

U.S. Department of Education
Office of Inspector General



AGREED-UPON PROCEDURES ATTESTATION ENGAGEMENT GUIDE

**Ensuring Continued Access to
Student Loans Act of 2008
(ECASLA)**

**Asset-Backed Commercial Paper
Conduit Put Program**

**Funding Note Issuer's Compliance with Selected
Criteria for Eligible Loans**

June 30, 2010



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
Washington, D.C.

June 30, 2010

Dear Colleague:

This letter transmits the U.S. Department of Education's *Agreed-Upon Procedures (AUP) Attestation Engagement Guide for the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) Asset-Backed Commercial Paper (ABCP) Conduit Put Program for Funding Note Issuer's Compliance with Selected Criteria for Eligible Loans*. This Guide provides the requirements for AUP engagements for a Funding Note Issuer that participates in the ABCP Conduit Put Program.

Under the ECASLA, for Federal Family Education Loan (FFEL) Program loans made under sections 428 (subsidized Stafford loans), 428B (PLUS loans), and 428H (unsubsidized Stafford loans) of the Higher Education Act (HEA), the Department has the authority to purchase FFEL Program loans. Under the ABCP Conduit Put Program, the Department commits to purchase loans pledged to the Conduit Lender contingent upon the occurrence of certain events.

This Guide describes the Agreed-Upon Procedures engagement required of Funding Note Issuers by Article V and Appendix D, Sections 12(b)(ii) of the Funding Note Purchase Agreement, which in turn reference sections 3(c) and 4(f) of Appendix B to that Agreement. These provisions require the Funding Note Issuer to provide an AUP engagement report to the Conduit Administrator, Conduit Manager, and the Department. This AUP focuses chiefly, although not exclusively, on whether the loans subject to the proposed grant are Eligible Loans.

This guide explains the coverage and procedures, reporting requirements, and report submission deadlines for the AUP engagement. Any questions regarding the application of this Guide should be sent to Kevin Winicker, Assistant Director, Non-Federal Audits, by email to Kevin.Winicker@ed.gov.

Sincerely,

/s/

Keith West
Assistant Inspector General for Audit

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Acronyms and Abbreviations

<u>Acronym</u>	<u>Definition</u>
ABCP	Asset-Backed Commercial Paper
AUP	Agreed-Upon Procedures
ECASLA	Ensuring Continued Access to Student Loans Act of 2008
ED	U.S. Department of Education
ED-OIG	U.S. Department of Education, Office of Inspector General
ELT	Eligible Lender Trustee
FFELP	Federal Family Education Loan Program
FNPA	Funding Note Purchase Agreement
GAGAS	Generally Accepted Government Auditing Standards
HEA	Higher Education Act of 1965, as amended
LID	Lender Identification Number
NOI	Notice of Intent to Participate
RLP	Relevant Loan Portfolio
SLPA	Student Loan Purchase Agreement
SPV	Special Purpose Vehicle
U.S.C.	U.S. Code

Section 1 – General Requirements

1.1 Purpose and Background

This Agreed-Upon Procedures (AUP) Attestation Engagement Guide (the Guide) provides the requirements for AUP engagements for Funding Note Issuers participating in the Federal Family Education Loan (FFEL) Asset-Backed Commercial Paper (ABCP) Conduit Put Program. The purpose of this Guide is to describe the AUP engagements of Funding Note Issuer’s compliance with selected criteria for Eligible Loans.

The ABCP Conduit Put Program is authorized under section 459A of the Higher Education Act of 1965, as amended (HEA) by the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (Pub. L. 110-227). Under section 459A of the HEA, the U.S. Department of Education (ED) has authority to purchase, or enter into forward commitments to purchase, student loans made under sections 428 (subsidized Stafford loans), 428B (PLUS loans), and 428H (unsubsidized Stafford loans) of the HEA.

1.1(A). Overview of the ABCP Conduit Put Program

The purpose of the ABCP Conduit Put Program is to encourage lenders (i.e., Sellers and Eligible Direct Issuers, defined at §1.1(B)) to provide students and parents access to Stafford and PLUS loans by facilitating and providing a highly rated and liquid source of funding to lenders for eligible loans. The ABCP Conduit Put Program does this via a process briefly summarized as follows:

1. A lender directly, or indirectly through a separate legal entity to which a lender sells its loans (a “special purpose vehicle”), issues Funding Notes collateralized by eligible student loans.
2. The collateralized Funding Notes are sold to an entity (a “Conduit”) which issues commercial paper that is backed by the Funding Notes and the student loans pledged as collateral supporting the Funding Notes.
3. The Conduit sells the commercial paper to investors.
4. The proceeds of the sale of commercial paper are routed back to the Seller or Eligible Direct Issuer to use to make additional student loans and to repay indebtedness secured by or allocated to the loans collateralizing the Funding Notes.

When the Funding Notes are sold to the Conduit, under the ABCP Conduit Put Program, the Federal Government (i.e., ED) agrees to purchase eligible loans if certain events occur. Such a purchase is a “put” (i.e., sale) to ED.

1.1(B). Parties to the Process

In addition to ED, the entities participating in the ABCP Conduit Put Program include the following:

- A *Seller* is (i) an eligible FFEL Program lender, (ii) a holder of beneficial interest in student loans with an Eligible Lender Trustee (ELT) holding legal title to such loans, or (iii) an Eligible Direct Issuer.
- An *Eligible Direct Issuer* of Funding Notes is a state agency or non-for-profit organization that is either (i) not eligible to be a debtor under Chapter 9 of the Bankruptcy Code or (ii) not subject to an involuntary bankruptcy petition under the Bankruptcy Code.
- For loans to be placed in the ABCP Conduit Put Program by (i) Eligible Direct Issuers, at their discretion, and (ii) all Sellers who are not Eligible Direct Issuers, such Sellers and Eligible Direct Issuers first sell their loans to a separate legal entity: an individual bankruptcy remote *Special Purpose Vehicle (SPV)*.
- A *Funding Note Issuer* is any entity entering into a Funding Note Purchase Agreement (FNPA) with the Conduit. A Funding Note Issuer may be either an SPV or an Eligible Direct Issuer.
- A *Conduit* is an entity established to issue commercial paper. Straight-A Funding, LLC is the only Conduit operating under the ABCP Conduit Put Program.
- A *Conduit Administrator* is an agent for the Conduit and is responsible for conducting and administering certain of the Conduit’s business and operations, including: acquiring Funding Notes; making Advances and distributions; the exercise of Put Options, for and on behalf of the Conduit; and the administration, reporting, monitoring, and enforcement of the Put Agreement and FPNAs. The Bank of New York Mellon serves as the Conduit Administrator for Straight-A Funding, LLC.
- A *Conduit Manager* is an agent for the Conduit and is responsible for supervising and managing the issuance of commercial paper, the Funding Note Assets, and certain other operations and activities of the Conduit. BMO Capital Markets Corporation serves as the Conduit Manager for Straight-A Funding, LLC.
- A *Liquidity Provider* is an entity that has agreed to advance funds (i.e., a Liquidity Funding) to a Conduit, in the event that the Conduit is unable to pay amounts owed upon the maturity date of the commercial paper issued by the Conduit. The Federal Financing Bank (FFB) is the Liquidity Provider for Straight-A

Funding, LLC. The FFB is a government corporation created by Congress and under the general supervision of the Secretary of the Treasury.

Student loans eligible for the ABCP Conduit Put Program include subsidized Stafford, unsubsidized Stafford, and PLUS loans for which a first disbursement was made on or after October 1, 2003, but not later than July 1, 2009, and that was fully disbursed no later than September 30, 2009, or (if applicable) by the date sold or pledged to a Funding Note Issuer (if earlier). Such loans must be sold and/or pledged to a Funding Note Issuer prior to (i) July 1, 2010, and (ii) the occurrence of an Event of Default.¹

1.1(C). The ABCP Conduit Put Program Funding Process

The ABCP Conduit Put Program provides funds to lenders using the following process:

1. In order to participate in the ABCP Conduit Put Program, Sellers and Eligible Direct Issuers submit a Notice of Intent to Participate (NOI) to ED.
2. Pursuant to a Student Loan Purchase Agreement (SLPA), Sellers sell eligible student loans to individual bankruptcy remote SPVs. The primary parties to the SLPA are a Seller and a SPV that is a Funding Note Issuer. (Eligible Direct Issuers that do not enter into a SLPA do not sell loans to a SPV.)
3. Eligible Direct Issuers or SPVs (both types of entities being a Funding Note Issuer) pledge the student loans they hold as collateral for the Funding Notes.
4. Pursuant to a FNPA, on an Advance Date, the Funding Note Issuer exchanges a Funding Note for an Advance (i.e., payment) from the Conduit. On the Advance Date, the Conduit is granted a security interest in the eligible loans that the Funding Note Issuer holds as collateral for the Funding Note. In certain circumstances, the Funding Note Issuer will grant a security interest in loans to the Conduit without an Advance; these transactions occur on a Grant Date that is not an Advance Date.² The primary parties to the FNPA are the Funding Note Issuer and the Conduit.
5. The Conduit funds its purchase of each Funding Note through the issuance of commercial paper and/or other securities. Investors purchase the commercial paper and/or other securities.
6. Upon maturity, the commercial paper and/or other securities are paid by the Conduit from one or a combination of the following: (i) payments received under the Funding Notes (which will be paid from collections and proceeds of the underlying eligible loans, including the proceeds of the sale of loans to ED under the Put Option), (ii) issuance of additional commercial paper and/or securities, (iii) advances provided by a Liquidity Provider, and (iv) a reserve account, if any.

¹ The practitioner is not responsible in this engagement to perform any procedures to determine if there was an Event of Default. FNPA Appendix E (Events of Default).

² All Advance Dates are Grant Dates. However, not all Grant Dates are Advance Dates.

Upon the occurrence of a Put Event, ED has agreed to purchase loans covered by the Put Option. The Put Option is issued by ED to the Conduit pursuant to a Put Agreement between ED and the Conduit. The Put Option covers loans that are part of the ABCP Conduit Put Program. Put Events include (i) the Liquidity Provider's failure to make a Liquidity Advance when due, (ii) a Liquidity Funding remains unpaid for more than 45 days after the date on which it was made, (iii) the date that is 45 days prior to the Put Option expiration date, (iv) a Funding Note Event of Default pursuant to the FNPA, (v) a pledged loan becomes 210 days delinquent, or (vi) the date that is 45 days prior to the maturity of any other securities issued by the Conduit. ED's agreement to purchase eligible loans from Straight-A Funding, LLC expires on January 19, 2014.

A graphical overview of the ABCP Conduit Put Program is provided in Exhibit A.

1.1(D). Description of Relevant Loan Portfolio and Loan Criteria

Pursuant to the FNPA, a Seller or Eligible Direct Issuer selects loans, which meet the eligibility criteria, to be sold or pledged to the Funding Note Issuer from its Relevant Loan Portfolio. The Relevant Loan Portfolio is the Seller's or Eligible Direct Issuer's complete portfolio of Stafford and PLUS loans that satisfy the criteria for an Eligible Loan as of the date of determination of the Relevant Loan Portfolio that are owned by the Seller or Eligible Direct Issuer and have not been subject to a prior Grant, whether self-serviced or serviced by a third-party servicer. However, the Relevant Loan Portfolio excludes otherwise eligible loans that are Restricted Loans. Restricted Loans are those loans (i) covered by a non-transferrable servicing agreement, (ii) subject to a financing arrangement that contains restrictions on the transferability of such loans, (iii) included in a term securitization, or (iv) included in an ECASLA Loan Purchase Commitment Program or Loan Participation Purchase Program. Restricted Loans may not be sold or pledged pursuant to the FNPA while such loans are classified as Restricted Loans.³ From the Relevant Loan Portfolio, the Seller or Eligible Direct Issuer randomly selects loans, pursuant to a methodology approved by ED, to be included in a Proposed Pool of loans that are proposed to be sold or pledged to the Funding Note Issuer. (See Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria.)

The FNPA⁴ describes loans that are eligible for the ABCP Conduit Put Program. In general, a loan must be (1) a Puttable Loan, (2) an Eligible Loan, and (3) a Financed Student Loan.

³ A Seller or Eligible Direct Issuer that has designated a loan as a Restricted Loan may remove that designation in two ways. If the designation is based on the restriction described in (i), it may do so by notice to the Conduit Administrator that the basis of the designation has lapsed, if it delivers that notice within 90 days of the designation. If the designation was based on restrictions described in (ii), (iii) or (iv), it may remove that designation at any time at which the loan can be removed from those restrictions, provided that it includes in its next-identified Relevant Loan Portfolio that loan and all other loans that were included in that financing or securitization that are eligible loans. FNPA Appendix A-26 "Restricted Loan."

⁴ FNPA Appendix A (Definitions) and Appendix C (Representations and Warranties).

- A *Putable Loan* is any Financed Student Loan that (i) became a Financed Student Loan prior to the earlier of July 1, 2010, and the occurrence of an Event of Default, (ii) is a subsidized Stafford, unsubsidized Stafford, or PLUS loan, and (iii) the first disbursement has been made on or after October 1, 2003, but no later than July 1, 2009, and that was fully disbursed no later than September 30, 2009.
- An *Eligible Loan* is a Stafford or PLUS loan that is (i) a Putable Loan, (ii) originated and serviced in compliance with all applicable requirements, (iii) guaranteed at least 97% as to principal and interest by a guarantor, (iv) bears interest at a rate equal to the maximum rate permitted under the HEA, except as modified by a borrower benefit, (v) supported by Loan Documents, (vi) selected in accordance with the applicable Loan Sale or Loan Pledge Allocation Criteria, and (vii) other requirements specified in the Funding Note Purchase Agreement. In addition, for subsidized or unsubsidized Stafford loans, all of each borrower's other Stafford loans that are Eligible Loans and that are held by or on behalf of the Seller and/or Eligible Direct Issuer, have been sold or will be sold to the Funding Note Issuer and will become Financed Student Loans.
- A *Financed Student Loan* is any loan identified on a Loan Transmittal Summary Form attached to a Loan Designation Notice submitted by a Funding Note Issuer to a Conduit and pledged to the Conduit.

In addition, the Funding Note Issuer must represent⁵ as of the applicable Grant Date for each Financed Student Loan:

- Due diligence and reasonable care has been exercised in making, administering, servicing, and collecting on the loan.
- It has no information in its files that a borrower is currently the subject of a bankruptcy proceeding.
- It has beneficial ownership of, and its ELT has title to, the loan on or after the date on which the Funding Note Issuer's NOI was received and acknowledged by ED, and before July 1, 2010.
- As of the date the loan was pledged by the Funding Note Issuer, the loan was not subject to a claim filed with a guarantor or delinquent for 210 days or more.

1.2 Engagement Objectives

The objective of the engagement is to perform procedures and report results and findings in order to evaluate whether the Financed Student Loans held by the Funding Note Issuer and pledged to the Conduit meet selected criteria for Eligible Loans pursuant to the program requirements of the ABCP Conduit Put Program.

⁵ FNPA Appendix C (Representations and Warranties) contains a complete listing of the representations and warranties required from a Funding Note Issuer and its ELT.

The AUP engagement is required under the FNPA Article V and Appendix D, §12(b)(ii). The AUP engagement is to be conducted in accordance with the professional standards described below at Section 1.5 (i.e., §1.5).

1.3 Engagement Scope

Engagements are required for each engagement period, specified in §1.3(A) or §1.3(B), as applicable, in which a Grant of student loans occurs (i.e., the Funding Note Issuer submits to the Conduit Administrator a Loan Designation Notice and Loan Transmittal Summary Form with a Grant Date included in the engagement period). Each engagement shall cover all Financed Student Loans listed on the Loan Transmittal Summary Forms attached to the Loan Designation Notices with a Grant Date included in the respective engagement period.⁶

1.3(A) Standard Engagement Periods

A Funding Note Issuer is subject to the Standard Engagement Periods if both (1) the total cumulative Principal Balance reported on all Loan Transmittal Summary Forms with a Grant Date occurring on or before December 31, 2009, is \$1,500,000,000 or more, and (2) it has one or more Grant Dates on or before June 30, 2009.

Standard Engagement Periods		
Period	From	Through
1	April 1, 2009	June 30, 2009
2	July 1, 2009	December 31, 2009
3	January 1, 2010	June 30, 2010

1.3(B) Alternative Engagement Periods

A Funding Note Issuer is subject to the Alternative Engagement Periods if either (1) the total cumulative Principal Balance reported on all Loan Transmittal Summary Forms with a Grant Date occurring on or before December 31, 2009, is less than \$1,500,000,000, or (2) it has no Grant Dates on or before June 30, 2009.

