LOAN PURCHASE PROGRAMS ELECTRONIC ANNOUNCEMENT #29

Date: September 25, 2008

To: FFEL Program Community

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

Subject: Loan Participation Monthly Reporting and Payment Remittance Procedures

In Electronic Announcement 16, updated on September 25, 2008, we attached the format and the instructions for the Loan Schedule and Custodial Certification. In Electronic Announcement 17, updated on September 25, 2008, we attached the format for the Monthly Aggregate Settlement Schedule. This Electronic Announcement provides information on the monthly reporting procedures for the Loan Participation Program.

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

Attachment

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United States Department of Education
Federal Family Education Loan Program

Loan Purchase Program Pursuant to a
Master Participation Agreement

LOAN PURCHASE COMMITMENT PROGRAM
INSTRUCTIONS FOR MONTHLY REPORTING AND
PAYMENT REMITTANCE PROCEDURES

SEPTEMBER 25, 2008

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This document provides information and guidance to Custodians for FFEL lenders ("Sponsors") who have submitted or will be submitting Master Participation Agreements and supporting documents to the U.S. Department of Education (the "Department") for the purpose of entering into in the Loan Participation Purchase Program in which the Sponsor will offer to the Department participation interests in certain FFEL loans made for the 2008-2009 academic year.

The procedures included below relate to the submission of monthly reporting documents by an authorized Custodian or its designated Servicer to the Department of Education.

MONTH-END LOAN SCHEDULE AND CUSTODIAL CERTIFICATION

The Loan Schedule and Custodial Certification is used for two reporting purposes: 1) as a part of the Participation Purchase Funding Requests (the "Weekly Loan Schedule"), and 2) to report the entire pool of loans supporting the outstanding Class A Participation Certificate held by the Department as of month end (the "Month-End Loan Schedule").

The report date of the Month-End Loan Schedule is the last calendar day of the month, and the report is due to the Department seven business days after the end of the month. Should the due date fall on a day that is a Federal holiday, a Saturday or Sunday, or day on which banking institutions or trust companies are authorized or obligated to remain closed, then the due date is the next business day. The revised file format and the instructions for preparing the Month-End Loan Schedule may be found in Electronic Announcement 16.

The revised file format for the Loan Schedule and Custodial Certification should be used for all submissions, either for the Weekly Loan Schedule or the Month-End Loan Schedule beginning October 6, 2008. Servicers may submit a test file of the revised file format beginning September 29, 2008.

Federal Student Aid has established a new message class on the Student Aid Internet Gateway (SAIG) for the Month-End Loan Schedule: (MOPARTIN). Custodians and Servicers should use this message class when reporting to FSA. This file should be sent to mailbox TG79363.

Data File Transmission of the Loan Schedule and Custodial Certification
- **Electronic Data File Name:** When naming the data file, the Custodian must use the following file naming convention:

> LSR########DDMMYYYY999
>> LSR = Loan Schedule Report
>> ######## = LID/RID for the Sponsor (8 digits)
>> DDMMYYYY = Day, month, year the file was created
>> 999 = Batch number
>>> Example: LSR8765430007292008001
>>> Batch number 001 for Sponsor 00876543 on 7/29/2008

> The batch in the file name should match the unique identifier in the subject line.

> The file name is for transmission/identification purposes only and should not appear as a value in the data file.

If a Sponsor has multiple Servicers, there may be multiple Month-End Loan Schedules, one for each Servicer.

MONTH-END AGGREGATE SETTLEMENT DATE REPORT

The Monthly Aggregate Settlement Date Report is due monthly. The report date is as of the last calendar day of the month, and the report is due to the Department seven business days after the end of the month. Should the due date fall on a day that is a Federal holiday, a Saturday or Sunday, or day on which banking institutions or trust companies are authorized or obligated to remain closed, then the due date is the next business day.

The report should be prepared as an Excel file, in Excel 97 - 2000. The Excel file format and instructions for preparing the Aggregate Settlement Date Report can be found in Electronic Announcement 17.

