of the Master Loan Sale Agreement. The form should be submitted as a PDF attachment to an email sent to the Department at [ffel.agreementprocess@ed.gov](mailto:ffel.agreementprocess@ed.gov).

As a reminder, a Notice of Intent to Participate submitted by an originating lender that was received by the Department on or before July 31, 2008 qualifies loans that were disbursed by that lender on or after May 1, 2008 to be sold to the Department. A Notice of Intent to Participate that was or is received after July 31, 2008 qualifies only those loans that were first disbursed on or after the date of receipt of the Notice by the Department.

Upon receipt and review of the Notice of Intent to Participate, the Department will send a return e-mail message to the contact person indicated on the form. This message will note the date the Notice was received by the Department. That date will establish the timeline for determining the eligibility of an otherwise eligible loan to be included in the Loan Purchase Programs.

Of course, entities that have already submitted Notices of Intent to Participate need not re-submit. For questions concerning the submission and receipt of the e-mail please call (202) 377-4401.

### **EXECUTING THE MASTER LOAN SALE AGREEMENT**

The documents discussed below (Cover Letter, Adoption Agreement, Seller's Officer's Certificate and the Opinion of Counsel of the Seller), along with additional information required as part of the Seller's Officer's Certificate, must be submitted with original "pen and ink" signatures. The documents must be submitted together in one packet to the Department at the address(es) provided below.

Upon receipt and review of the information submitted in the packet, the Department will send an e-mail message to the contact e-mail address provided in the cover letter, indicating the date the packet was received by the Department. The message will also provide information regarding the actions the Seller must take while the Department reviews the submission.

**Note that neither submission of a Notice of Intent to Participate nor submission of the documents described below constitutes execution of the Master Loan Sale Agreement. Formal notification of execution from the Department will be provided upon the Department's review of submitted documents.**

#### **Cover Letter**

To ensure that the materials submitted to the Department for execution of a Master Loan Sale Agreement are properly tracked, the Seller should include in its submission a cover letter, printed on the Seller's letterhead, which includes the following information:

- The name, Lender ID (LID), and address of the lender/holder that wishes to sell loans to the Department as the “Seller” (see the preamble to the Master Loan Sales Agreement for a definition of “Seller”). Note that a Seller can be the beneficial holder participating in the FFEL Program under an Eligible Lender Trustee (ELT) agreement.
- The name, Lender ID (LID), and address of the Eligible Lender Trustee for a beneficial holder, if appropriate.
- The Seller’s contact person with name, address, phone number, e-mail address, and fax number.

### **Adoption Agreement**

A lender that wishes to sell loans to the Department under the Loan Purchase Commitment Program must review the Master Loan Sale Agreement (MLSA), agree to its terms, and execute the MLSA by completing and submitting to the Department an “Adoption Agreement” (see Exhibit A to the MLSA). An original copy of the Adoption Agreement must be completed, dated, and signed, and submitted to the Department. The Adoption Agreement must include an original “pen and ink” signature of an authorized official of:

- The lender/holder, who, upon execution of the Agreement, will be the Seller offering to sell Eligible Loans to the Department; and
- The Eligible Lender Trustee if the Seller participates in the FFEL Program as a beneficial holder under an Eligible Lender Trustee (ELT) agreement.

Upon approval of the submission packet, the Department will return a copy of the Adoption Agreement, with a signature of an authorized Departmental official, to the Seller at the address provided above. This will indicate that the Master Loan Sale Agreement has been executed between the Department and the Seller (and the Eligible Lender Trustee, if applicable).

### **Seller’s Officer’s Certificate (Exhibit C of the Master Loan Sale Agreement)**

The Officer’s Certificate provides specific legal assurances. The signature blocks include a place not only for the Officer, but also for the Secretary of the Seller’s organization. Of course, each of the blank spaces provided on the Seller’s Officer’s Certificate must be completed.

As noted on the Seller’s Officer’s Certificate, the following attachments must be included in the submission packet:

- Attachment I: A true and correct copy of either the Seller’s Certificate of Incorporation and its by-laws, its certificate of limited partnership and limited partnership agreement, or its certificate of formation and limited liability company operating agreement, indicating that all are in full force and effect;
- Attachment II: A true and correct copy of the resolutions duly adopted by the Board of Directors of the Seller, with respect to the authorization and approval of the sale of loans and indicating that said resolutions have not been amended, modified, annulled or revoked and are in full force and effect;

- Attachment III: a Certificate of Good Standing of the Seller.