Alternative Engagement Periods		
Period	From	Through
1	April 1, 2009	December 31, 2009
2	January 1, 2010	June 30, 2010

⁶ Attachment 12, Exhibit S provides examples of the Loan Designation Notice and its accompanying Loan Transmittal Summary Form. The Loan Designation Notice specifies the Grant and Cut-Off Dates.

Notes: (1) Engagements include all Financed Student Loans, with a Grant Date included in the respective engagement period, including those loans that are subject to a Put Event and sold to ED during the period from the loan's Grant Date through the date on which the practitioner performs the engagement.

1.4 Submission Date for Engagement Report

Engagement reports are to be submitted to the Conduit Administrator, Conduit Manager, and ED. The engagement reports of the engagement periods ended June 30, 2009, and December 31, 2009, are due 60 days from the issuance date of this Guide.⁷ The engagement reports of the engagement periods ended June 30, 2010, are due by August 31, 2010.

1.5 Professional Standards

This AUP engagement must be conducted in accordance with *Government Auditing Standards* (commonly referred to as generally accepted government auditing standards [GAGAS]), July 2007, issued by the Comptroller General of the United States and the Attestation Standards of the American Institute of Certified Public Accountants (AICPA).

GAGAS must be used in conjunction with the AICPA Attestation Standards. GAGAS ¶6.05 identifies additional GAGAS standards for attestation engagements that go beyond the requirements in the AICPA Attestation Standards. Practitioners must comply with these additional GAGAS standards.

Practitioners must comply with applicable provisions of the public accountancy law(s) and the rules of the jurisdiction(s) in which the practitioner is licensed and where the engagement is conducted.

1.6 Fraud or Other Illegal Acts

The practitioner must be guided by GAGAS provisions covering fraud or other illegal acts, including GAGAS ¶6.13.

A practitioner must exercise reasonable care when pursuing any indication of fraud or other illegal acts and abuse, so that potential future investigations or legal proceedings are not compromised.

If any fraud or illegal act is suspected, the practitioner must report it immediately to the ED Office of Inspector General, Investigation Services (ED-OIG/IS), by phone or fax at the numbers shown below, before further extending engagement steps and procedures:

⁷ If applicable, when performing the engagements for the engagement periods ended June 30, 2009, December 31, 2009, and/or June 30, 2010, the practitioner may coordinate and combine the planning and fieldwork required for each engagement. However, a separate engagement report for each engagement period must be submitted.

Assistant Inspector General for Investigations
U. S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-1500
Phone: (202) 245-6966
Fax: (202) 245-6990

The practitioner must promptly prepare a separate written report as instructed by ED-OIG/IS, and must submit the report to the address provided above, either within 30 days after the potential fraud or illegal act was discovered or within a time frame agreed to by ED-OIG/IS and the practitioner.

1.7 Confidential Commercial Information

The Freedom of Information Act (FOIA), 5 U.S.C. § 522, gives any person the right to request access to records or information. All agencies of the U.S. Government are required to disclose records upon receiving a written request for them, unless one of the exemptions to the FOIA applies. One of the FOIA exemptions applies to confidential commercial information, which, as defined by the FOIA, means trade secrets and commercial or financial information that is privileged or confidential, because disclosure could reasonably be expected to cause substantial competitive harm.

If you or your client believes that your AUP engagement documentation contains confidential commercial information, you must take appropriate steps to identify that information in your engagement documentation, to protect its confidentiality. If you are asked to submit your AUP engagement documentation to us, and we subsequently receive a request under FOIA for information that you have designated as confidential commercial information, we will make an independent determination of whether that information meets the criteria for exemption from release.

We do not inform you or your client about FOIA requests we receive. However, if we receive a FOIA request for documentation you have identified as confidential commercial information, and we conclude that it should be released under FOIA, to the extent permitted by law; we will make a good faith effort to notify you and provide you, or your client, an opportunity to provide any additional pertinent information, prior to releasing any documentation.

1.8 Quality Control Reviews

The Inspector General Act of 1978, as amended, (5 U.S.C. App. §4(b)(1)(C)) authorizes ED-OIG to evaluate the quality of the AUP engagements that are to be conducted in accordance with GAGAS. As part of such evaluations, the practitioner must make all AUP engagement documentation available to us or our representatives upon request. If we determine that an AUP engagement is substandard, we may(i) refer the issue to the State Board of Accountancy where the AUP engagement was performed and/or the practitioner is licensed, and the American Institute of Certified Public Accountants (AICPA), or State Society of Certified Public Accountants, if the practitioner is a

member; and/or (ii) initiate action to suspend or debar the practitioner from conducting additional audits or attestation engagements for use by the Federal government.

Also, ED program officials may require the Funding Note Issuer to obtain and submit another AUP engagement to replace the substandard one.

1.9 References and Resources

Unless otherwise noted, references to the FNPA in this Guide are to the amended and restated FNPA provided as Exhibit B to the Consent Agreement, effective April 26, 2010.

Guidance and criteria for the ECASLA ABCP Conduit Put Program are provided on the Federal Student Aid Website at <http://federalstudentaid.ed.gov/ffelp/>.

FNPA Appendix A (Definitions) is provided on ED-OIG's Non-Federal Audits webpage at: <http://www.ed.gov/about/offices/list/oig/nonfed/sfa.html>.

1.10 Technical Assistance

Technical questions about applying the procedures in this Guide may be directed to Kevin Winicker, Assistant Director, Non-Federal Audits, by email to Kevin.Winicker@ed.gov.

1.11 Subsequent Editions of Guide

Subsequent editions of, and/or amendments to, this Guide may be issued to reflect revisions to the AUP and guidance issued by ED. The practitioner shall use the most recent edition of and/or amendments to this Guide when conducting the AUP engagement. Practitioners should visit the ED-OIG's Non-Federal Audits webpage to determine if a subsequent edition of, and/or amendments to, this Guide have been issued. The ED-OIG's Non-Federal Audits webpage is: <http://www.ed.gov/about/offices/list/oig/nonfed/sfa.html>

1.12 Program Requirements

The various agreements entered into by parties (including Funding Note Issuers) participating in the ABCP Conduit Put Program are contracts that specify the requirements of the program. This Guide includes summary explanations and descriptions of the ABCP Conduit Put Program and its requirements pertinent to the AUP engagement required of Funding Note Issuers. These explanations and descriptions are included to provide background and context for practitioners performing AUP engagements. The practitioner may rely upon the information in this Guide for purposes of performing the AUP engagement. However, this Guide does not replace or amend requirements contained in the various ABCP Conduit Put Program agreements, and any applicable laws, regulations or other program criteria, as such requirements

apply to parties (exclusive of the practitioner) participating in the ABCP Conduit Put Program.

All terms used but not defined herein shall have the meaning assigned in the FNPA. FNPA Appendix A (Definitions) is provided on ED-OIG's Non-Federal Audits webpage at: <http://www.ed.gov/about/offices/list/oig/nonfed/sfa.html>.

Section 2 – Planning the Engagement

2.1 Management Assertion

This is an AUP engagement as defined in GAGAS ¶1.23. The Funding Note Issuer must provide the practitioner with the management assertion detailed below. The practitioner will perform the procedures in Section 3, prepare the respective reporting package described in Section 4, and submit the respective reporting package to management of the Funding Note Issuer.

Funding Note Issuer's Management Assertion for ABCP Conduit Put Program AUP Engagement:

Each Financed Student Loan listed on the Loan Transmittal Summary Form(s) attached to all Loan Designation Notice(s) with a Grant Date included in the period from [MM/DD/YYYY] through [MM/DD/YYYY], was an Eligible Loan as of the related Grant Date under the rules and provisions of the ABCP Conduit Put Program and, if the entire Relevant Loan Portfolio was not selected, such loan was selected in accordance with the Loan [Sale or Pledge] Allocation Criteria specified in the Funding Note Purchase Agreement.

2.2 Engagement Letter

An engagement letter between the Funding Note Issuer and the practitioner must be executed and must include the following:

- A statement that the engagement is to be performed in accordance with GAGAS and AICPA Attestation Standards, and this Guide;
- A description of the scope of the engagement (i.e., the period(s) for which the engagement is being performed);
- A statement that the parties understand that the practitioner's report will be used to evaluate the propriety of loans included on the Loan Transmittal Summary Form(s) for the ECASLA ABCP Conduit Put Program;
- A statement that the Funding Note Issuer must provide the practitioner all required representations and assertions;

- A statement that the Funding Note Issuer shall provide, or shall cause its Servicer to provide to the practitioner access to all agreements, documents, and electronic files pertinent to the scope of the engagement;
- A provision that the practitioner is required to provide the Secretary of Education, the ED Office of Inspector General, and their representatives, access to and copies of AUP engagement documentation (e.g., records, work papers, other documents), upon request; and
- A provision that the practitioner shall retain AUP engagement documentation and reports for a minimum of seven years after the date of issuance of the practitioner's report(s) to the entity, unless a pertinent law or regulation provides for a longer retention period or the practitioner is notified in writing by ED to extend the retention period.

2.3 Engagement Methodology

This engagement requires attribute sampling for the AUP described in §3.4. The AUP described in §3.3 requires an inspection of data records, via queries using database software, contained in the Loan Schedule, described in §3.2(F), identifying the population of Financed Student Loans for which the engagement is being performed.

2.3(A). Loan Schedule Testing Procedures:

The queries that are to be applied to the Loan Schedule are described in §3.3.

2.3(B). Loan Level Testing Procedures:

The loan level testing in §3.4 requires that a random sample (using a random number generator) of loans be selected from the Loan Schedule (defined at §3.2(F)). The practitioner must select loans using the following guidelines:

- 1) An attribute sample must be used to estimate the frequency of occurrence of noncompliance with the specified eligibility requirements.
- 2) The sampling unit is each individual loan.
- 3) The sample size is 150 loans. If a selected loan has been released⁸ (i.e., redeemed by the Funding Note Issuer) from the Conduit, the practitioner shall replace such loan in the sample with the next randomly selected loan that has not been released from the Conduit. (Note: Loans put to ED are subject to the procedures at §3.4.) However, if the population of loans consists of less than 150 loans, all loans shall be selected.

⁸ FNPA Article I § 1.03 "Repayments and Prepayments."

- 4) The practitioner will apply the procedures, specified in §3.4 to each of the sampled loans.
- 5) The results of applying the procedures indicate whether each of the sampled loans is in compliance with the requirements for an Eligible Loan. For purposes of this Guide, a loan is considered to be noncompliant if one or more exceptions are reported for the loan. The count of noncompliant loans should match the number of loans with one or more exceptions, as detailed in the schedule of Loan Level Testing Results (Attachment 7).
- 6) The practitioner must summarize the population and sample characteristics (e.g., number of errors and error rate⁹) using the Summary of Loan Population and Sample Characteristics (Attachment 3).
- 7) As required by certain AUP set forth in §3, the practitioner must report findings when exceptions are noted. These findings should be presented as illustrated in the Schedule of Findings (Attachment 5).

2.4 Use of a Third-Party Servicer

Funding Note Issuers may contract with third-party servicers to perform functions and/or maintain records for which they are responsible. Consequently, practitioners may need to have access to third-party servicers in order to perform the procedures required by this Guide. In performing engagements under this Guide, practitioners shall consider such third-party servicer records or functions as if they were the Funding Note Issuer's.

⁹ For purpose of this Guide, an "error" is a loan for which one or more exceptions are reported, as indicated in Attachment 7. The sample's "error rate" is the number of loans with one or more errors divided by the sample size.

Section 3 – Agreed-Upon Procedures for Selected Criteria for Eligible Loans

3.1 Agreed-Upon Procedures

The AUP set forth in this section must be performed on the Loan Transmittal Summary Form(s) identifying the population of loans for which the engagement is being performed (defined in §1.3). Sections 3.2 through 3.4 below provide the AUP to be performed on a Funding Note Issuer’s Loan Transmittal Summary Form(s) identifying the population of loans for which the engagement is being performed.

3.1(A). Compliance Requirements for Funding Note Issuers

Pursuant to FNPA Article V and Appendix D §12(b)(ii), an AUP, conducted in accordance with the guidance issued by ED, shall be performed on all loans pledged to the Conduit by the Funding Note Issuer (i.e., all loans listed on a Loan Transmittal Summary Form attached to a Loan Designation Notice). Pursuant to the definitions contained in Appendix A of the FNPA, an Eligible Loan¹⁰ (i) is a Financed Student Loan, (ii) is a Putable Loan, and (iii) meets the additional criteria, specified in the FNPA, for an Eligible Loan as of the applicable Grant Date. A Financed Student Loan is any loan identified on a Loan Transmittal Summary Form attached to a Loan Designation Notice submitted by a Funding Note Issuer to the Conduit and ED. A Putable Loan is any Financed Student Loan that (i) became a Financed Student Loan prior to the earlier of July 1, 2010, and the occurrence of an Event of Default, (ii) is a subsidized Stafford, unsubsidized Stafford, or PLUS loan, and (iii) had its first disbursement made on or after October 1, 2003, but no later than July 1, 2009, and that was fully disbursed no later than September 30, 2009, or if the Grant Date is earlier than September 30, 2009, on or prior to the Grant Date. The criteria for an Eligible Loan include, but are not limited to:

- ED has timely received the applicable NOIs;
- The loan has been originated and serviced in compliance with applicable laws and regulations;
- The loan is evidenced by a signed promissory note;
- The borrower is not subject to a current bankruptcy proceeding as of the applicable Grant Date;

¹⁰ FNPA Appendix C (Representations and Warranties) §2(b) and FNPA Appendix A-9 “Eligible Loan.”

- The loan is supported by Loan Documents;
- If the loan is a subsidized or unsubsidized Stafford loan, all of the borrower’s other subsidized or unsubsidized Stafford loans that are Eligible Loans held by or on behalf of the Seller or Funding Note Issuer have become Financed Student Loans as of the applicable Grant Date, and
- If the entire Relevant Loan Portfolio was not selected, the loan was selected in accordance with either the Loan Pledge or Sale Allocation Criteria, as applicable.

The procedures at §3.3 test all loans in the Loan Schedule for compliance with selected criteria for Eligible Loans. In addition, the procedures at §3.4 test a sample of loans in the Loan Schedule for compliance with selected criteria for Eligible Loans.

3.2 Obtain Management Assertion and Loan Schedule

Objective:

The objective of procedures at §3.2 is to obtain documentation and information from the Funding Note Issuer that is necessary to perform the Loan Schedule Testing at §3.3 and Loan Level Testing at §3.4.

Required Procedures:

3.2(A). Obtain from the Funding Note Issuer:

- 1) The management assertion specified at §2.1 (i.e., Attachment 4).
- 2) The Loan Designation Notice(s) and the accompanying Loan Transmittal Summary Form(s), examples of which are contained in Attachment 12, for which the assertion is made. The Loan Transmittal Summary Form(s) shall be obtained in an electronic format that can be read using database or audit software.
- 3) The Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (i.e., Attachment 10) for which the assertion is made.

3.2(B). Inspect each Loan Transmittal Summary Form to see that it includes the following data fields¹¹:

SSN	Borrower’s Social Security Number.

¹¹ The amended and restated FNPA, effective April 26, 2010, included a Loan Transmittal Summary Form (see Attachment 12, Exhibits S-5 and S-6) that indicated several data fields are not mandatory. However, pursuant to Electronic Announcement #87, dated May 21, 2010, ED requested that these fields be viewed as mandatory for any Loan Transmittal Summary Form submission. (Available at <http://federalstudentaid.ed.gov/ffelp/>)

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Field	Definition
Last Name	Borrower's last name.
First Name	Borrower's first name.
Loan Number	Unique identifying number for each loan.
Principal Balance	Principal balance outstanding per the loan servicing system as of the Cut-off Date indicated on the Loan Designation Notice. The Principal balance is the outstanding principal amount, including all accrued and unpaid interest thereon to be capitalized.
Loan Type	Specifies the type of loan. Eligible Loan Types are: SF – Stafford subsidized loan SU - Stafford unsubsidized loan PL – PLUS loan for parent GB – PLUS loan for graduate/professional student
First Disbursement Date	The date of the loan's first disbursement.
Final Disbursement Date	The date of the loan's final disbursement.
Loan Period Begin Date	The loan period begin date.
Loan Period End Date	The loan period end date.
Loan Status Code	The loan's NSLDS Loan Status Code (as of the Cut-off Date) per Table B-10 of Appendix B of the NSLDS Guaranty Agency Data Provider Instructions. ¹²
Seller or Eligible Direct Issuer LID	The lender identification number (LID) for the Seller or the Eligible Direct Issuer.
Original Lender LID	The LID for the lender that made the loan's first disbursement.
Guarantor	The 3-digit guaranty agency code assigned by ED.
Servicer	The identification number for the servicer.
School Type	The type of school associated with the loan. The School Types and associated codes are: 4-Year Institution – 4Y 2-Year Institution – 2N Proprietary Institution – PP Vocational Institution - VC Other - OT (Note: The associated codes may not be used for Grant Dates prior to April 26, 2010.)