To submit the Monthly Aggregate Settlement Date Report to the Department, attach the Excel file to an email and send to the following FSA web email address: fsa_lr@ed.gov. Please include your contact information in the body of the email in the event we have questions.

> In the "Subject" line of the email, please write the following: Settlement Date Report-<Custodian Name>-<Custodian ID>-<Settlement Date>.

> The Excel file should be titled: Settlement Date Report-<Custodian Name>-<Custodian ID>-<Settlement Date>

> - Custodian Name: The legal name of the Custodian.
> - Custodian ID: The Custodian LID/RID as assigned by the Department
> - Date Format: MMDDYY   Example: 093008 (September 30, 2008)

Comparison between the Monthly Aggregate Settlement Date Report and the Month-End Loan Schedule(s)

Collections on the student loans are reported on the Month-End Loan Schedule(s) and are a subset of the Cash Available for Distribution (line 22 of the Monthly Aggregate Settlement Date Report) to pay the Participation Yield and outstanding Participation Interests. Other components of Cash Available for Distribution would include 799 Payments and Investment Income.

Listed below are line items in Section IV (Collection Activity) of the Monthly Aggregate Settlement Date Report and a listing of the corresponding fields in the Month-End Loan Schedule(s). When the Monthly Aggregate Settlement Date Report and the Month-End Loan Schedule are prepared, please make sure that amounts for the applicable line items are in agreement. If there are multiple Month-End Loan Schedules due to multiple Servicers, the Month-End Loan Schedules must aggregate to the Monthly Aggregate Settlement Report.

Line Number per Monthly Aggregate Settlement Report	Line Name per Monthly Aggregate Settlement Report	Field in Month-End Loan Schedule
Line 13	799 Payments	Does not tie to the Loan Schedule
Line 14	Reimbursement By Schools	ReductionAmountSchool (Field 32)
Line 15	Reimbursement By Guarantors	GuarantyAgencyClaims (Field 34)
Line 16	Loan Proceeds / Redemptions	LoanProceeds (Field 37)
Line 17	Loans Put to the Department	LoanPutToDepartment (Field 38)
Line 18	Borrower Principal Payments	BorrowerPrincipalCollection (Field 39)
Line 19	Borrower Interest Payments	BorrowerInterestCollection (Field 40)
Line 20	Other Cash / Fees Collected	OtherCash (Field 41)
Line 21	Investment Income	Does not tie to the Loan Schedule

PAY.GOV PROCEDURES

Per the Master Participation Agreement, Servicers must deposit collections within two business days after receipt into the Collection Account. For example, collections received on September 30, 2008 by the Servicer must be deposited into the Collection Account by October 2, 2008. Custodians are required to remit amounts equal to the Cash Available for Distribution (Line 28 of the Monthly Aggregate Settlement Date Report) no later than seven business days after month end.

Custodians must remit the cash via Pay.gov ACH Funds Remittance. For the User Guide for Pay.gov click here:

http://www.fp.ed.gov/fp/attachments/activities_whatsnew/PaygovFundsRemittance092008.doc

A confirmation number will be provided to you on the Pay.Gov website immediately upon remitting payment. The collection activity on each Monthly Aggregate Settlement Report must tie to one and only one Pay.Gov Confirmation Number. For example, if the distribution for the September 30, 2008 report was remitted on October 6, 2008, please include in the September 30, 2008, report the Pay.Gov Confirmation number received on October 6, 2008.

Financial Management System
FFEL Lender Reporting System

Pay.gov Funds Remittance Guide

September 22, 2008

Version – 3.2

Contents

Introduction

The purpose of this document is to provide an overview of the Pay.gov ACH Funds Remittance process for Lenders participating in the Federal Family Education Loan Program (FFEL). This process facilitates the collection of the following fees:

➢ Quarterly FFEL Lenders' Interest & Special Allowance (LaRS) Fee
➢ Monthly FFEL Consolidation Loan Rebate Fee (CLRF)
➢ Participation Interest Payments (FRPI)

ACH Funds Remittance

Process Overview

Pre-Requisites
All users must be active in the ED FSA Financial Management System (FMS) and have the "FSA LARS Lender/Servicer Payment Submission" responsibility. Security access forms are available at:
http://www.fp.ed.gov/fp/attachments/fms_data_nslds/FSAFMSSYSSECURITY2006.doc. Users with additional questions should contact the FMS Help Desk at 1-800-433-7327, option 3.