**Opinion of Counsel to the Seller (Exhibit D of the Master Loan Sale Agreement)**

The Seller must provide an Opinion of Counsel that the Seller is duly incorporated, has authority to perform its duties under the Agreement, has duly executed the Agreement and authorized the sale of loans pursuant to the Agreement, and that the Agreement constitutes a legally binding obligation of the Seller to perform those duties.

**Submission of Documents**

The documents discussed above, along with additional required information, must be submitted together in one packet to the Department at the address(es) provided below. Note that for government security reasons, there is normally a delay in the delivery of mail sent via the U.S. Postal Service to the Department. Therefore, if at all possible, the packet should be sent by courier or express mail to:

United States Department of Education  
830 First Street, N.E.  
Room 111G3  
Washington, DC 20002  
Attention: FFEL Agreement Process Team

If the Seller uses the U.S. Postal Service, the packet should be addressed to:

United States Department of Education  
400 Maryland Avenue, SW  
UCP, Room 111G3  
Washington, DC 20202-5402  
Attention: FFEL Agreement Process Team

Upon receipt and review of the information submitted in the packet, the Department will send an e-mail message to the Seller's contact e-mail address, as provided on the cover letter submitted by the Seller, indicating the date the packet was received by the Department. The email message will also provide information regarding the actions the Seller must take while the Department reviews the submission.

**SALE OF LOANS TO DEPARTMENT OF EDUCATION**

**45-Day Notice of Intent to Sell Loans**

Per the MLSA, the Seller shall notify the Department of the Seller's intent to sell loans to the Department at least forty-five (45) calendar days prior to the requested Purchase Date. The "[45-Day Notice and Projected Loan Schedule Summary](#)" should be completed and submitted as a PDF attachment to an e-mail sent to the following e-mail address: [ED.servicer@ed.gov](mailto:ED.servicer@ed.gov), with a subject line of "45-Day Notice."

When completing the 45-Day Notice, the Seller will need to provide Lender ID's (LID's) of all lenders who originated any loans that are offered for sale to the Department. As noted above, the official acceptance date of the originating Lender's Notice of Intent to Participate determines the first disbursement date allowable for the loans to be sold.

The Seller will receive an e-mail acknowledgement from the Department's servicer with a request for the Seller to provide its current servicer contact information in order to begin the loan transfer (loan conversion) process.

The Seller (or the Seller's servicer) will coordinate with the Department's servicer to perform intersystem testing of the conversion transfer file. This process will apply to the Seller's initial sale only. For all sales, the Department will establish a date, which will be prior to the Purchase Date, when the Seller submits a conversion file to the Department's servicer. The Seller will work with the Department's servicer to handle any data file exceptions, including loan eligibility issues.

Just prior to the Purchase Date, a pre-sale conversion file with totals will be prepared by the Department's servicer and forwarded to the Seller. The Seller will review the file and confirm the pre-sale totals. The Seller will use these totals and related reports to complete the Bill of Sale and associated Final Loan Schedule Summary of Loans Sold.

**Bill of Sale (Exhibit B)**

Instructions for submitting the Bill of Sale and related purchase documents will be provided in a future Electronic Announcement.

**45-DAY NOTICE OF INTENT TO SELL LOANS  
AND PROJECTED LOAN SCHEDULE SUMMARY OF LOANS TO BE SOLD  
PURSUANT TO THE MASTER LOAN SALE AGREEMENT**

To: U.S. Department of Education [\_\_\_\_\_, 200\_\_]

From: [Selling Lender] [Selling Lender or Custodian ID (LID)]<sup>1</sup>

The Seller submits this “45-Day Notice of Intent to Sell Loans and Projected Loan Schedule Summary of Loans to be Sold” (45-Day Notice) to the U.S. Department of Education (the Department) to notify the Department that the Seller has identified FFEL Program loans that are Eligible Loans, under the Master Loan Sale Agreement (MLSA), that the Seller intends to sell to the Department under the Loan Purchase Commitment Program on [Date of Sale] at a total purchase price of [\$\_\_\_\_\_.00]. The Seller provides with this 45-Day Notice data describing the characteristics of the loans scheduled to be sold.