¹² The NSLDS Guaranty Agency Data Provider Instructions are available at:
[http://www.ifap.ed.gov/ifap/byNSLDSType.jsp?type=NSLDS%20Guaranty%20Agency%20\(GA\)%20Data%20Provider%20Instructions](http://www.ifap.ed.gov/ifap/byNSLDSType.jsp?type=NSLDS%20Guaranty%20Agency%20(GA)%20Data%20Provider%20Instructions)

Field	Definition
Advance Date	The Advance Date associated with the Loan Designation Notice. (Note: The Advance Date may not be included on Loan Transmittal Summary Forms associated with Grant Dates prior to April 26, 2010.)

Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).

3.2(C). The practitioner shall append the following fields to each loan record contained on the Loan Transmittal Summary Form:

- 1) Cut-off Date – The Cut-off Date specified on the Loan Designation Notice applicable to the Loan Transmittal Summary Form.
- 2) Grant Date – The Grant Date specified on the Loan Designation Notice applicable to the Loan Transmittal Summary Form.

3.2(D). Inspect each Loan Transmittal Summary Form as follows:

- 1) Using database or audit software, count the number of loan records contained in the Loan Transmittal Summary Form.
- 2) Using database or audit software, calculate the total Principal Balance for all loan records contained in the Loan Transmittal Summary Form.
- 3) Before applying additional procedures, compare the loan record count from step 1 and total Principal Balance from step 2 to the Number of Loans and Total Principal Balance reported for the Loan Transmittal Summary Form on the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (i.e., Attachment 10). Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).

3.2(E). If the engagement covers more than one Loan Transmittal Summary Form, merge the Loan Transmittal Summary Forms into one file. Before applying additional procedures, compare the total loan record count and total Principal Balance of the merged Loan Transmittal Summary Form to the total of the record counts and total of the Principal Balances of the individual Loan Transmittal Summary Forms that were merged and be sure that they agree.

3.2(F). Following the application of the procedures at §3.2(A) through (E), save the resulting individual or merged Loan Transmittal Summary Form.¹³ The procedures

¹³ For purposes of this Guide, the individual or merged Loan Transmittal Summary Form shall herein be referred to as the “Loan Schedule.”

specified in §3.3 and §3.4, where applicable, are to be applied to this Loan Schedule file. This file will be a single Loan Schedule if the engagement covers only one Loan Transmittal Summary Form, or a merged Loan Schedule if the engagement covers more than one Loan Transmittal Summary Form.

3.2(G). Compute the (i) total number of loans and (ii) total Principal Balance for all loans contained in the Loan Schedule (i.e., from §3.2(F)). Before applying additional procedures, compare the total number of loans and total Principal Balance for all loans contained on the Loan Schedule to the totals for Number of Loans and Total Principal Balance reported on the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (i.e., Attachment 10) and be sure that they agree (adjusting for any discrepancies found at §3.2(D)).

3.2(H). Indicate the total number of loans and the total Principal Balance from the Loan Schedule (i.e., from §3.2(F)) as population characteristics on the Summary of Loan Population and Sample Characteristics (Attachment 3).

3.3 Loan Schedule Testing

Objective:

The objectives of procedures at §3.3 are to apply queries to the Loan Schedule to identify exceptions to loan eligibility requirements; inspect evidence of deposits, if required, to the Excluded Borrower Benefit Account; and inspect evidence that loans pledged to the Conduit were selected in accordance with the applicable Loan Sale Allocation Criteria or Loan Pledge Allocation Criteria.¹⁴

Required Procedures:

3.3(A). Obtain from the Funding Note Issuer copies of (i) the NOI and (ii) the email indicating ED's receipt and acceptance of the NOI. Report as a finding in the Schedule of Findings (Attachment 5) if (i) the NOI or (ii) the email indicating ED's receipt and acceptance of the NOI was not provided.

3.3(B). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Seller or Eligible Direct Issuer LID field contains only those Lender Identification numbers (LIDs) specified in the NOI obtained at §3.3(A). Report as a finding in the Schedule of Findings (Attachment 5) any instances of LIDs other than those specified in the NOI.

¹⁴ See Exhibit B for an overview of the Loan Pledge/Sale Allocation Criteria contained in the FNPA.

3.3(C). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Loan Type field codes contains only the following codes: SF (Stafford subsidized), SU (Stafford unsubsidized), PL (PLUS for parent), or GB (PLUS for graduate/professional student). Report as a finding in the Schedule of Findings (Attachment 5) all instances of loan type codes other than SF, SU, PL, or GB included on the Loan Schedule.

3.3(D). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the First Disbursement Date is (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date. Report as a finding in the Schedule of Findings (Attachment 5) any records with a First Disbursement Date that is (i) before October 1, 2003, or (ii) later than the earlier of July 1, 2009, or the Grant Date.

3.3(E). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Final Disbursement Date is no later than the earlier of September 30, 2009, or the Grant Date. Report as a finding in the Schedule of Findings (Attachment 5) any records with a Final Disbursement Date that is later than the earlier of September 30, 2009, or the Grant Date.

3.3(F). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Grant Date is prior to July 1, 2010. Report as a finding in the Schedule of Findings (Attachment 5) any records with a Grant Date on or after July 1, 2010.

3.3(G) Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that each loan's Loan Status Code is limited to one of the following codes:

Loan Status Code	
DA	Deferred
FB	Forbearance
IA	Loan Originated
ID	In School or Grace Period
IG	In Grace Period
IM	In Military Grace
RP	In Repayment

Report as a finding in the Schedule of Findings (Attachment 5) all instances of Loan Status Codes that are other than those specified in the table at §3.3(G).

3.3(H) Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that each loan's Principal Balance is greater than \$0 (zero). Report as a finding

in the Schedule of Findings (Attachment 5) all instances of loans with Principal Balances that are equal to or less than \$0 (zero).

3.3(I) Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that (i) the fields (specified in the table at §3.2(B)) for each loan are populated (i.e., not blank) and (ii) the First Disbursement Date, Final Disbursement Date, Loan Period Begin Date, and Loan Period End Date fields contain valid entries (i.e., not populated with zeros). Report as a finding in the Schedule of Findings (Attachment 5) all instances where (i) the fields (specified in the table at §3.2(B)) are not populated (i.e., blank) for a loan or (ii) the First Disbursement Date, Final Disbursement Date, Loan Period Begin Date, or Loan Period End Date fields do not contain valid entries (i.e., populated with zeros).

3.3(J) Look for evidence that the Funding Note Issuer included a certification relating to Excluded Borrower Benefits¹⁵ in each Loan Designation Notice(s) obtained at §3.2(A) as follows:

- 1) If the Funding Note Issuer certifies, “There are no Excluded Borrower Benefits relating to the Proposed Loans,” or includes no certification about Excluded Borrower Benefits, steps 2 through 4 are not applicable.
- 2) If the Funding Note Issuer certifies, “The amount of Excluded Borrower Benefits relating to the Proposed Loans is \$[specify amount] and such amount has been deposited to the Excluded Borrower Benefit Account,” proceed to step 3.
- 3) Obtain from the Funding Note Issuer:
 - a) Bank records indicating the deposit(s) to the Excluded Borrower Benefit Account established at the Conduit Administrator (i.e., Bank of New York Mellon) in the name of the Funding Note Issuer; and
 - b) For each deposit, a schedule identifying the loan (e.g., by Loan Number) and deposit amount of the Excluded Borrower Benefits associated with each loan. This “Excluded Borrower Benefit Account Deposit Schedule” will be needed to perform procedures at §3.4(S).
- 4) Inspect the records obtained at step 3 and look for evidence that a deposit was made to the Excluded Borrower Benefit Account established at the Conduit Administrator (i.e., Bank of New York Mellon) in the amount specified in the Funding Note Issuer’s certification regarding Excluded Borrower Benefits.

¹⁵ The certification regarding Excluded Borrower Benefits should be the Funding Note Issuer’s 11th item in the certification contained on the Loan Designation Notice. An Excluded Borrower Benefit is any benefit that requires the lender to pay or rebate any amount to the borrower or provide the borrower with any gift, in any such case that has not been paid in full or delivered prior to the applicable loan’s Grant Date. FNPA Appendix A-11, “Excluded Borrower Benefit.”

Report as a finding in the Schedule of Findings (Attachment 5) if (i) evidence indicating a deposit to the Excluded Borrower Benefit Account was not obtained, (ii) the amount deposited to the Excluded Borrower Benefit Account appears to be inconsistent with the amount contained in the Funding Note Issuer's certification, or (iii) no certification regarding Excluded Borrower Benefits was included on the Loan Designation Notice(s).

3.3(K). Procedures at §3.3(K) through (M) look for evidence that the Seller or Eligible Direct Issuer selected loans pledged to the Conduit in accordance with the Loan Pledge/Sale Allocation Criteria.¹⁶ Procedures at §3.3(K) determine if procedures at §3.3(L) through (M), as applicable, shall be applied to the Relevant Loan Portfolio(s) and Proposed Pool(s) covered by the engagement. **If the engagement covers multiple Relevant Loan Portfolios, the procedures set forth in §3.3(K) through (M), as applicable, shall be applied separately to each unique Relevant Loan Portfolio.**¹⁷

- 1) Obtain from the Funding Note Issuer:
 - a) The Loan Data Schedules¹⁸, an example of which is contained in Attachment 12 (Exhibits V-1, V-2, and V-3)¹⁹, associated with each Loan Designation Notice for which the management assertion, specified at §2.1 and obtained at §3.2(A), is made; and
 - b) The completed Schedule of Relevant Loan Portfolios and Pledged Pools (Attachment 11).²⁰

¹⁶ FNPA Appendix A-16 "Loan Pledge Allocation Criteria" for Eligible Direct Issuers and Appendix A-18 "Loan Sale Allocation Criteria" for Sellers. See also Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria.

¹⁷ The uniqueness of a Relevant Loan Portfolio is based upon its Date of Determination and number of loans. A description of Relevant Loan Portfolio is provided at §1.1(D).

¹⁸ Loan Data Schedules list, by academic year, with respect to the Relevant Loan Portfolio and the associated Proposed Pool: (i) the average Principal Balance of such loans; (ii) the type of school, with respect to which such loans were made, expressed as a percentage of such portfolio or pool; (iii) the payment status of such loans expressed as a percentage of such portfolio or pool; and (iv) the loan type of such loans expressed as a percentage of such portfolio or pool. FNPA Appendix A-14, "Loan Data Schedule" and Exhibit V.

¹⁹ Pursuant to Electronic Announcement #87, dated May 21, 2010, ED requested that the "old" Loan Data Schedule (see Attachment 12, Exhibits V-1, V-2, and V-3) should continue to be submitted to ED for all grants of loans to the Conduit. In addition, for all grants of loans to the Conduit on or after April 26, 2010, the "new" Loan Data Schedule (see Attachment 12, Exhibits V-1-1 and V-1-2) and Portfolio Summary (see Attachment 12, Exhibits V-2-1 and V-2-2) are also submitted to ED. (Available at: <http://federalstudentaid.ed.gov/ffelp/>)

²⁰ A single Proposed Pool consists of a group of loans that were made for a single academic year that have been selected for sale and/or pledge from the unique Relevant Loan Portfolio of the Seller or Eligible Direct Issuer or a portion of that Portfolio serviced by a particular servicer. Because the Seller or Eligible Direct Issuer may remove loans from a Proposed Pool in order to meet a Threshold Tests and/or to achieve a desired sale or pledge volume, only some loans in a Proposed Pool may actually be sold and/or pledged in a unique transaction (i.e., a sale and pledge or a pledge, as applicable; the term "Grant Date" refers to the date on which the transaction is completed). Therefore, we use the term "Pledged

Report a finding in the Schedule of Findings (Attachment 5) if the Funding Note Issuer did not provide the requested documentation.

Perform steps 2 through 5 with respect to each unique Relevant Loan Portfolio detailed on the Loan Data Schedules, associated with each Loan Designation Notice for which the management assertion is made.

- 2) Inspect the Loan Data Schedules and Loan Designation Notices applicable to each unique Relevant Loan Portfolio and each Pledged Pool²¹ associated with that unique Relevant Loan Portfolio to ascertain:
 - a) The Date of Determination for the Relevant Loan Portfolio.
 - b) The number of loans in the Relevant Loan Portfolio.
 - c) The Grant Date for each Pledged Pool.
 - d) The number of loans in each Pledged Pool.
- 3) Calculate the total number of loans in all Pledged Pools associated with that unique Relevant Loan Portfolio.
- 4) Divide the total number of loans in all Pledged Pools (from step 3) by the number of loans in the unique Relevant Loan Portfolio (from step 2(b)). Convert the resulting quotient to a percentage.
- 5) Answer the following questions, in sequence, for each unique Relevant Loan Portfolio:
 - a) Is the percentage, calculated at step 4, 100%?

If yes, the procedures at §3.3(L) or (M) for that unique Relevant Loan Portfolio are not required to be performed. Proceed to the loan level testing procedures specified in §3.4.

If no, because the percentage is less than 100%, proceed to question 5(b).

If no, because the percentage is more than 100%, proceed to §3.3(N). Procedures at §3.3(L) or (M) for that unique Relevant Loan Portfolio are not required to be performed.
 - b) Is the percentage, calculated at step 4, 95% or more, but less than 100%?

If yes, (i) the procedures at §3.3(L) or (M) for that unique Relevant Loan Portfolio are not required to be performed; (ii) the practitioner shall obtain from the Seller or Eligible Direct Issuer a written explanation as to (1) why the entire Relevant Loan Portfolio was not pledged to the Conduit and (2) what basis loans were excluded from the Pledged Pool(s), such explanation shall

Pool” to describe the resulting pool of loans actually sold and/or pledged on a Grant Date that had been included in an initial Proposed Pool.

²¹ The loans in a unique Relevant Loan Portfolio may be pledged to the Conduit on one or more Grant Date. For each Grant Date, the Funding Note Issuer will submit a Loan Designation Notice, a Loan Transmittal Summary Form, and a Loan Data Schedule.

be submitted as an appendix in the engagement report; and (iii) proceed to the loan level testing procedures specified in §3.4. Report a finding in the Schedule of Findings (Attachment 5) if the Seller or Eligible Direct Issuer did not provide the requested documentation.

If no, proceed to question 5(c).

- c) Is the percentage, calculated at step 4, less than 95%, and does the Seller or Eligible Direct Issuer intend to make additional pledges from the unique Relevant Loan Portfolio?

If yes, the procedures at §3.3(K) shall be applied again in the next engagement. In addition, the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement, but no later than the engagement period ending June 30, 2010, rather than this engagement.

If no, proceed to step 6 to determine which procedures (i.e., §3.3(L) or (M)) shall be applied to the Pledged Pool(s) associated with the unique Relevant Loan Portfolio.

- 6) [This step is performed if indicated at step 5(c).] For each Pledged Pool, ask the Seller or Eligible Direct Issuer if each Pledged Pool was selected using the method described at 6(a) or 6(b).
- a) Each of the Pledged Pools was selected at random from the entire unique Relevant Loan Portfolio at all Servicers servicing the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 2).
- b) The Pledged Pool(s) (i) comprised the entire portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced by one or more, but not all, of the Servicers servicing the unique Relevant Loan Portfolio, or (ii) have been selected at random from the Relevant Loan Portfolio at a particular Servicer, or Servicers,²² servicing a *portion* of the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 3) and are therefore subject to the threshold tests.

If the Seller or Eligible Direct Issuer selected the Pledged Pools using the method described at 6(a), perform the procedures at §3.3(L) on the Pledged Pool(s).

If the Seller or Eligible Direct Issuer selected the Pledged Pool(s) using the method described at 6(b), perform the procedures at §3.3(M) on each Pledged Pool.

Report a finding in the Schedule of Findings (Attachment 5) if the Seller or Eligible Direct Issuer selected any Pledged Pool(s) using a method other than those described at 6(a) and (b). If procedures at step 6 result in one or more

²² As used in §3.3(L) though (M), the term Servicer includes a Seller or Eligible Direct Issuer that self-services all or a portion of the loans it owns.

findings, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall include, but is not limited to, (1) the methodology used for selecting the Pledged Pool from the Relevant Loan Portfolio (e.g., Option 1, 2, or 3 of Exhibit B, a variation thereof, or other method), (2) the methodology for selecting loans to be included in the Pledged Pool (e.g., selected in accordance with the ED-approved methodology²³, a variation thereof, or other method), (3) other information needed to provide an understanding as to how the loans included in each Pledged Pool were selected from each Relevant Loan Portfolio. Such description shall be included as an appendix in the engagement report.