Forms Overview
FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Form Overview

FSA will send email messages to Lenders when a payment is due to the Department of Education as a result of LaRS processing, identifying the amount due, and taking into account AR/AP netting. Lender representatives will log into FMS and select the FSA LARS Lender/Servicer Payment Submission responsibility to access the FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Form.

Login Process
Open an Internet session, and navigate to the "FSA-FMS Oracle Application Links" page:

https://fsa-fms.ed.gov:8000/PROD_j.htm

Click "**I Agree**"

Login form will open:

Enter your **User Name** and **Password,** Click "**Login**"

The **Navigator** page will open allowing the user to select *FSA LARS Lender/Servicer Payment Submission*:

Select "**FSA LARS Lender/Servicer Payment Submission**"

Select "**Lender Origination (LaRS) Remittance Fee Form – Submit", click "Open".**

FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Procedures Cont'd

Enter the following fields into the form.

Field Definition

1. **Lender Name:** This field is pre-populated based on user login credentials. If you have multiple Lender Identification Numbers (LIDs) you may select your six-digit LID using the drop-down box.
2. **Payment Status:** This system-populated field tracks the status of each LaRS payment. Values include Submitted, Accepted, Returned, or Retired.
3. **Confirmation Number:** FMS assigns a Confirmation Number to each payment upon submission.
4. **Transaction Date:** This field is populated with the System Date for each new payment.
5. **Settlement Date:** This field will be populated once a payment clears Cashlink and settlement information is provided to FMS by Pay.gov
6. **Payer Name:** Mandatory free entry field.
7. **Payment Amount:** FMS populates this field with the current amount of Interest and Special Allowance funds owed. Users may change the field value so long as it does not exceed the amount owed.
8. **Account Type:** This field is defaulted to Business Checking.
9. **Routing Number:** Mandatory free entry field. Incorrect Routing Number will result in validation failure upon submission.
10. **Account Number:** Mandatory free entry field. Incorrect Account Number will result in return of settlement – Lender will be notified upon retirement of payment. Maximum field size = 24 characters.
11. **Check Number:** Optional free entry field
12. **Error Code and Message:** This field will display the specific failure type if a payment is rejected.
13. **Error Detail:** This field will provide additional error information for rejected payments.

Click "**Submit Payment**" button.

Payment Confirmation Summary window will be displayed:

Read and confirm the Payer Name, Payment Amount, Routing Number and Account Number fields are correct. To return to the remittance form and adjust payment details, click on the "**Cancel**" button. Otherwise, click on "**Confirm**".

The Payment Confirmation Summary window will close and Remittance form will reopen:

Note the following:
- Payment Status will change to "In Transit";
- Confirmation Number will be generated;
- Account Number will be partially masked, showing only the last 4 digits; and
- Submit button will be disabled .

FFEL Lenders' Interest & Special Allowance (LaRS) Query Procedures

Enter into Query mode through the following steps: *View=>Query by Example=> Enter or F11*
The Form will enter query mode:

Enter a Confirmation Number and press Ctrl=>F11:

Payment information and Payment Status will appear.

FFEL Consolidation Loan Rebate Fee (CLRF) Report and Remittance Form Overview

Applicability: This FFEL Consolidation Loan Rebate Fee Report and Remittance Form is used to report to the U.S. Department of Education (ED) the Federal Consolidation Loan Interest Payment Rebate Fee authorized by subsection 428C(f) of the Higher Education Act of 1965, as amended. Help on completing this Consolidation Loan Rebate Fee Report and on correcting or adjusting prior reports can be obtained from FSA by calling the Help Desk at 1-800-433-7327, Option #3. **NOTE:** A lender holding one or more Federal Consolidation Loans at the end of the month must submit a payment for the Consolidation Loan Rebate Fee within 30 days of the end of the month for which the Fee is calculated.