By submitting this 45-Day Notice the Seller certifies that:

1. The Seller has submitted, and the Department of Education has acknowledged, receipt of the Sellers “Notice of Intent to Participate;”
2. The Seller has executed, or will execute, a Master Loan Sale Agreement (MLSA) with the Department and will comply with all provisions of that Agreement and other procedural and process directions provided by the Department;
3. The Seller will sell to the Department only those fully disbursed loans that the Seller identified in its preparation of this 45-Day Notice that are Eligible Loans, as defined in section (3)(I) of the MLSA, as of the date of the proposed sale to the Department;
4. With the Bill of Sale as defined in section (3)(B) of the MLSA and related Schedule of Loans submitted pursuant to this 45-Day Notice, and with respect to the identified loans noted above, the Seller –
  - a. Will include the Eligible Loans described in paragraph 3, and no other loans;
  - b. Will sell all Eligible Loans described in paragraph 3 except any that have been fully cancelled or otherwise paid in full, or any that are not Eligible Loans by the date the Seller submits the Bill of Sale; and
  - c. Will adjust the selling price and loan level detail to account for removed loans and for changes to the outstanding principal balance and/or the accrued borrower interest on identified loans since the filing of this 45-Day Notice;
5. The Seller understands that submission of this 45-Day Notice to the Department as a PDF attachment to an e-mail sent by the Seller, or its agent, to the e-mail address indicated below meets the requirements of section (4)(A) of the MLSA; and
6. The Seller understands that upon receipt and review of this 45-Day Notice, the Department will send an e-mail to the Seller’s contact e-mail address, as provided below, in which the Department will acknowledge the date on which the Department received this 45-Day Notice, the date on which the Department proposes as the projected date of sale, and the total projected purchase price to be paid by the Department.

Both pages of this completed, signed and dated “45-Day Notice of Intent to Sell Loans and Projected Loan Schedule Summary of Loans to be Sold” should be sent as a PDF attachment to an e-mail message addressed to [ED.servicer@ed.gov](mailto:ED.servicer@ed.gov). The e-mail message subject line should read “45 Day Notice.”

Selling Lender/Holder Authority: \_\_\_\_\_

Signature of Authorized Official: \_\_\_\_\_

Typed Name of Authorized Official: \_\_\_\_\_

Title of Authorized Official: \_\_\_\_\_

Phone Number and E-mail Address of Authorized Official: \_\_\_\_\_

<sup>1</sup> If these loans are currently held in a Participation Agreement with the Department, use Custodian’s ID number.

Selling Lender [\_\_\_\_\_]

Selling Lender or Custodian ID<sup>2</sup> [\_\_\_\_\_]

**Requested Purchase Date: [MM/DD/CCYY]**

(May not be less than 45 calendar days from date this notice is submitted to the U.S Department of Education)

**PROJECTED LOAN SCHEDULE SUMMARY OF LOANS TO BE SOLD**

<b>Loan Type</b>	<b>Estimated Number of Loans at Purchase Date</b>	<b>Original Amount Disbursed</b>	<b>Estimated Outstanding Principal Balance at Purchase Date</b>	<b>Estimated Borrower's Accrued/Unpaid Interest at Purchase Date</b>
FFEL Stafford Subsidized	[_____]	[\$_____]	[\$_____]	[\$_____]
FFEL Stafford Unsubsidized	[_____]	[\$_____]	[\$_____]	[\$_____]
FFEL PLUS (Parent and Graduate/Professional)	[_____]	[\$_____]	[\$_____]	[\$_____]
<b>TOTALS:</b>	[_____]	[\$_____]	[\$_____]	[\$_____]

**PURCHASE PRICE CALCULATION**

Total Outstanding Principal Balance at Purchase Date		[\$_____]
Total Borrower's Accrued/Unpaid Interest at Purchase Date		[\$_____]
Reimbursement of One-Percent Lender Fee		
Total Original Amount Disbursed	[\$_____] X .01 =	[\$_____]
\$75.00 Purchase Fee per Loan		
Total Estimated Number of Loans	[_____] X \$75.00 =	[\$_____]

**TOTAL PROJECTED PURCHASE PRICE** [\_\_\_\_\_]

**Seller to list all Originating Lender IDs (LIDs) and Department's Receipt Date of Notice of Intent (NOI) to Participate:**

LID [_____] NOI DATE [MM/DD/CCYY]	LID [_____] NOI DATE [MM/DD/CCYY]
LID [_____] NOI DATE [MM/DD/CCYY]	LID [_____] NOI DATE [MM/DD/CCYY]
LID [_____] NOI DATE [MM/DD/CCYY]	LID [_____] NOI DATE [MM/DD/CCYY]

<sup>2</sup> If these loans are currently held in a Participation Agreement with the Department, use Custodian's ID number.



## Paperwork Burden Statement

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. The valid OMB control number for this information collection is 1845-0087. The time required to complete this information collection is estimated to average 2 hours per response, including the time to review instructions, search existing data resources, 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 to:** U.S. Department of Education, Washington, D.C. 20202-4537. **If you have comments or concerns regarding the status of your individual submission of this form, write directly to:** Policy Liaison and Implementation, Federal Student Aid, U.S. Department of Education, 400 Maryland Avenue, S.W., UCP3, 11<sup>th</sup> floor, Washington D.C. 20202-4537.