3.3(L). Procedures at §3.3(L) are to be performed if indicated at §3.3(K)(6). The procedures are designed to look for evidence that the Seller or Eligible Direct Issuer selected the Pledged Pool(s) at random from the entire Relevant Loan Portfolio at all Servicers servicing the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 2). **The procedures at 3.3(L) are applied to all Pledged Pools that are associated with each unique Relevant Loan Portfolio.**

- 1) Inspect the Loan Data Schedules (from §3.3(K)(1)) associated with the unique Relevant Loan Portfolio to ascertain if loans in the unique Relevant Loan Portfolio and associated Pledged Pool(s) were serviced by one or more Servicers. If the Loan Data Schedules do not indicate the Servicer(s), obtain from the Seller or Eligible Direct Issuer a written representation as to the number of Servicers that serviced the unique Relevant Loan Portfolio and associated Pledged Pool(s).

If more than one Servicer serviced the unique Relevant Loan Portfolio, ask the Seller or Eligible Direct Issuer if loans in the Pledged Pool(s) were randomly selected from the entire unique Relevant Loan Portfolio (i.e., all Servicers) in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the Servicer. Report a finding in the Schedule of Findings (Attachment 5) if (i) more than one Servicer serviced the unique Relevant Loan Portfolio and (ii) the loans in the Pledged Pools were not selected in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the Servicer. Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.

- 2) Ask the Seller or Eligible Direct Issuer if loans were selected for the Pledged Pool(s) using method (a) or (b), below.

²³ The ED-approved methodology is specified in Q&A 5 “Random Selection” of the Asset Backed Commercial Paper Conduit Q&A available at <http://federalstudentaid.ed.gov/ffelp/abcpqa.html>.

- a) Loans in the Pledged Pool(s) were randomly selected from the entire unique Relevant Loan Portfolio (i.e., all academic years) in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the academic year.
 - b) Loans in the Pledged Pool(s) were randomly selected from each academic year included in the unique Relevant Loan Portfolio in a manner that provided the loans, within each individual academic year, an equal chance of being selected.
- 3) If loans in the Pledged Pool(s) were selected using the methodology at step 2(a), perform the following:
- a) Using the Loan Data Schedules (from §3.3(K)(1)) for all Pledged Pool(s) associated with the unique Relevant Loan Portfolio calculate:
 - i) The cumulative loan count²⁴ for each academic year for all Pledged Pool(s); and
 - ii) The cumulative loan count for each School Type (i.e., 4-Year Institution, 2-Year Institution, Proprietary/Vocational Institution, and Other) for all Pledged Pool(s).
 - b) Calculate the following percentages for all Pledged Pool(s) associated with the unique Relevant Loan Portfolio:
 - i) The cumulative loan count for each academic year for all Pledged Pool(s) (from step 3(a)(i)) divided by the total loan count for the unique Relevant Loan Portfolio as detailed on the Loan Data Schedules multiplied by 100; and
 - ii) The cumulative loan count for each School Type for all Pledged Pool(s) (from step 3(a)(ii)) divided by the total loan count for the unique Relevant Loan Portfolio as detailed on the Loan Data Schedules multiplied by 100.
- 4) If loans in the Pledged Pool(s) were selected using the methodology at step 2(b), perform the following:
- a) Using the Loan Data Schedules (from §3.3(K)(1)) for all Pledged Pool(s) associated with the unique Relevant Loan Portfolio calculate:
 - i) For each academic year, the cumulative loan count for each School Type for all Pledged Pool(s) associated with the same academic year; and
 - ii) For each academic year, the cumulative loan count for each Loan Type (i.e., subsidized Stafford, unsubsidized Stafford, and PLUS) for all Pledged Pool(s) associated with the same academic year.

²⁴ The “cumulative loan count” is the sum of the loan count for the first Pledged Pool, the loan count for the second Pledged Pool, . . . , and the loan count for the nth Pledged Pool associated with the unique Relevant Loan Portfolio.

- b) Calculate the following percentages for all Pledged Pool(s) associated with the unique Relevant Loan Portfolio:
 - i) For each academic year, the cumulative loan count for each School Type for all Pledged Pool(s) associated with the same academic year (from step 4(a)(i)) divided by the total loan count for the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedules multiplied by 100; and
 - ii) For each academic year, the cumulative loan count for each Loan Type for all Pledged Pool(s) associated with the same academic year (from step 4(a)(ii)) divided by the total loan count for the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedules multiplied by 100.
- 5) If loans in the Pledged Pool(s) were selected using the methodology at step 2(a), ascertain if the percentages calculated in step 3(b) fall within the lower and upper boundaries as follows.
 - a) Calculate the following range for each academic year:
 - i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each academic year (calculated at step 3(b)(i)) and (2) 0.975.
 - ii) The upper boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each academic year (calculated at step 3(b)(i)) and (2) 1.025.
 - b) Ascertain whether the percentage of loans for each academic year included in the unique Relevant Loan Portfolio as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 5(a) for the same academic year. Report a finding in the Schedule of Findings (Attachment 5) if the Relevant Loan Portfolio's percentage of loans for an academic year does not fall between the respective lower and upper boundaries for that academic year in the Pledged Pool(s). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.
 - c) Calculate the following range for each School Type:
 - i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 3(b)(ii)) and (2) 0.975.
 - ii) The upper boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 3(b)(ii)) and (2) 1.025.
 - d) Ascertain whether the percentage of loans for each School Type included in the unique Relevant Loan Portfolio as detailed on the Loan Data Schedule

- falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 5(c) for the same School Type. Report a finding in the Schedule of Findings (Attachment 5) if the Relevant Loan Portfolio's percentage of loans for a School Type does not fall between the respective lower and upper boundaries for that School Type in the Pledged Pool(s). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.
- 6) If loans in the Pledged Pool(s) were selected using the methodology at step 2(b), ascertain if the percentages calculated in step 4(b), for each academic year, fall within the lower and upper boundaries as follows.
- a) For each academic year, calculate the following range for each School Type:
 - i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 4(b)(i)) and (2) 0.975.
 - ii) The upper boundary for the Pledged Pool(s) is the product of (2) the percentage of loans for each School Type (calculated at step 4(b)(i)) and (2) 1.025.
 - b) For each academic year, ascertain whether the percentage of loans for each School Type included in the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 6(a) for the same School Type. Report a finding in the Schedule of Findings (Attachment 5) if, for an academic year, the Relevant Loan Portfolio's percentage of loans associated with a School Type does not fall between the respective lower and upper boundaries for that School Type in the Pledged Pool(s). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.
 - c) For each academic year, calculate the following range for each Loan Type:
 - i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each Loan Type (calculated at step 4(b)(ii)) and (2) 0.975.
 - ii) The upper boundary for the Pledged Pool(s) is the product of (2) the percentage of loans for each Loan Type (calculated at step 4(b)(ii)) and (2) 1.025.
 - d) For each academic year, ascertain whether the percentage of loans for each Loan Type included in the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 6(c) for the same Loan Type. Report a finding in the Schedule of Findings (Attachment 5) if, for an academic year, the Relevant Loan Portfolio's percentage of loans

associated with a Loan Type does not fall between the respective lower and upper boundaries for that Loan Type in the Pledged Pool(s). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.

- 7) If procedures at §3.3(L) result in one or more findings being reported, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall include: (1) the methodology used for selecting the Pledged Pool(s) from the Relevant Loan Portfolio (e.g., Option 1, 2, or 3 of Exhibit B, a variation thereof, or other method), (2) the methodology for selecting loans to be included in the Pledged Pool(s) (e.g., selected in accordance with the ED-approved methodology²⁵, a variation thereof, or other method), and (3) other information needed to provide an understanding as to how the loans included in the Pledged Pool(s) were selected from each Relevant Loan Portfolio. Such description shall be included as an appendix in the engagement report.

Note: If steps 5 or 6, as applicable, result in a finding that the calculated percentages for the Pledged Pool(s) did not fall within the lower and upper boundaries, the finding should contain the following information with respect to the Pledged Pool(s):

- 1) The Dates of Determination for the Relevant Loan Portfolio and Pledged Pool(s).
- 2) The Grant Date(s) for the Pledged Pool(s).
- 3) The Relevant Loan Portfolio's category percentages (e.g., academic year, School Type, or Loan Type) and number of loans in each category.
- 4) The Pledged Pool's or Pools' category percentages (e.g., academic year, School Type, or Loan Type) and number of loans in each category.
- 5) The lower and upper boundaries for the Pledged Pool(s).
- 6) The amount by which the Relevant Loan Portfolio's category percentages fall outside of the respective lower or upper Boundaries for the Proposed Pool(s).

3.3(M). Procedures at §3.3(M) are to be performed if indicated at §3.3(K)(6). The procedures are designed to look for evidence that the Seller or Eligible Direct Issuer selected (i) a Pledged Pool or Pools that include the entire portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced by one or more, but not all, of the Servicers servicing the Relevant Loan Portfolio, or (ii) each Pledged Pool for a single academic year and unique Grant Date at random from the Relevant Loan Portfolio at a

²⁵ The ED-approved methodology is specified in Q&A 5 "Random Selection" of the Asset Backed Commercial Paper Conduit Q&A available at <http://federalstudentaid.ed.gov/ffelp/abcpqa.html>.

particular Servicer, or Servicers, servicing a *portion* of the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 3). **The procedures at 3.3(M) are applied to each Pledged Pool for a single academic year and unique Grant Date.**

- 1) For each Pledged Pool for a single academic year²⁶ and unique Grant Date, obtain from the Seller or Eligible Direct Issuer the results (including average principal balances, category percentages and standard error data) of the threshold tests performed by the Seller or Eligible Direct Issuer with respect to each Proposed Pool's average Principal Balance, School Type, Payment Status, and Loan Type.²⁷ Report a finding in the Schedule of Findings (Attachment 5) if the Seller or Eligible Direct Issuer did not provide the requested documentation or information.
- 2) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to the average Principal Balance of loans in each Proposed Pool as follows:
 - a) Using the Proposed Pool's average Principal Balance²⁸ and standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range:
 - i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's average Principal Balance minus (ii) the product of 1.96 and the applicable standard error.
 - ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's average Principal Balance plus (ii) the product of 1.96 and the applicable standard error.
 - b) Ascertain whether the average Principal Balance (specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 2(a).²⁹ Report a finding in the Schedule of Findings (Attachment 5) if the

²⁶ Academic years are limited to: 2003-04, 2004-05, 2005-06, 2006-07, 2007-09, 2008-09, and 2009-10.

²⁷ Due to loans being removed from the Proposed Pool (i) during threshold testing or (ii) in cases where the aggregate principal balance of the final Proposed Pool after threshold testing is larger than the intended size of the Proposed Pool, the Proposed Pool's characteristics, such as its average Principal Balance, at the second (i.e., School Type), third (i.e., Payment Status), and fourth (i.e., Loan Type) stages of threshold testing may be different from those of the Proposed Pool as constituted at each prior stage of threshold testing and the Pledged Pool detailed in the Loan Data Schedule.

²⁸ See immediately preceding footnote. The Proposed Pool's average Principal Balance may be different from that of the Pledged Pool detailed on the Loan Data Schedule.

²⁹ The Loan Data Schedule(s) obtained at §3.3(K)(1) contain the information on the Relevant Loan Portfolio's average Principal Balance and characteristics for School Type, Payment Status, and Loan Type needed to perform the procedures at §3.3(M).

Relevant Loan Portfolio's average Principal Balance does not fall between the Lower and Upper Boundaries for the Proposed Pool.³⁰

- 3) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each School Type (i.e., 4-Year Institution, 2-Year Institution, Proprietary/Vocational Institution, and Other) in each Proposed Pool as follows:
 - a) Using the Proposed Pool's percentage (based on loan count) of each School Type category³¹ and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each School Type:
 - i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by School Type category minus (ii) the product of 1.96 and the applicable standard error.
 - ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by School Type category plus (ii) the product of 1.96 and the applicable standard error.
 - b) Ascertain whether each School Type category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 3(a) for the same School Type category from the Proposed Pool. Report a finding in the Schedule of Findings (Attachment 5) if the Relevant Loan Portfolio's School Type category percentages do not fall between the respective Lower and Upper Boundaries for the Proposed Pool.³²
- 4) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each Payment Status (i.e., In-School, Grace, Deferment, Forbearance, and Repayment) of loans in each Proposed Pool as follows:
 - a) Using the Proposed Pool's percentage (based on loan count) of each Payment Status category³³ and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each Payment Type:

³⁰ If this procedure results in a finding, see the note following §3.3(M)(6) for a description of the information to be included in the finding.

³¹ The Proposed Pool's School Type category percentages may be different from those of the Pledged Pool detailed on the Loan Data Schedule.

³² See immediately preceding footnote.

³³ The Proposed Pool's Payment Status category percentages may be different from those of the Pledged Pool detailed on the Loan Data Schedule.

- i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by Payment Status category minus (ii) the product of 1.96 and the applicable standard error.
 - ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by Payment Status category plus (ii) the product of 1.96 and the applicable standard error.
 - b) Ascertain whether each Payment Status category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 4(a) for the same Payment Status category from the Proposed Pool. Report a finding in the Schedule of Findings (Attachment 5) if the Relevant Loan Portfolio's Payment Status category percentages do not fall between the respective Lower and Upper Boundaries for the Proposed Pool.³⁴
- 5) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each Loan Type (i.e., subsidized Stafford, unsubsidized Stafford, and PLUS) in each Proposed Pool as follows:
- a) Using the Proposed Pool's percentage (based on loan count) of each Loan Type category³⁵ and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each Payment Type:
 - i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by Loan Type category minus (ii) the product of 1.96 and the applicable standard error.
 - ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by Loan Type category plus (ii) the product of 1.96 and the applicable standard error.
 - b) Ascertain whether each Loan Type category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 5(a) for the same Loan Type category from the Proposed Pool. Report a finding if the Relevant Loan Portfolio's Loan Type category percentages do not fall between the respective Lower and Upper Boundaries.³⁶

³⁴ See immediately preceding footnote.

³⁵ The Proposed Pool's Loan Type category percentages may be different from those of the Pledged Pool detailed on the Loan Data Schedule.

³⁶ See immediately preceding footnote.

- 6) If procedures at §3.3(M) result in one or more findings being reported, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall include: (1) the methodology used for selecting the Pledged Pool from the Relevant Loan Portfolio (e.g., Option 1, 2, or 3 of Exhibit B, a variation thereof, or other method), (2) the methodology for selecting loans to be included in the Pledged Pool (e.g., selected in accordance with the ED-approved methodology³⁷, a variation thereof, or other method), and (3) other information needed to provide an understanding as to how the loans included in each Pledged Pool were selected from each Relevant Loan Portfolio. Such description shall be included as an appendix in the engagement report.

Note: If steps 2 through 5 result in a finding that a Proposed Pool did not meet a threshold test, the finding should contain the following information with respect to each threshold test that the Proposed Pool did not meet:

- 1) The Dates of Determination for the Relevant Loan Portfolio and Pledged Pool.
- 2) The Grant Date for the Pledged Pool.
- 3) The Proposed Pool's academic year.
- 4) The Relevant Loan Portfolio's average Principal Balance or category percentages (e.g., School Type, Payment Status, or Loan Status) and number of loans in each category.
- 5) The Proposed Pool's average Principal Balance or category percentages (e.g., School Type, Payment Status, or Loan Status) and number of loans in each category.
- 6) The Lower and Upper Boundaries for the Proposed Pool.
- 7) The standard error of the Proposed Pool.
- 8) The amount by which the Relevant Loan Portfolio's average Principal Balance or category percentages fall outside of the respective Lower or Upper Boundaries for the Proposed Pool.

3.3(N). Procedure at §3.3(N) are to be performed if indicated at §3.3(K)(5)(a). The procedures are designed to look for evidence that the loans included in the Pledged Pool(s) that were not included in the unique Relevant Loan Portfolio were (i) previously designated as Restricted Loans due to limitations contained in the servicing agreement covering such loans, and (ii) included on a Schedule A loan list that accompanied a Notice of Change of Restricted Loan Designation submitted to the Conduit Administrator and ED. **The procedures at 3.3(N) are applied to the Pledged Pool(s) associated with a unique Relevant Loan Portfolio.**

³⁷ The ED-approved methodology is specified in Q&A 5 "Random Selection" of the Asset Backed Commercial Paper Conduit Q&A available at <http://federalstudentaid.ed.gov/ffelp/abcpqa.html>.