Fee Calculation: The Federal Consolidation Loan Interest Payment Rebate Fee is calculated and paid monthly to ED. It is equal on a monthly basis to 0.0875 percent of the unpaid balance of principal and the accrued unpaid interest on all Federal Consolidation Loans disbursed after October 1, 1993, and held by the lender on the last day of the month. (This is equal to an annualized rate of 1.05 percent.) For loans based on applications received during the period from October 1, 1998 through January 31, 1999, inclusive, the rebate is equal on a monthly basis to .05167 percent of the unpaid balance of principal and the accrued unpaid interest. (This is equal to an annualized rate of 0.62 percent.)
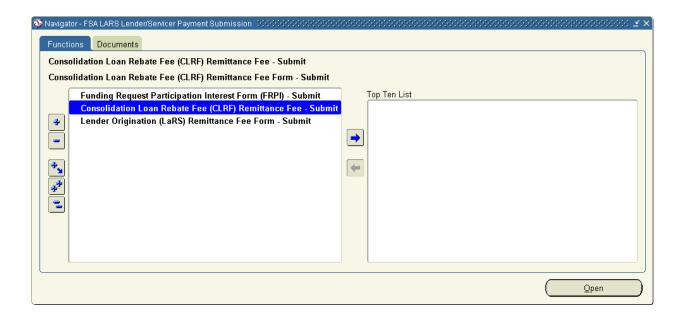
Use the item-by-item instructions in the following pages to complete the Consolidation Loan Rebate Fee Report form online.

From the **Navigator** page:

Select **Consolidation Loan Rebate Fee (CLRF) Remittance Fee - Submit**

Consolidation Loan Rebate Fee (CLRF) Remittance Fee – Submit

Consolidation Loan Rebate Fee (CLRF) Remittance Payment Procedures

Enter the following fields into the form:

Field Definition

1. **Lender Name**: This field is pre-populated based on user login credentials. If you have multiple Lender Identification Numbers (LIDs) you may select your six-digit LID using the drop-down box.
2. **Servicer ID**: This field is pre-populated based on user login credentials. If you have multiple Servicer Identification Numbers (SIDs) you may select your six-digit SID using the drop-down box.
3. **Payment Status**: This system-populated field tracks the status of each CLRF payment. Values include Submitted, Accepted, Returned, or Retired.
4. **Confirmation Number**: FMS assigns a Confirmation Number to each payment upon submission.
5. **Reporting Period**: Use the drop-down box to enter the date of the last day of the month of the reporting period for which this Consolidation Loan Rebate Fee Report is being submitted. For the purpose of the Consolidation Loan Rebate Fee Report, a month is always a calendar month, starting
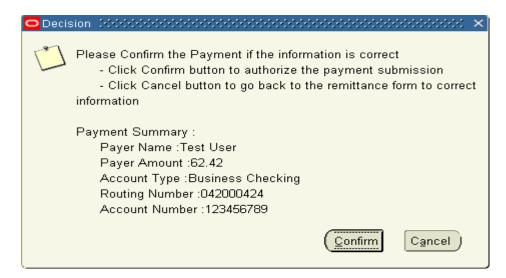
on the first of the month and ending on the last day (the 30th or 31st, except for February). A calendar month reporting cycle must be used for the Consolidation Loan Rebate Fee Report even if you use a different reporting cycle (e.g. from the 26th day of one month to the 25th day of the following month) for internal or other reporting purposes.

6. **Applicable rate for Consolidation Loans Subject to the 1.05% fee:** This value has been pre-filled.

7. **Number of Loans:** Enter the number of loans subject to the 1.05% fee used to calculate the Consolidation Loan Rebate Fee. To determine this number, review all Federal Consolidation Loans held by you at the end of the month and identify the loans that were disbursed on or after October 1, 1993, *except for loans based on applications received during the period from October 1, 1998 through January 31, 1999, inclusive which are subject to the 0.62% fee*. Include a loan even if you were not the originating lender but purchased it at a later date. Include all loans eligible for insurance, even if an insurance claim has been filed, but not paid, as of close of business on the last day of the month.