- 1) Subtract the number of loans (from §3.3(K)(2)(b)) in the unique Relevant Loan Portfolio from the total number of loans (from §3.3(K)(3)) in all the Pledged Pools associated with the unique Relevant Loan Portfolio. The resulting remainder is herein referred to as the “excess loans.”
- 2) Obtain from the Funding Note Issuer or Seller each Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list (examples of which are contained in Attachment 12) associated with the excess loans in step 1. Report a finding in the Schedule of Findings (Attachment 5) if the Funding Note Issuer or Seller did not provide a Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list for all excess loans.
- 3) Inspect each Notice of Change of Restricted Loan Designation to ascertain if the previous Restricted Loan designation was due to (a) the loans being covered by a servicing agreement that provided servicing rights that were not transferrable (a “servicing restriction”³⁸), or (b) the loans being included in a financing arrangement that contained restrictions on the transferability of the loans, a term securitization, the Loan Purchase Commitment Program, or the Loan Participation Purchase Program (a “financing restriction”). If the Notice of Change of Restricted Loan Designation does not specify the reason for the previous Restricted Loan designation, obtain from the Funding Note Issuer or Seller a written explanation as to the reason for the previous Restricted Loan designation (e.g., restrictions contained in a servicing agreement, financing arrangement), such explanation shall be submitted as an appendix to the engagement report; in addition ascertain if the previous Restricted Loan designation was due a servicing restriction or a financing restriction. Report a finding in the Schedule of Findings (Attachment 5) if (i) the Restricted Loan designation was based on a financing restriction,³⁹ or (ii) the Notice of Change of Restricted Loan Designation does not specify the reason for the previous Restricted Loan designation and the Funding Note Issuer or Seller did not provide the requested written explanation as to the reason for the previous Restricted Loan designation.
- 4) Inspect each Schedule A loan list (from step 2) and calculate the total number of loans on all Schedule A loan lists.
- 5) Subtract the number of excess loans (from step 1) from the total number of loans on all Schedule A loan lists (from step 4). If the remainder is greater than zero, obtain from the Funding Note Issuer or Seller a written explanation as to why all

³⁸ On the Notice of Change of Restricted Loan Designations submitted on or after April 26, 2010, the following statement indicates that loans were subject to a servicing restriction. “The [Funding Note Issuer or Seller] hereby represents and warrants that the date hereof is ninety (90) days or less from the date on which the Specified Loans were originally designated as Restricted Loans and the Specified Loans are not otherwise Restricted Loans.”

³⁹ Pursuant to FNPA, Appendix A-26, “Restricted Loan,” if the restriction is based on a financing arrangement or securitization, the Funding Note Issuer or Seller shall include all of the loans in the financing or securitization in its next Relevant Loan Portfolio.

the loans included on the Schedule A loan lists were not pledged to the Conduit, such explanation shall be submitted as an appendix to the engagement report. If the remainder is less than zero, obtain from the Funding Note Issuer or Seller a written explanation as to why more loans than those included in the unique Relevant Loan Portfolio and on the Schedule A loan lists were pledged to the Conduit, such explanation shall be submitted as an appendix to the engagement report. Report a finding in the Schedule of Findings (Attachment 5) if (a) all the loans included on the Schedule A loan lists were not pledged to the Conduit (i.e., the remainder is greater than zero), or (b) the number of excess loans is greater than the total number of loans on all Schedule A loan lists (i.e., the remainder is less than zero). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator, Conduit Manager, and ED will assess whether noncompliance exists.

3.4 Loan Level Testing

Objective:

The objective of procedures at §3.4 is to identify exceptions to loan eligibility requirements by applying procedures to a sample of loans pledged to the Conduit.

Required Procedures:

3.4(A). Request from the Funding Note Issuer a listing of the location(s) of documents, records, and servicing systems for the loans listed on the Loan Schedule. This information may be maintained by the Funding Note Issuer, Eligible Direct Issuer, Seller, and/or Servicer.

Note: For those loans that were subject to a Put Event and sold to ED, the Funding Note Issuer, Eligible Direct Issuer, Seller, and/or Servicer may no longer possess the Loan Documents and/or Loan Documentation necessary to perform the procedures at §3.4. In such instances, the practitioner shall request the necessary Loan Documents and/or Loan Documentation from the respective ED Servicer. Contact information for the ED Servicers is as follows:

ED Servicer Contact Information	
ACS, Inc.	
Name	Susan Manlove
Phone	(310) 847-5198
Email Address	Susan.Manlove@ACS-Inc.com
AES/PHEAA	
Name	Vicky Roganish
Phone	(717) 720-3515
Email Address	auditsupport@myfedloan.org

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Great Lakes Education Loan Services, Inc.	
Name	Jill Leidl (Primary Contact)
Phone	(608) 246-1510
Email Address	JLeidl@glhec.org
Name	Tammy Kielhofer (Alternate Contact)
Phone	(608) 246-1462
Email Address	TKielhofer@glhec.org
Nelnet, Inc.	
Name	Tim Sabo
Phone	(207) 791-3611
Email Address	Tim.Sabo@nelnet.net
Sallie Mae Corp.	
Name	Esther Tikoyan (Primary Contact)
Phone	(703) 984-6243
Email Address	Esther.Tikoyan@salliemae.com
Name	Robert Leary (Alternate Contact)
Phone	(703) 984-6837
Email Address	Robert.Leary@salliemae.com

Note: In order to obtain the Loan Documents and/or Loan Documentation from an ED Servicer, the practitioner will be required to execute an agreement regarding the use and safeguarding of the information provided. For details on the security agreement process please contact Greg Plenty at (202) 377-3253 or at gregory.plenty@ed.gov.

3.4(B). Randomly select (using a random number generator) a sample of loans, pursuant to the guidelines contained in §2.3, from the Loan Schedule (i.e., from §3.2(F)). For each selected loan, ask the Funding Note Issuer if the loan has been released⁴⁰ (i.e., redeemed by the Funding Note Issuer) from the Conduit. (Note: Loans put to ED are not redeemed by the Funding Note Issuer and are subject to the procedures at §3.4.) If the Funding Note Issue states that the loan has been released from the Conduit, the practitioner shall perform the following:

- 1) Obtain from the Funding Note Issuer or Servicer evidence that the loan has been released. Such evidence shall be the Notice of Release of Collateral (example contained in Attachment 12) and the accompanying Release of Collateral Schedule⁴¹ that were submitted to, and accepted by, the Conduit Administrator.

⁴⁰ FNPA Article I § 1.03 “Repayments and Prepayments.”

⁴¹ Release of Collateral Schedule is detailed in the Conduit Administrator’s *Servicer Requirements & Tagging* guidance provided to Servicers participating in the ABCP Conduit Put Program.

- 2) Using the Loan Number and Loan Type fields, ascertain that the released loan is listed on a Release of Collateral Schedule.
- 3) If the loan is listed on a Release of Collateral Schedule (from step 2), replace the released loan in the sample with the next randomly selected loan that has not been released from the Conduit.

Based upon results from §3.4(B)(1) through (3), report a finding in the Schedule of Findings (Attachment 5) if:

- a) One or more of the loans were replaced in the sample because the loans were released from the Conduit. Note: A finding reporting this condition is for informational purposes; it is not a finding of noncompliance;
- b) The Funding Note Issuer states a selected loan has been released from the Conduit, but the Notice of Release of Collateral and the accompanying Release of Collateral Schedule were not provided; or
- c) The Funding Note Issuer states a selected loan has been released, but the loan was not listed on a Release of Collateral Schedule.

3.4(C). Compute the total of the Principal Balance field for the sample population and report the amount on the Summary of Loan Population and Sample Characteristics (Attachment 3).

3.4(D). List the Loan Number and Principal Balance for each of the loans in the sample on the schedule of Loan Level Testing Results (Attachment 7).

3.4(E). For each loan in the sample, obtain Loan Documents from the Funding Note Issuer or its Servicer. Loan Documents may be hardcopy or electronic records. Inspect the Loan Documents to see that they include:

- 1) An original signed promissory note or a copy of the original signed promissory note;
- 2) If the Loan Status Code indicates that the loan has entered repayment (code "RP"), a repayment schedule and payment history showing the date and amount of each payment received from or on behalf of the borrower, and the amount that was attributed to principal, interest, late charges, and other costs;
- 3) A record of each disbursement (e.g., a report from the loan servicing system detailing the date and amount of each disbursement);
- 4) If the Loan Status Code indicates that the loan is in deferment status (code "DA"), either of the following:
 - a) A copy of the executed deferment form, if a written form was used for granting the deferment, or

- b) For deferments not requiring a written form (e.g., in-school deferment based upon National Student Loan Data System information), the evidence provided in the loan history submission;
- 5) If the Loan Status Code indicates that the loan is in forbearance status (code “FB”), either of the following:
 - a) A copy of the executed forbearance form, if a written form was used for granting the forbearance, or
 - b) For forbearances not requiring a written form (e.g., granted based on an oral conversation with the borrower) the evidence provided in the loan history submission;
- 6) If the loan has prior assignments (i.e., sales), a record of any such assignments, including records of the date and party of any assignment;
- 7) If the loan is delinquent more than 15 days,⁴² (i) a collection history showing dates and subject of communications between the seller and the borrower or endorser relating to the collection of a delinquent loan, (ii) efforts to locate a borrower whose address is unknown, and (iii) requests by the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer for default aversion assistance for loans that are more than 60 days delinquent ; and
- 8) If the promissory note was electronically signed by the borrower:
 - a) A statement identifying the name and location of the entity in possession of the original electronic promissory note,
 - b) If different from (a), above, contact information of the person who is able to provide the affidavit or certification regarding the creation and maintenance of electronic records as described in 34 C.F.R. § 682.414(a)(6)(i), and
 - c) [Ask the Seller or Funding Note Issuer to show you records that indicate if the loan is a second or subsequent loan made under the master promissory note. If the loan is a second or subsequent loan made under the master promissory note, this step is applicable. If the loan is the first loan made under the master promissory note, this step is not applicable.] Documentation of the lender’s master promissory note confirmation process(es) in effect for the academic year in which it made the second or subsequent loan(s) under the master promissory note.⁴³ This documentation consists of either (i) or (ii):

⁴² Delinquency on a loan begins on the first day after the due date of the first missed payment that is not later made. 34 C.F.R. § 682.411(b)

⁴³ Lenders are required to maintain documentation of any master promissory note process or processes. 34 C.F.R. §682.414(a)(4)(ii)(K) and DCL GEN-98-25, issued November 1998 Lenders and schools must retain a description of the process(es) in effect for each academic year in which it makes second or subsequent loans under master promissory notes. The documentation may be kept in paper or electronic format and need not be kept in individual borrower files. The documentation must be kept indefinitely. 2009-2010 Federal Student Aid Handbook, Application and Verification Guide

- i) A description of the lender's active confirmation process, in which the lender requires the borrower to take affirmative action to confirm the proposed type(s) and proposed amount of loan(s) or to request changes to the loan amount.
 - ii) A description of the lender's passive confirmation process, in which the lender, school, or guarantor notifies the borrower of the proposed loan which the lender makes in the amount and type proposed unless the borrower takes action to reject or make adjustments to the type and/or amount of the loan.
- d) In lieu of (a), (b), and (c), above, the Seller or Funding Note Issuer has the option to submit a "representative affidavit" with full supporting material. Note: If the Seller or Funding Note Issuer has submitted a representative affidavit, the procedures at §3.4(EE) shall be applied.⁴⁴

3.4(F). Based upon results from §3.4(E), mark an "X" in the "Loan Documents" column on the schedule of Loan Level Testing Results (Attachment 7) if any of the Loan Documents for a loan are missing. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(G). For each loan in the sample, compare the following information contained in the Loan Documentation⁴⁵ to the Loan Schedule (i.e., from §3.2(F)) as of the applicable Cut-off Date:

- 1) SSN
- 2) Last Name*
- 3) First Name*
- 4) Loan Number
- 5) Principal Balance*
- 6) Loan Type
- 7) First Disbursement Date
- 8) Final Disbursement Date

⁴⁴ Pursuant to a Consent Agreement, dated November 30, 2009, between ED, the Conduit, the Conduit Manager, and the Conduit Administrator, representative affidavits must be submitted no later than January 15, 2010, or such later date as ED may specify by written notice, for any Loan Designation Notices with a Grant Date prior to January 15, 2010, or such later date specified by ED. The requirements for representative affidavits are specified at FNPA Appendix A-14, "Loan Documents."

⁴⁵ As used in §3.4, Loan Documentation consists of (i) the Loan Documents obtained at §3.4(E) and (ii) additional hardcopy or electronic records obtained by the practitioner from the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer.

- 9) Loan Period Begin Date
- 10) Loan Period End Date
- 11) Loan Status Code*
- 12) Seller or Eligible Direct Issuer LID
- 13) Original Lender LID
- 14) Guarantor

*Note: The Principal Balance, Loan Status Code, and borrower's first and/or last name per the Loan Documentation at the time the engagement is performed may not agree with the information contained in the Loan Schedule as of the loan's Cut-off Date. If a difference is noted, the practitioner shall inspect the borrower and/or loan history (e.g., transactions affecting the loan's Principal Balance, changes to the Loan Status Code, or changes to the borrower's name) contained in the Loan Documentation to ascertain the Principal Balance, Loan Status Code, and/or borrower's first and/or last name applicable to the loan as of the Cut-off Date.

3.4(H). Based upon results from §3.4(G), mark an "X" in the "Agreement With Loan Schedule" column on the schedule of Loan Level Testing Results (Attachment 7) if any of the information for the loan in the Loan Documentation (which includes the borrower and/or loan history, if applicable) does not agree to the Loan Schedule as of the loan's Cut-off Date. In addition, report the details of the discrepancy as a finding in the Schedule of Findings (Attachment 5). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator and Manager will assess whether noncompliance exists.

3.4(I). For each loan in the sample, inspect the Loan Documentation to see that the loan's First Disbursement Date is (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date.

3.4(J). Based upon results from §3.4(I), mark an "X" in the "First Disbursement Date" column on the schedule of Loan Level Testing Results (Attachment 7) if the loan's First Disbursement Date is (i) before October 1, 2003, or (ii) later than the earlier of July 1, 2009, or the Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(K). For each loan in the sample, inspect the Loan Documentation to see that the loan's Final Disbursement Date is no later than the earlier of September 30, 2009, or the Grant Date.

3.4(L). Based upon results from §3.4(K), mark an “X” in the “Final Disbursement Date” column on the schedule of Loan Level Testing Results (Attachment 7) if the loan’s Final Disbursement Date is later than the earlier of September 30, 2009, or the Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(M). For each loan in the sample, look for evidence that the loan bears interest at a stated rate equal to the maximum rate permitted under the HEA (except as modified by a borrower benefit or interest rate limitation), as follows:

- 1) Obtain, from the Funding Note Issuer or its Servicer, the actual interest rate on the loan as charged to the borrower.
- 2) Obtain, from the Funding Note Issuer or its Servicer, information on any applicable borrower benefit or interest rate limitation⁴⁶ that reduces the maximum permitted interest rate on the loan under the HEA.
- 3) Calculate the interest rate applicable to the loan by adding any reduction in the maximum permitted interest rate obtained at step 2 to the interest rate obtained at step 1.
- 4) Compare the interest rate calculated at step 3 to the statutory interest rate (specified in Attachment 9) applicable to the loan. The applicable statutory interest rate is based upon the loan’s (i) first disbursement date and (ii) loan type. In addition, for loans first disbursed prior to July 1, 2006, the applicable statutory interest rate is also based on the loan’s (iii) status and (iv) the period for which the engagement is being performed.

3.4(N). Based upon results from §3.4(M), mark an “X” in the “Interest Rate” column on the schedule of Loan Level Testing Results (Attachment 7) if the interest rate calculated at §3.4(M)(3) does not agree with the applicable statutory interest rate contained in Appendix 9. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(O). For each subsidized or unsubsidized Stafford loan in the sample, look for indications that all of the borrower’s other subsidized or unsubsidized Stafford loans that

⁴⁶ One interest rate limitation provided is pursuant to the Servicemembers Civil Relief Act (50 U.S.C. Appendix §527), which establishes a maximum interest rate of 6% during periods of military service on debts incurred by a servicemember, or the servicemember and the servicemember’s spouse jointly, before the servicemember enters military service. In order for a debt of the servicemember to be subject to the 6% interest rate limitation, the servicemember shall provide to the lender a written notice and a copy of the military orders calling the servicemember to military service and any orders further extending military service. The effective date of the interest rate limitation is the date on which the servicemember is called to military service.

(i) are held by the Seller or the Eligible Direct Issuer and (ii) are Eligible Loans have become Financed Student Loans as of the applicable Grant Date as follows:

- 1) Using the borrower's SSN, query the applicable loan servicing system⁴⁷ for other subsidized or unsubsidized Stafford loans for the borrower that have not become Financed Student Loans.
- 2) If step 1 identifies other subsidized or unsubsidized Stafford loans for the borrower that have not become Financed Student Loans, for each loan identified, inspect the loan information contained in the applicable servicing system and answer the following questions:
 - a) Does the applicable loan servicing system indicate that the Seller or Eligible Direct Issuer has at least beneficial ownership of the loan?
 - b) Is the First Disbursement Date (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date of the sampled loan?
 - c) Is the Final Disbursement Date no later than the earlier of September 30, 2009, or the Grant Date of the sampled loan?
 - d) Is the loan not currently classified as a Restricted Loan⁴⁸ by the Funding Note Issuer, Seller, or Eligible Direct Issuer?

Step 2 (above) applies a four-step test (a through d) to see if there are indications that the Seller or Eligible Direct Issuer holds other subsidized or unsubsidized Stafford loans owed by the borrower of a Financed Student Loan that are Eligible Loans and that should have become Financed Student Loans. If the answer to each of the four questions (a through d) for a loan, is yes, this indicates that such loan should have become a Financed Student Loan.

3.4(P). Based upon results from §3.4(O), mark an "X" in the "Inclusion Of All Borrower's Loans" column on the schedule of Loan Level Testing Results (Attachment 7) if there are indications that any of the borrower's other subsidized or unsubsidized Stafford loans held by the Seller or Funding Note Issuer are Eligible Loans that have not become Financed Student Loans. In addition, report the details as a finding in the Schedule of Findings (Attachment 5). Note: A finding is not always indicative of noncompliance. Upon review of the report, the Conduit Administrator and Manager will assess whether noncompliance exists.

⁴⁷ The information on the borrower's loan will be contained in a loan servicing system maintained by the Funding Note Issuer, Seller, Eligible Direct Issuer, or Servicer.

⁴⁸ In general, a Restricted Loan is a loan that may not be pledged to the Conduit because (i) the loan is serviced under an agreement that provides servicing rights that are not transferrable, or (ii) the loan is subject to a financing arrangement that places restrictions on the transferability of such loan. FNPA Appendix A-26, "Restricted Loan." The designation may be rescinded within 90 days of the designation, but the loan must then be included in the next pool from which loans are selected for pledge or sale.

3.4(Q). For each PLUS loan in the sample:

- 1) Obtain from the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer the Loan Documentation regarding the borrower's and, if applicable, the endorser's credit history.⁴⁹
- 2) Inspect the Loan Documentation to see that it contains a credit report secured on each borrower and, if applicable, endorser.
- 3) If a credit report is included in the Loan Documentation, inspect the credit report to see whether it contains the following indications of an adverse credit history:
 - a) The credit report indicates the borrower or endorser, if applicable, is 90 or more days delinquent on the repayment of a debt, or
 - b) The credit report indicates that the borrower or endorser, if applicable, has been subject to a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt, during the five years preceding the date of the credit report.
- 4) If the credit report contains either of the items described in steps 3(a) or (b), which indicate an adverse credit history, inspect the Loan Documentation to see if it contains a record of the lender's basis for determining that extenuating circumstances existed.

3.4(R). Based upon results from §3.4(Q), mark an "X" in the "PLUS Documentation" column on the schedule of Loan Level Testing Results (Attachment 7) if the PLUS Loan Documentation (1) does not contain (i) a credit report for each borrower and endorser, if applicable, or (ii), for borrowers with the indications of an adverse credit history described at §3.4(Q)(3), a record of the lender's basis for determining that extenuating circumstances existed (see §3.4(Q)(4)); or (2) contains indications that an endorser had an adverse credit history . In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(S). For each loan in the sample, ask the Funding Note Issuer or its Servicer⁵⁰ if the loan is subject to Excluded Borrower Benefits.⁵¹ If the loan is subject to Excluded Borrower Benefits:

- 1) Ask the Funding Note Issuer or it Servicer⁵² the amount of Excluded Borrower Benefits associated with the loan.

⁴⁹ Lenders are required to review the credit history of each PLUS loan borrower and, if applicable, endorser. Borrowers with an adverse credit history may obtain a PLUS Loan with an endorser who has been determined to not have an adverse credit history. 34 C.F.R. § 682.201(b)(4) and (c)(1)(vii)

⁵⁰ Attestation documentation for this step may be written communication between the practitioner and the Funding Note Issuer or its Servicer or a record of conversation prepared by the practitioner.

⁵¹ An Excluded Borrower Benefit is any benefit that requires the lender to pay or rebate any amount to the borrower or provide the borrower with any gift, in any such case that has not been paid in full or delivered prior to the applicable loan's Grant Date. FNPA Appendix A-11, "Excluded Borrower Benefit."

- 2) Inspect the Excluded Borrower Benefit Account Deposit Schedule (obtained at §3.3(J)(3)) that is applicable to the loan's Grant Date to see whether the loan and the amount of Excluded Borrower Benefits associated with the loan are included on the schedule.

3.4(T). Based upon results from §3.4(S), mark a "X" in the "Borrower Benefit Deposit" column on the schedule of Loan Level Testing Results (Attachment 7) if (1) the loan is subject to Excluded Borrower Benefits and is not included on the Excluded Borrower Benefit Account Deposit Schedule that is applicable to the loan's Grant Date, or (2) the amount of Excluded Borrower Benefits associated with the loan is (i) not included on or (ii) does not agree to the amount included on the Excluded Borrower Benefit Account Deposit Schedule that is applicable to the loan's Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(U) Ask the Funding Note Issuer or its Servicer to specify which fields and codes in the servicing system (or other system) identify claims filed with a guaranty agency and the date of such filings.⁵³ Examples of claims that lenders can file with guaranty agencies include, but are not limited to, bankruptcy claims, default claims, death claims, and disability claims. Obtain from the Funding Note Issuer or its Servicer a listing and description of these fields and claim codes used in the servicing system (or other system).⁵⁴ For each loan in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) to look for indications of current claims filed with a guaranty agency on or prior to the loan's Grant Date.

3.4(V). Based upon results from §3.4(U), mark an "X" in the "Claims Filed" column on the schedule of Loan Level Testing Results (Attachment 7) if there is an indication that the loan was subject to a current claim filed with a guaranty agency on or prior to the loan's Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(W). Ask the Funding Note Issuer or its Servicer to specify which fields and codes in the servicing system (or other system) track the receipt of notices of bankruptcy filings by the borrower.⁵⁵ For each loan in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) to look for indications that the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer had received a notice of a current

⁵² Attestation documentation for this step may be written communication between the practitioner and the Funding Note Issuer or its Servicer or a record of conversation prepared by the practitioner.

⁵³ See immediately preceding footnote.

⁵⁴ This evidence must be included in the attestation documentation for the engagement.

⁵⁵ Attestation documentation for this step may be written communication between the practitioner and the Funding Note Issuer or its Servicer or a record of conversation prepared by the practitioner.

bankruptcy filing by the borrower on or prior to the loan's Grant Date (i.e., any bankruptcy filing where a final decree has not yet been issued by the bankruptcy court).

3.4(X). Based upon results from §3.4(W), mark an "X" in the "Bankruptcy Notice" column on the schedule of Loan Level Testing Results (Attachment 7) if there are indications that the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer had received a notice of a current bankruptcy filing by the borrower on or prior to the loan's Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(Y). Look for evidence that the Funding Note Issuer or its Servicer deposited to the Funding Note Issuer Collection Account any collections⁵⁶ received after the loan's Cut-off Date and through the date of the practitioner's fieldwork, as follows:

- 1) From the loans in the sample (i.e., from §3.4(B)), select a sub-sample of loans. For AUP engagements where the sample size is 150 or fewer loans, the sub-sample shall consist of the first 25 loans in the sample. If the sample (i.e., from §3.4(B)) contains fewer than 25 loans, then the sub-sample shall consist of all loans.
- 2) For each loan in the sample, inspect the servicing system to see if it indicates that Funding Note Issuer or its Servicer received a collection after the loan's Cut-off Date. If the servicing system indicates that a collection was received, record the date and amount.
- 3) Obtain from the Funding Note Issuer or its Servicer:
 - a) A bank record showing that the Funding Note Issuer or its Servicer submitted the deposit(s) to the Funding Note Issuer Collection Account established at the Conduit Administrator (i.e., Bank of New York Mellon); and
 - b) A schedule for each deposit to the Funding Note Issuer Collection Account listing the loans and deposit amount associated with each loan.
- 4) Compare the information obtained at step 2 to the deposit schedule(s) provided by the Funding Note Issuer or its Servicer (i.e., from step 3) to see if all collections identified at step 2 are reflected in the deposit schedule(s) (i.e., from step 3). In addition, look for evidence that the Funding Note Issuer or its Servicer deposited collections when or after they were required to do so.

Note: The Funding Note Issuer or its Servicer is required to deposit collections to the Funding Note Issuer Collection Account within the following timeframes:

⁵⁶ Collections include all amounts received with respect to principal and interest and other proceeds, payments and reimbursements with respect to the loan after the loan's Cut-off Date. FNPA Appendix A-5, "Collections."

- (i) Any collections received shall be identified to the related loan within two business days of receipt and deposited to the Funding Note Issuer Collection Account within two business days of identification; or
- (ii) If the Servicer is the Funding Note Issuer or affiliated with the Funding Note Issuer and satisfies the Monthly Remittance Condition (as indicated on the first page of the Monthly Servicer Report), any collections received in a calendar month shall be deposited to the Funding Note Issuer Collection Account no later than the third business day preceding the 25th day of the following calendar month.

3.4(Z). Based upon results from §3.4(Y), mark an “X” in the “Deposit Collection” column on the schedule of Loan Level Testing Results (Attachment 7) if there is an absence of evidence indicating that Funding Note Issuer or its Servicer deposited the collections when or after it was required to do so. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

Mark an “NA” (i.e., not applicable) in the “Deposit Collection” column on the schedule of Loan Level Testing Results (Attachment 7) for loans to which procedures in §3.4(Y) were not applied, because the loan was not included in the sub-sample of loans from §3.4(Y)(1).

3.4(AA). For each loan in the sample, look for indications that the loan was subject to a security interest, pledge, or hypothecation⁵⁷ (other than a security interest, pledge, or hypothecation created in favor of the Conduit) on or after the loan’s Grant Date, as follows:

- 1) Ask Funding Note Issuer or its Servicer how the servicing system (or other system) indicates loans are subject to a security interest, pledge, or hypothecation. In addition, obtain from the Funding Note Issuer or its Servicer a listing and description of the fields and/or codes used in the servicing system (or other system) to indicate a security interest, pledge, or hypothecation.⁵⁸
- 2) For loans in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) for indications that the loan was subject to a security interest, pledge, or hypothecation (other than one created in favor of the Conduit) on or after the loan’s Grant Date.

⁵⁷ Hypothecation is the pledging of property to secure a loan. The title of the property does not transfer, but the right to sell the property in case of default is transferred to the financing party.

⁵⁸ This evidence must be included in the attestation documentation for the engagement. Attestation documentation for this step may be written communication between the practitioner and the Funding Note Issuer or its Servicer or a record of conversation prepared by the practitioner.

3.4(BB). Based upon results from §3.4(AA)(1), report as a finding in the Schedule of Findings (Attachment 5) if the servicing system (or other system) does not contain fields and/or codes that indicate if loans are subject to a security interest, pledge, or hypothecation. Note: A finding reporting this condition is for informational purposes; it is not a finding of noncompliance.

Based upon results from §3.4(AA)(2), mark an “X” in the “Security Interest” column on the schedule of Loan Level Testing Results (Attachment 7) if there are indications the loan was subject to a security interest, pledge, or hypothecation (other than one created in favor of the Conduit) on or after the loan’s Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(CC). For each loan in the sample, look for indications that the Funding Note Issuer (whether an Eligible Direct Issuer or SPV, either in its own right or with an ELT), had title to, and beneficial ownership of, the loan on each of the following dates (i) on or after the date on which the NOI of the Seller and its related SPV or the Eligible Direct Issuer was received and acknowledged by ED, (ii) before July 1, 2010, and (iii) as of the loan’s Grant Date, as follows:

- 1) Ask Funding Note Issuer or its Servicer how the servicing system (or other system) indicates the entity having title to, and, if different, having beneficial ownership of, a loan. In addition, obtain from the Funding Note Issuer or its Servicer a listing and description of the fields and/or codes used in the servicing system (or other system) to indicate the entity having title to, and if different, having beneficial ownership of, a loan.⁵⁹
- 2) For loans in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) for indications that the Funding Note Issuer and its ELT, if applicable, had title to, and beneficial ownership of, the loan:
 - a) On or after the date on which the applicable NOI was received and acknowledged by ED;⁶⁰
 - b) Before July 1, 2010; and
 - c) As of the loan’s Grant Date.

3.4(DD). Based upon results from §3.4(CC)(1), report as a finding in the Schedule of Findings (Attachment 5) if the servicing system (or other system) does not contain fields and/or codes that indicate the entity that has title to, and, if different, the entity that has beneficial ownership of, a loan. Note: A finding reporting this condition is for informational purposes; it is not a finding of noncompliance.

⁵⁹ See immediately preceding footnote.

⁶⁰ The practitioner obtains the NOI and the email indicating ED’s receipt and acceptance of the NOI at procedures §3.3(A).

Based upon results from §3.4(CC)(2), mark an “X” in the “Loan Title” column on the schedule of Loan Level Testing Results (Attachment 7) if there are indications that (i) the Seller’s related SPV Funding Note Issuer first acquired title to, and beneficial ownership of, the loan (a) before the date on which the applicable party’s NOI was received and acknowledged by ED, or (b) on or after July 1, 2010, or (ii) the Funding Note Issuer and its ELT, if applicable, did not have title to, and beneficial ownership of, the loan as of the loan’s Grant Date. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(EE). For each loan in the sample for which the promissory note was electronically signed by the borrower (see §3.4(E)(1)) ask officials at the Funding Note Issuer if representative affidavit(s) and supporting material(s) have been submitted to the Conduit Administrator. If the representative affidavit(s) and supporting material(s) were not submitted to the Conduit Administrator, proceed to §3.4(FF). If the representative affidavit(s) and supporting material(s) have been submitted to the Conduit Administrator proceed to steps (EE)(1) through (3) below:

- 1) Obtain from the Funding Note Issuer or its Servicer a document identifying the applicable representative affidavit and supporting materials applicable to each loan in the sample for which the promissory note was electronically signed by the borrower.⁶¹
- 2) Obtain from the Funding Note Issuer or its Servicer copies of the representative affidavits and supporting materials specified in the document obtained from the seller (from (1)).
- 3) Inspect each representative affidavit and supporting materials to see that they contain the following:
 - a) A cover letter on the Funding Note Issuer’s or Seller’s letterhead and signed by an Authorized Officer that contains the following:
 - i) A statement as to the Authorized Officer’s authority to represent the Funding Note Issuer or Seller;
 - ii) A statement that the Authorized Officer has no knowledge or information that would contradict the information in the representative affidavit; and
 - iii) A contact name, phone, and address of the person responsible for resolving any identified issues.
 - b) A statement signed by a person with direct knowledge of the electronic signature process used by borrowers to execute the related promissory notes that includes the following:
 - i) Information on the position or role held by such person at the time he or she acquired such knowledge;

⁶¹ This evidence must be included in the attestation documentation for the engagement.

- ii) An explanation on how such person acquired the knowledge to provide a reliable explanation of the electronic signature process;
 - iii) An attestation of the validity of the documentation contained the representative affidavit package;
 - iv) An affirmation that the representative affidavit package accurately reflects the electronic signature process; and
 - v) The name and location of the entity in possession of any original electronic promissory notes and other supporting documentation.
- c) A narrative description of the steps followed by a borrower to execute the electronic promissory notes.
 - d) An annotated copy of each computer screen as it appeared to the borrower when signing the promissory note electronically.
 - e) A description of the field edits and any other security measures used to ensure the integrity of the data submitted to the originator electronically.
 - f) A description of how the executed promissory note has been preserved so as to ensure that it could not be altered after it was executed.
 - g) A narrative description of the process used to authenticate a borrower's identity, the composition of the electronic signature and the method used to affix such electronic signature.

3.4(FF). Based upon results from §3.4(EE), mark an “X” in the “Representative Affidavit” column on the schedule of Loan Level Testing Results (Attachment 7) if the representative affidavit and supporting materials do not contain the material described in §3.4(EE)(3). In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

For loans in the sample for which the promissory note was not electronically signed by the borrower mark an “NA” (i.e., not applicable) in the “Representative Affidavit” row on the schedule of Loan Level Testing Results (Attachment 7). For this procedure, loans marked by the practitioner as “NA” are not considered as having an error (i.e., that are not in noncompliance with the requirement tested).