8. **End-of-Month Principal Balance:** Enter the Principal Balance used to determine the Consolidation Loan Rebate Fee. For all Federal Consolidation Loans meeting the requirements in item 7, Number of Loans, determine the unpaid principal balance at the end of the day on the last day of the month. Payments received from borrowers on the last day of the month should be credited prior to determining the unpaid principal balance. Add the unpaid principal balances for all loans to determine the End-of-Month Principal Balance. You may round this total to the nearest dollar if desired.

9. **End-of-Month Accrued Unpaid Interest Balance:** Enter the End-of-Month Accrued Unpaid Interest Balance used to determine the Consolidation Loan Rebate Fee. For each loan for which an End-of-Month Principal Balance (see item 8) was determined, determine its accrued unpaid interest balance at the end of the day on the last day of the month. Payments received from borrowers or ED on the last day of the month should be credited prior to determining the accrued unpaid interest balance. Add the accrued unpaid interest balances for all loans to determine the End-of-Month Accrued Unpaid Interest Balance. You may round this total to the nearest dollar if desired.

10. **(through 13):** Repeat the instructions for Items 7 through 9, as they apply to Consolidation loans based on applications received during the period from October 1, 1998 through January 31,1999, inclusive, which are subject to the 0.62% fee.)

14. **Total Consolidation Loan Rebate Fee:** The system will use the information entered above to determine the amount of the Fee for the month. The system adds the End-of-Month Principal Balance (see item 8) to the End-of-Month Accrued Interest Balance (see item 9), and Multiplies this sum by 0.0875 percent (that is, .0008750). It then adds the End-of-Month Principal Balance (see item 12) to the and-of-Month Accrued Interest Balance (see item 13) and then multiplies this figure by .05167 percent (that is, .0005167). Please note that lenders/servicers may not manually change this system-calculated sum, nor may lenders/servicers pay less than the entire amount.

15. **Transaction Date:** This field is populated with the System Date for each new payment.

16. **Settlement Date:** This field will be populated once a payment clears Cashlink and settlement information is provided to FMS by Pay.gov

17. **Payer Name:** Mandatory free entry field.

18. **Payment Amount:** FMS populates this field with the current amount of Interest and Special Allowance funds owed. Users may change the field value so long as it does not exceed the amount owed.

19. **Account Type:** This field is defaulted to Business Checking.

20. **Routing Number:** Mandatory free entry field. Incorrect Routing Number will result in validation failure upon submission.

21. **Account Number:** Mandatory free entry field. Incorrect Account Number will result in return of settlement – Lender will be notified upon retirement of payment. Max field size = 24 characters.

22. **Check Number:** Optional free entry field

23. **Error Code and Message:** This field will display the specific failure type if a payment is rejected.
24. **Error Detail:** This field will provide additional error information for rejected payments.

Click "**Submit Payment**" button.

Payment Confirmation Summary window will be displayed:

Read and confirm the Payer Name, Payment Amount, Routing Number and Account Number fields are correct. To return to the remittance form and adjust payment details, click on the "**Cancel**" button. Otherwise, click on "**Confirm**".

The Payment Confirmation Summary window will close and Remittance form will reopen:
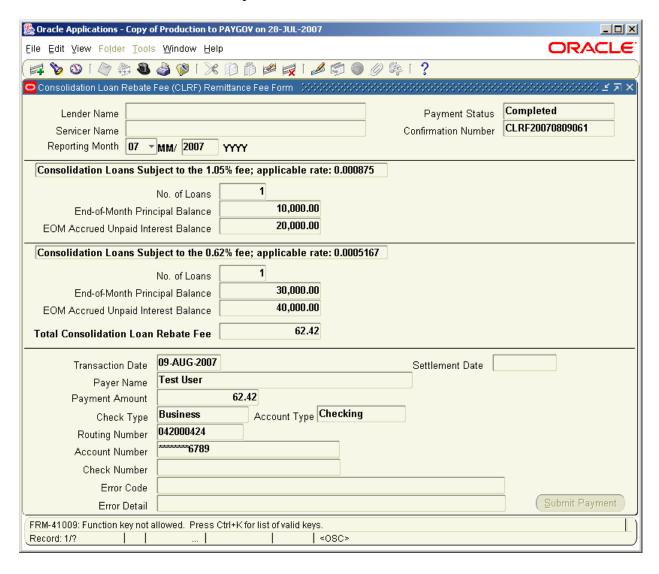
Consolidation Loan Rebate Fee (CLRF) Remittance Query Procedures