For loans in the sample for which the applicable representative affidavit and supporting material have not been submitted to the Conduit Administrator mark an “NS” (i.e., not submitted) in the “Representative Affidavit” row on the schedule of Loan Level Testing Results (Attachment 7). For this procedure, loans marked by the practitioner as “NS” are not considered as having an error (i.e., that are not in noncompliance with the requirement tested).

3.4(GG). For each loan in the sample for which the promissory note was electronically signed by the borrower (see §3.4(E)(1)), look for indications that the Funding Note

Issuer, Eligible Direct Issuer, Seller, or Servicer has a record evidencing the borrower's electronic signature, as follows:

- 1) From the loans in the sample (i.e., from §3.4(B)), select a sub-sample of loans. For AUP engagements where the sample size is 150 or fewer loans, the sub-sample shall consist of the first 25 loans in the sample for which the promissory note was electronically signed by the borrower. If the sample (i.e., from §3.4(B)) contains fewer than 25 loans for which the promissory note was electronically signed by the borrower, then the sub-sample shall consist of all loans for which the promissory note was electronically signed by the borrower.
- 2) Obtain from Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer a description of the essential steps completed by borrowers for the electronic signature transaction process(es) used for the promissory notes associated with the sub-sample of loans from step 1.⁶²
- 3) Obtain from the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer the session data for the borrower's electronic signature of the promissory note associated with each loan in the sub-sample of loans from step 1. The session data is data from the system that records the electronic signature transaction that indicates the date and time the borrower completed the essential steps (i.e., from step 2) for the electronic signature transaction.
- 4) Compare the date of the borrower's electronic signature contained in the session data for the promissory note associated with each loan (i.e., from step 3) to the date on the promissory note obtained at §3.4(E)(1).

3.4(HH). Based upon results from §3.4(GG), mark an "X" in the "E-Sign Session Data" column on the schedule of Loan Level Testing Results (Attachment 7) if (i) the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer did not provide the electronic session data for the borrower's electronic signature of the promissory note associated with the loan, or (ii) the date of the borrower's electronic signature indicated in the session data is not the same as the date on the promissory note obtained at §3.4(E)(1). In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

Mark an "NA" (i.e., not applicable) in the "E-Sign Session Data" column on the schedule of Loan Level Testing Results (Attachment 7) for loans to which procedures in §3.4(GG) were not applied, because the loan is associated with an electronically signed promissory note that was not included in the sub-sample of loans from §3.4(GG)(1).

Mark an "HC" (i.e., hard copy signature) in the "E-Sign Session Data" column on the schedule of Loan Level Testing Results (Attachment 7) for loans that procedures at §3.4(GG) were not applied, because the loan is associated with a promissory note that

⁶² See immediately preceding footnote.

was signed in hard copy by the borrower, and therefore not included in the sub-sample of loans from §3.4(GG)(1).

For this procedure, loans marked by the practitioner as “NA” or “HC” are not considered as having an error (i.e., being noncompliant with the requirement tested).

3.4(II). For each loan in the sample where the Loan Schedule’s Loan Status field specifies that the loan was in repayment status (i.e., code “RP”), look for indications that the loan is not 210 or more days delinquent⁶³ as of the loan’s Grant Date, as follows:

- 1) Inspect the applicable loan servicing system or Loan Documentation (e.g., the repayment schedule, payment history) for the due date of the most recent missed payment, if any.
- 2) If a payment has been missed, calculate the number of days that lapsed from (i) the day after the due date of the first missed payment that is not subsequently paid through (ii) the loan’s Grant Date.

3.4(JJ). Based upon results from §3.4(II), mark an “X” in the “210 or More Days Delinquent” column on the schedule of Loan Level Testing Results (Attachment 7) if the number of days that have lapsed from the day after the due date of the first missed payment that is not subsequently paid through the loan’s Grant Date is 210 or more days. In addition, report the details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

3.4(KK). If the procedures specified in §3.4 (above), result in one or more exceptions, the practitioner must report in the Summary of Loan Population and Sample Characteristics (Attachment 3) the loan level testing results and project such results, at the upper limit only, for the population of loans at a 90 percent confidence level. An upper-only limit yields estimation that the actual error rate for the population is equal to or no more than the upper limit. An illustrative example of the practitioner’s statement on loan level testing results for an AUP engagement is as follows:

First paragraph:

As part of the Agreed-Upon Procedures, we randomly selected [specify number] loans with Principal Balances totaling [specify amount] (the “Sampled Loans”) from the population of [specify number] loans with Principal Balances totaling [specify amount] (the “Test Pool”). We performed the specified procedures on the Sampled Loans.

⁶³ Delinquency on a loan begins on the first day after the due date of the first missed payment that is not later made. 34 C.F.R. § 682.411(b)(1)

Second paragraph:

Based upon the results of the specified procedures §3.4(E) through §3.4(JJ), we noted an exception in the specified loan eligibility requirements for [specify number] loans, or [specify percentage] percent. Based upon statistical sampling procedures for attribute samples, at the 90% confidence level, it is estimated that no more than [specify percentage] percent of loans in the population would have an exception to one or more of the specified eligibility requirements.

Or

Based upon the results of the specified procedures §3.4(E) through §3.4(JJ), no exceptions in the specified loan eligibility requirements were noted for the [specify number] Sampled Loans.

Section 4 – Reporting

4.1 Engagement Report Package Requirements

The report package for the AUP engagement must include:

- Agreed-Upon Procedures Report and Results (Attachments 1 and 2);
- Summary of Loan Population and Sample Characteristics (Attachment 3);
- Copy of management’s assertion (Attachment 4);
- Schedule of Findings (Attachment 5);
- Funding Note Issuer and Practitioner Information Sheet (Attachment 6);
- Loan Level Testing Results (Attachment 7);
- Any separate report on illegal acts submitted under the procedures described in §1.6;
- Any management letters issued to the lender concerning this engagement;
- Funding Note Issuer’s Report on Engagement Findings and Corrective Actions (Attachment 8), if applicable;⁶⁴
- Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (Attachment 10),
- Schedule of Relevant Loan Portfolios and Pledged Pools (Attachment 11), and
- Any appendices in response to procedures at §3.3(K) through (M), as applicable.

Note: If Attachment 5 of the report package for the ABCP Conduit Put Program contains, or may contain, personally identifiable information, it may be subject to the Privacy Act of 1974, as amended. The report package should not include personally identifiable information subject to state and federal privacy laws, unless it is not possible to satisfy the requirements of this Guide without it. If the reporting package includes such personally identifiable information, all transmittals used to submit the reporting package should specify that personally identifiable information is included. The dissemination, distribution or providing of a reporting package that includes personally identifiable information, may only be made, as necessary or required, to the following parties: the practitioner, Servicer, Seller, Eligible Direct Issuer, Funding Note Issuer, Conduit Administrator, ED, or other party to the ABCP Conduit Put Program. The practitioner must not provide copies to any other parties.

⁶⁴ If the AUP engagement disclosed that one or more loans with exceptions, the Funding Note Issuer is to prepare a report explaining the cause of exception and/or noncompliance and the procedures it has or will implement to cure the noncompliance and assure compliance with the selected eligibility requirement. This is required pursuant to FNPA Appendix D (Covenants of the Funding Note Issuer) §12(d). In addition, Attachment 8 should be completed for all other findings identified in the AUP engagement.

4.2 Reporting Package Submission

The Funding Note Issuer must submit the reporting package electronically, in a PDF format, as follows:

Submitted to	Send to	Enter as Email's Subject
The Bank of New York Mellon, as Conduit Administrator	BMOStraightA@bnymellon.com	Eligible Loan AUP, [Funding Note Issuer], [date]
BMO Capital Markets, as Conduit Manager ⁶⁵	StraightA.Issuer@bmo.com	Eligible Loan AUP, [Funding Note Issuer], [date]
U.S. Department of Education	Conduitaupaudits@ed.gov	Eligible Loan AUP, [Funding Note Issuer], [date]

Note: If the Funding Note Issuer believes the reporting package contains any information subject to the Privacy Act of 1974 or other state or federal laws regulating the privacy of personally identifiable information (including electronic records containing such information), such reporting package (i) shall not be distributed as described above and instead shall be distributed pursuant to a secure or encrypted delivery method as required by the Privacy Act of 1974 or other state or federal laws regulating the privacy of personally identifiable information (including electronic records containing such information), and (ii) shall not be distributed to the Conduit Manager by the Funding Note Issuer. In such case, the Conduit Administrator will provide a copy to the Conduit Manager only after personally identifiable information has been redacted from the report.

Questions about the Conduit Administrator's and Manager's reporting package submission process may be directed to BMO Capital Markets, by email to StraightA.Issuer@bmo.com.

Questions about ED's reporting package submission process may be directed to Patricia Trubia, Acting Director, Financial Partner Eligibility & Oversight, by email to patricia.trubia@ed.gov.

⁶⁵ If the Funding Note Issuer believes the reporting package contains any personally identifiable information, it should be sent only to the Conduit Administrator and ED.

Exhibit

Exhibit A - Overview of ABCP Conduit Put Program

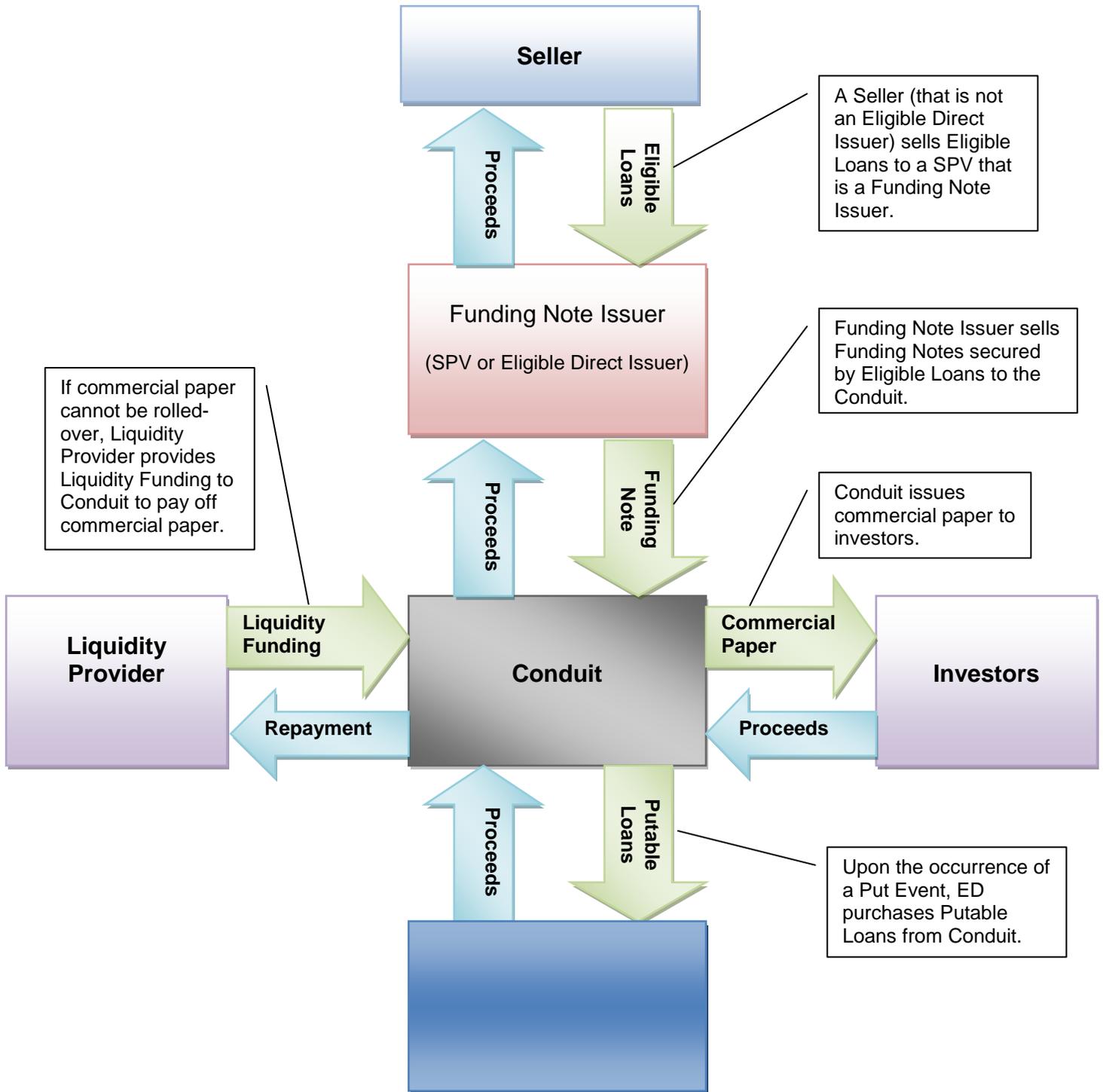


Exhibit B - Overview of Loan Pledge/Sale Allocation Criteria

The FNPA's Loan Sale Allocation Criteria for Sellers and Loan Pledge Allocation Criteria for Eligible Direct Issuers provide three options for selecting loans to be included in a Proposed Pool that is to be pledged to the Conduit.

Option 1 – The Proposed Pools comprise the entire Relevant Loan Portfolio.

Option 1 applies only if the Proposed Pools comprise the Seller's or Eligible Direct Issuer's entire Relevant Loan Portfolio. Under Option 1, the loans in the Proposed Pools are not selected at random and the Proposed Pool(s) are not subject to Threshold Tests.

Option 2 – The Proposed Pools comprise less than, but are selected from, the entire Relevant Loan Portfolio including those portions serviced at each Servicer.

Option 2 applies where loans for the Proposed Pools are selected at random, in a manner approved by ED (see below), from the entire Relevant Loan Portfolio of the Seller or Eligible Direct Issuer, including those portions serviced at each Servicer servicing any portion of the Seller's or Eligible Direct Issuer's Relevant Loan Portfolio. Under Option 2, the Proposed Pools are not subject to Threshold Tests.

Option 3 – The Proposed Pools are selected from part of the Relevant Loan Portfolio.

Option 3 applies where loans for the Proposed Pool(s) (i) comprise the entire portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced by one or more, but not all, of the Servicers that service the Relevant Loan Portfolio, or (ii) are selected at random, in a manner approved by ED (see below), from a portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced at one or more Servicers. Under Option 3, the Proposed Pool for each academic year is subject to Threshold Tests.

To ensure that each Proposed Pool is representative of the entire Relevant Loan Portfolio with respect to four characteristics, each Proposed Pool for each academic year must meet the Threshold Test with respect to its average Principal Balance, school type category percentages, payment status category percentages, and loan type category percentages. The Threshold Tests are applied in the following sequential order: average Principal Balance, school type category percentages, payment status category percentages, and loan type category percentages. A Proposed Pool meets a Threshold Test when the average Principal Balance or category percentages for the entire Relevant Loan Portfolio fall within the applicable Confidence Ranges for the Proposed Pool. When a Proposed Pool does not meet a Threshold Test, loans are removed from the Proposed Pool until the Threshold Test is met. If Threshold Tests are required to be performed on a Proposed Pool, the initial Proposed Pool selected may be larger than the intended Proposed Pool to take into account loans that may be removed during the application of Threshold Tests. If the aggregate Principal Balance of the final Proposed Pool after the application of Threshold Tests exceeds the intended size of the Proposed Pool, loans may be removed at random until the intended size of the Proposed Pool is achieved.

Department Approved Random Selection Methodology

The Department has approved the following random selection methodology for loans to be included in a Proposed Pool: (1) start with a list of all loans in the Relevant Loan Portfolio; (2) identify the nine-digit SSN, including zeros, in the list of all loans; (3) sort the list of all loans in number order (either from 0 to 9 or 9 to 0) by the 6th digit of the SSN; (4) within that sorted file, additionally sub-sort all loans by each loan's entire SSN (include leading zeros); and (5) select loans (include all eligible loans for each borrower for whom a single loan is selected) from a random starting point until the target principal amount is reached. If the bottom of the list is reached, start back at the top (a circular process).

Note: The above explanations and descriptions are included to provide background and context for practitioners performing AUP engagements. These explanations and descriptions do not replace or amend requirements contained in the various ABCP Conduit Put Program agreements or other program criteria. All terms used but not defined herein shall have the meaning assigned in the FNPA.