Enter into Query mode through the following steps: *View=>Query by Example=>Enter, orF11*

The Form will enter query mode:

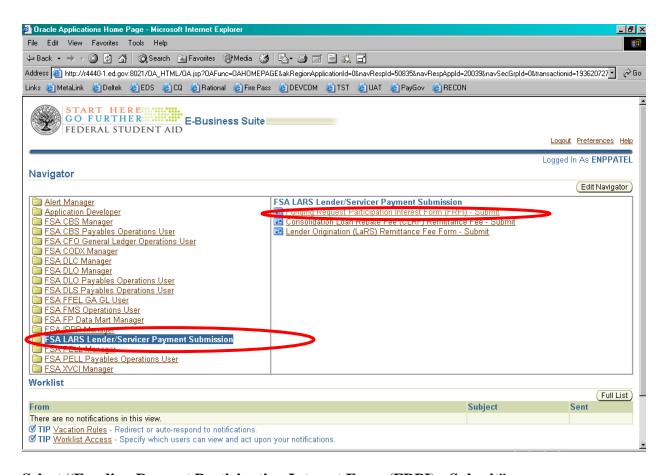Enter a Confirmation Number and press Ctrl=>F11:

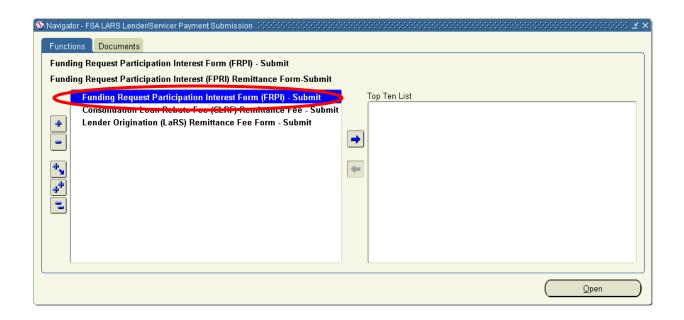Payment information and Payment Status will appear.

FFEL Custodians FRPI Remittance Form Overview

FSA will send email messages to the Custodian when a payment is due to the Department of Education as a result of FRPI processing, identifying the amount due. The Custodian will log into FMS and select the FSA FRPI Lender/Servicer Payment Submission responsibility to access the FRPI Remittance Form.
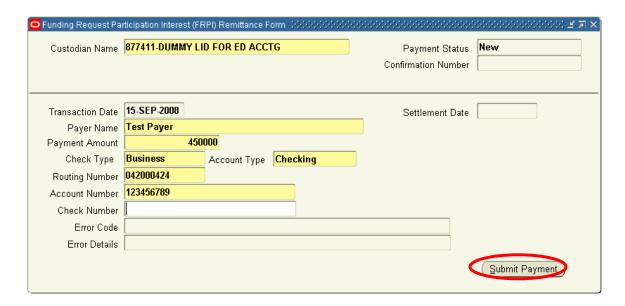
From the navigator page :

Select "Funding Request Participation Interest Form (FRPI) - Submit"

FFEL Custodian FRPI Remittance Procedures

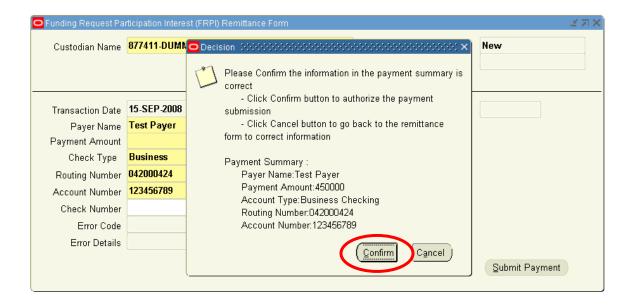Enter the following fields into the form:

Field Definition

1. **Custodian Name:** This field is pre-populated based on user login credentials. If you have multiple Custodian Identification Numbers (LIDs) you may select your six-digit LID using the drop-down box.
2. **Payment Status:** This system-populated field tracks the status of each FRPI payment. Values include Submitted, Accepted, Returned, or Retired.

3. **Confirmation Number:** FMS assigns a Confirmation Number to each payment upon submission.
4. **Transaction Date:** This field is populated with the System Date for each new payment.
5. **Settlement Date:** This field will be populated once a payment clears Cashlink and settlement information is provided to FMS by Pay.gov
6. **Payer Name:** Mandatory free entry field.
7. **Payment Amount:** FMS populates this field with the current amount of Interest and Special Allowance funds owed. Users may change the field value so long as it does not exceed the amount owed.
8. **Account Type:** This field is defaulted to Business Checking.
9. **Routing Number:** Mandatory free entry field. Incorrect Routing Number will result in validation failure upon submission.
10. **Account Number:** Mandatory free entry field. Incorrect Account Number will result in return of settlement – Custodian will be notified upon retirement of payment. Maximum field size = 24 characters.
11. **Check Number:** Optional free entry field
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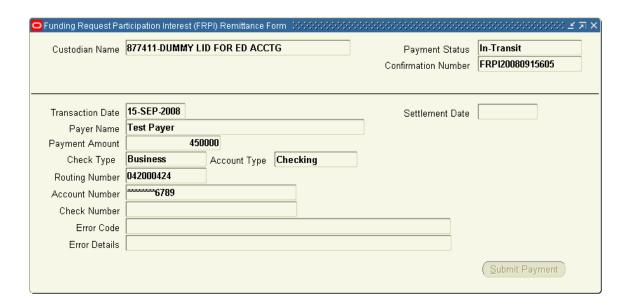
Click "**Submit Payment**" button.

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Read and confirm the Payer Name, Payment Amount, Routing Number and Account Number fields are correct. To return to the remittance form and adjust payment details, click on the "**Cancel**" button. Otherwise, click on "**Confirm**."

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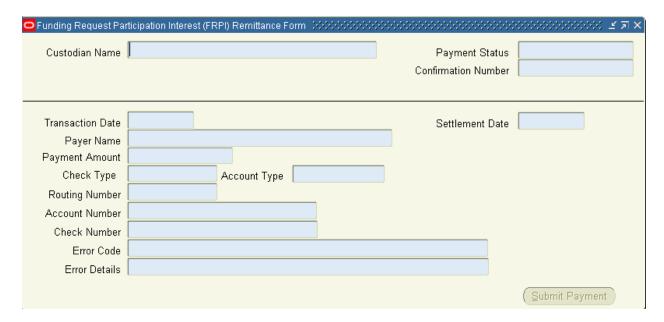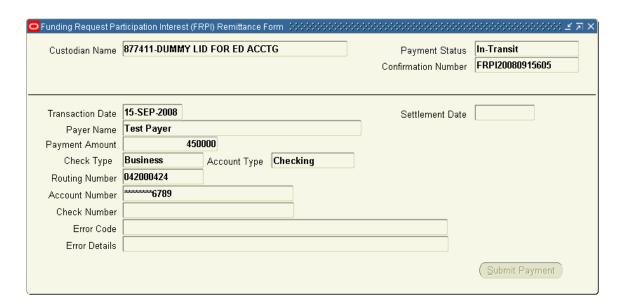

Note the following:
- Payment Status will change to "In-Transit";
- Confirmation Number will be generated;
- Account Number will be partially masked, showing only the last 4 digits; and
- Submit button will be disabled.

FFEL Custodian FRPI Query Procedures

Enter into Query mode through the following steps: *View=>Query by Example=> Enter or F11*
The Form will enter query mode:

Enter a Confirmation Number and press Ctrl=>F11

Payment information and Payment Status will appear.