Attachments

Attachment 1 – Illustrative Agreed-Upon Procedures Report for Funding Note Issuer’s Compliance with Selected Criteria for Eligible Loans

To: [Funding Note Issuer]

We have performed the procedures enumerated below, which were agreed to by the [Funding Note Issuer], the Conduit, and the U.S. Department of Education, as set forth in the *Agreed-Upon Procedures Attestation Engagement Guide for Ensuring Continued Access to Student Loans Act (ECASLA) Asset-Backed Commercial Paper (ABCP) Conduit Put Program for Funding Note Issuer’s Compliance with Selected Criteria for Eligible Loans*, which is required to be used per the Article V of the Funding Note Purchase Agreement and Section 12(b)(ii) of its Appendix D. We performed the procedures solely to assist the specified parties in evaluating the [Funding Note Issuer’s] compliance with certain program requirements regarding the Financed Student Loans that were included in the [Funding Note Issuer’s] Loan Transmittal Summary Form(s) accompanying Loan Designation Notice(s) with Grant Dates during the period from [specify date] through [specify date].

Management of the [Funding Note Issuer] is responsible for [Funding Note Issuer’s] compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in *Government Auditing Standards*, July 2007, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

[See §3.4(KK) for illustrative reporting language pertaining to the population of the Test Pool, the sample characteristics, the engagement results, and the projection of such results.]

[See Attachment 2 for an illustrative reporting format of the agreed-upon procedures performed and the results of those procedures. This information may be presented as part of the report or as an attachment to the report.]

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on [Funding Note Issuer’s] compliance with the program requirements of the ECASLA ABCP Conduit Put Program. Accordingly, we do

not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been included in this report. Our procedures do not provide a legal determination of the [Funding Note Issuer's] compliance with the specified requirements.

This report is intended solely for the information and use of the [Funding Note Issuer]; Straight-A Funding, LLC; Bank of New York Mellon, as Conduit Administrator; BMO Capital Markets, as Conduit Manager; and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

[CPA Firm Signature]
[Date]

**Attachment 2 – Illustrative Agreed-Upon Procedures and Results Section for
 Funding Note Issuer’s Compliance with Selected Criteria for Eligible Loans**

Agreed-Upon Procedures	Results
3.2 Obtain the Management Assertion and Loan Schedule	
<p>3.2(A). Obtain from the Funding Note Issuer:</p> <ol style="list-style-type: none"> 1) The management assertion specified at §2.1 (i.e., Attachment 4). 2) The Loan Designation Notice(s) and the accompanying Loan Transmittal Summary Form(s). 3) The Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (i.e., Attachment 10) for which the assertion is made. 	<p>The Funding Note Issuer provided the required (1) management assertion, (2) Loan Designation Notice(s) and the accompanying Loan Transmittal Summary Form(s), and (3) the Schedule of Loan Designation Notice(s) and Loan Transmittal Summary Form(s).</p> <p>Or</p> <p>The Funding Note Issuer did not provide the required [specify (1) management assertion, (2) Loan Designation Notice(s) and the accompanying Loan Transmittal Summary Form(s) or (3) the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.2(B). Inspect each Loan Transmittal Summary Form to see that it includes the data fields specified in the table at §3.2(B).</p>	<p>The Loan Transmittal Summary Form contained the required data fields.</p> <p>Or</p> <p>The Loan Transmittal Summary Form did not contain [specify] data fields. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.2(C). Not applicable for this schedule.</p>	
<p>3.2(D). Inspect each Loan Transmittal Summary Form as follows:</p> <ol style="list-style-type: none"> 1) Using database or audit software, count the number of loan records contained in the Loan Transmittal Summary Form. 2) Using database or audit software, calculate the total Principal Balance for all loan records contained in the Loan Transmittal Summary Form. 3) Before applying additional procedures, compare the loan record count from step 1 and total Principal Balance from step 2 to the Number of Loans and Total Principal Balance reported for the Loan 	<p>The number of loans and total Principal Balance for all loans contained in each Loan Transmittal Summary Form agree with the amounts specified in the Schedule of Loan Designation Notice(s) and Loan Transmittal Summary Form(s).</p> <p>Or</p> <p>The number of loans and/or total Principal Balance for all loans contained in the Loan Transmittal Summary Form with a Grant Date(s) of [specify] do/does not agree with the amounts specified in the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms. The total(s) of [number of loans and/or total Principal Balance] is/are [specify], whereas</p>

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Transmittal Summary Form on the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms (i.e., Attachment 10).	the amount(s) per the Schedule of Loan Designation Notices and Loan Transmittal Summary Forms is/are [specify]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.2(E). Not applicable for this schedule.	
3.2(F). Not applicable for this schedule.	
3.2(G). Not applicable for this schedule.	
3.2(H). Not applicable for this schedule.	
3.3 Loan Schedule testing	
3.3(A). Obtain from the Funding Note Issuer copies of (i) the NOI and (ii) the email indicating ED's receipt and acceptance of the NOI.	The Funding Note Issuer provided copies of (i) the NOI and (ii) the email indicating ED's receipt and acceptance of the NOI. Or The Funding Note Issuer did not provide copies of (i) the NOI and/or (ii) the email indicating ED's receipt and acceptance of the NOI. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(B). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Seller or Eligible Direct Issuer LID field contains only those Lender Identification numbers (LIDs) specified in the NOI obtained at §3.3(A).	The Loan Schedule's Seller or Eligible Direct Issuer LID field contains only those LIDs specified in the Funding Note Issuer's NOI. Or The Loan Schedule's Seller or Eligible Direct Issuer LID field contained LIDs [specify] that are not specified in the Funding Note Issuer's NOI. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(C). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Loan Type field codes contains only the following codes: SF (Stafford subsidized), SU (Stafford unsubsidized), PL (PLUS for parent), or GB (PLUS for graduate/professional student).	Loan types include only codes for subsidized Stafford, unsubsidized Stafford, and PLUS loans. Or [Specify count] loans are unallowable loan types of [specify]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(D). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the First Disbursement Date is (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date.	The First Disbursement Dates are (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date. Or

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	[Specify number] of loans had First Disbursement Dates before October 1, 2003 and/or [specify number] of loans had First Disbursement Dates later than the earlier of July 1, 2009, or the Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(E). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Final Disbursement Date is no later than the earlier of September 30, 2009, or the Grant Date.	The Final Disbursement Dates are no later than the earlier of September 30, 2009, or the Grant Date. Or [Specify number] loans had Final Disbursement Dates later than the earlier of September 30, 2009, or the Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(F). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that the Grant Date is prior to July 1, 2010.	The Grant Dates are prior to July 1, 2010. Or [Specify number] loans had Grant Dates on or after July 1, 2010. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(G). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that each loan's Loan Status Code is limited to one of the codes specified in the table at §3.3(G).	The Loan Status Codes include only the codes specified in the table at §3.3(G). Or [Specify number] loans had Loan Status Codes of [specify codes] that are not specified in the table at §3.3(G). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(H). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that each loan's Principal Balance is greater than \$0 (zero).	All Principal Balances are greater than \$0 (zero). Or [Specify number] loans had Principal Balances of \$0 (zero) or less. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].
3.3(I). Using database or audit software, query the Loan Schedule (i.e., from §3.2(F)) to see that (i) the fields (specified in the table at §3.2(B)) for each loan are populated (i.e., not blank) and (ii) the First Disbursement Date, Final Disbursement Date, Loan Period Begin Date, and Loan Period End Date fields contain valid entries (i.e., not populated with zeros).	The fields (specified in the table at §3.2(B)) for each loan are populated (i.e., not blank) and the First Disbursement Date, Final Disbursement Date, Loan Period Begin Date, and Loan Period End Date fields contain valid entries (i.e., not populated with zeros). Or [Specify number] loans had blank [specify field name(s)] fields and/or [specify number] loans had First Disbursement Date, Final Disbursement Date, Loan Period Begin Date, and Loan Period End Date fields that did not contain valid entries. For details, see

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	Schedule of Findings (Attachment 5), Finding No. [specify].
<p>3.3(J) Look for evidence that the Funding Note Issuer included a certification relating to Excluded Borrower Benefits in each Loan Designation Notice(s) obtained at §3.2(A) as follows:</p> <p>1) If the Funding Note Issuer certifies, “There are no Excluded Borrower Benefits relating to the Proposed Loans,” or includes no certification about Excluded Borrower Benefits, steps 2 through 4 are not applicable.</p> <p>2) If the Funding Note Issuer certifies, “The amount of Excluded Borrower Benefits relating to the Proposed Loans is \$[specify amount] and such amount has been deposited to the Excluded Borrower Benefit Account,” proceed to step 3.</p> <p>3) Obtain from the Funding Note Issuer:</p> <p>a) Bank records indicating the deposit(s) to the Excluded Borrower Benefit Account established at the Conduit Administrator (i.e., Bank of New York Mellon) in the name of the Funding Note Issuer; and</p> <p>b) For each deposit, a schedule identifying the loan (e.g., by Loan Number) and deposit amount of the Excluded Borrower Benefits associated with each loan. This “Excluded Borrower Benefit Account Deposit Schedule” will be needed to perform procedures at §3.4(S).</p>	<p>All of these required records were obtained from the Funding Note Issuer.</p> <p>Or</p> <p>For the Loan Designation Notice with a Grant Date of [specify], the Funding Note Issuer did not provide all of the required records. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>No certification regarding Excluded Borrower Benefits was included in the Loan Designation Notice(s) [specify date(s)]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not applicable – The Loan Designation Notices indicated that there were no Excluded Borrower Benefits relating to the Financed Student Loans.</p>
<p>4) Inspect the records obtained at step 3 and look for evidence that a deposit was made to the Excluded Borrower Benefit Account established at the Conduit Administrator (i.e., Bank of New York Mellon) in the amount specified in the Funding Note Issuer’s certification regarding Excluded Borrower Benefits.</p>	<p>Records indicate that deposit was made and amounts agree.</p> <p>Or</p> <p>For the Loan Designation Notice with a Grant Date of [specify], records indicate amounts do not agree and/or records do not indicate that payment was made. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not applicable – The Loan Designation Notices indicated that there were no Excluded Borrower Benefits relating to the Financed Student Loans.</p>

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<p>3.3(K). Procedures at §3.3(K) through (M) look for evidence that the Seller or Eligible Direct Issuer selected loans pledged to the Conduit in accordance with the Loan Pledge/Sale Allocation Criteria. Procedures at §3.3(K) determine if procedures at §3.3(L) through (M), as applicable, shall be applied to the Relevant Loan Portfolio(s) and Proposed Pool(s) covered by the engagement. If the engagement covers multiple Relevant Loan Portfolios, the procedures set forth in §3.3(K) through (M), as applicable, shall be applied separately to each unique Relevant Loan Portfolio.</p> <p>1) Obtain from the Funding Note Issuer:</p> <ul style="list-style-type: none"> a) The Loan Data Schedules, an example of which is contained in Attachment 12 (Exhibits V-1, V-2, and V-3), associated with each Loan Designation Notice for which the management assertion, specified at §2.1 and obtained at §3.2(A), is made; and b) The completed Schedule of Relevant Loan Portfolios and Pledged Pools (Attachment 11). <p>Perform steps 2 through 5 with respect to each unique Relevant Loan Portfolio detailed on the Loan Data Schedules, associated with each Loan Designation Notice for which the management assertion is made.</p>	<p>The Funding Note Issuer provided the documents and information requested.</p> <p>Or</p> <p>The Funding Note Issuer did not provide the following documents and/or information requested: [specify documents]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>2) Inspect the Loan Data Schedules and Loan Designation Notices applicable to each unique Relevant Loan Portfolio and each Pledged Pool associated with that unique Relevant Loan Portfolio to ascertain:</p> <ul style="list-style-type: none"> a) The Date of Determination for the Relevant Loan Portfolio. b) The number of loans in the Relevant Loan Portfolio. c) The Grant Date for each Pledged Pool. d) The number of loans in each Pledged Pool. <p>3) Calculate the total number of loans in all Pledged Pools associated with that unique Relevant Loan Portfolio.</p> <p>4) Divide the total number of loans in all Pledged Pools (from step 3) by the number of loans in the unique Relevant Loan Portfolio (from step 2(b)). Convert the resulting quotient to a percentage.</p>	<p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 100% of the number of loans in this Relevant Loan Portfolio.</p> <p>Or</p> <p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) [specify] percent of the number of loans in this Relevant Loan Portfolio. As a result, procedures at step 5(b) were performed.</p>

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<p>5) Answer the following questions, in sequence, for each unique Relevant Loan Portfolio:</p> <p>a) Is the percentage, calculated at step 4, 100%?</p> <p>If yes, the procedures at §3.3(L) or (M) for that unique Relevant Loan Portfolio are not required to be performed. Proceed to the loan level testing procedures specified in §3.4.</p> <p>If no, because the percentage is more than 100%, proceed to §3.3(N).</p> <p>If no, because the percentage is less than 100%, proceed to question 5(b).</p>	<p>Or</p> <p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) [specify] percent of the number of loans in this Relevant Loan Portfolio. As a result, procedures at §3.3(N) were performed.</p> <p>Or</p> <p>Not Applicable – The Funding Note Issuer did not provide the documentation or information needed to perform this procedure.</p>
<p>b) Is the percentage, calculated at step 4, 95% or more, but less than 100%?</p> <p>If yes, (i) the procedures at §3.3(L) or (M) for that unique Relevant Loan Portfolio are not required to be performed; (ii) the practitioner shall obtain from the Seller or Eligible Direct Issuer a written explanation as to (1) why the entire Relevant Loan Portfolio was not pledged to the Conduit and (2) what basis loans were excluded from the Pledged Pool(s), such explanation shall be submitted as an appendix in the engagement report; and (iii) proceed to the loan level testing procedures specified in §3.4.</p> <p>If no, proceed to question 5(c).</p>	<p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 95% or more, but less than 100%, of the number of loans in this Relevant Loan Portfolio. The Seller or Eligible Direct Issuer provided the required explanation concerning the selection of the Pledged Pool(s), and the explanation has been submitted as an appendix to this engagement report.</p> <p>Or</p> <p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 95% or more, but less than 100%, of the number of loans in this Relevant Loan Portfolio. The Seller or Eligible Direct Issuer did not provide the required explanation concerning the selection of the Pledged Pool(s). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) less than 95% of the number of loans in this Relevant Loan Portfolio. As a result, procedures at step 5(c) were performed.</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 100% or more of the number of loans in this Relevant Loan Portfolio.</p> <p>Or</p> <p>Not Applicable – The Funding Note Issuer did not provide the documentation or information needed to perform this procedure.</p>

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<p>c) Is the percentage, calculated at step 4, less than 95%, and does the Seller or Eligible Direct Issuer intend to make additional pledges from the unique Relevant Loan Portfolio?</p> <p>If yes, the procedures at §3.3(K) shall be applied again in the next engagement. In addition, the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement, but no later than the engagement period ending June 30, 2010, rather than this engagement.</p> <p>If no, proceed to step 6 to determine which procedures (i.e., §3.3(L) or (M)) shall be applied to the Pledged Pool(s) associated with the unique Relevant Loan Portfolio.</p>	<p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer intends to make additional pledges from this Relevant Loan Portfolio. As a result, the procedures at §3.3(K) shall be applied again in the next engagement. In addition, the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement, but no later than the engagement period ending June 30, 2010, rather than this engagement.</p> <p>Or</p> <p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer pledged less than 95% of this Relevant Loan Portfolio. As a result, procedures at step 6 were performed for this Relevant Loan Portfolio.</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 95% or more of the number of loans in this Relevant Loan Portfolio.</p> <p>Or</p> <p>Not Applicable – The Funding Note Issuer did not provide the documentation or information needed to perform this procedure.</p>
<p>6) [This step is performed if indicated at step 5(c).] For each Pledged Pool, ask the Seller or Eligible Direct Issuer if each Pledged Pool was selected using the method described at 6(a) or 6(b).</p> <p>a) Each of the Pledged Pools was selected at random from the entire unique Relevant Loan Portfolio at all Servicers servicing the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 2).</p> <p>b) The Pledged Pool(s) (i) comprised the entire portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced by one or more, but not all, of the Servicers servicing the unique Relevant Loan Portfolio, or (ii) have been selected at random from the Relevant Loan Portfolio at a particular Servicer, or Servicers, servicing a portion of the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 3) and are therefore subject to</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer selected each of the Pledged Pools using the method described at 6(a). As a result, procedures at §3.3(L) were performed on the Pledged Pool(s) associated with the specific unique Grant Date of [specify].</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer selected each of the Pledged Pools using the method described at 6(b). As a result, procedures at §3.3(M) were performed on each Pledged Pool.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer selected each of the Pledged Pools using a method other than those described at 6(a) and (b). The Seller or Eligible Direct Issuer provided [did not provide] the required</p>

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<p>the threshold tests.</p> <p>If the Seller or Eligible Direct Issuer selected the Pledged Pools using the method described at 6(a), perform the procedures at §3.3(L) on the Pledged Pool(s).</p> <p>If the Seller or Eligible Direct Issuer selected the Pledged Pool(s) using the method described at 6(b), perform the procedures at §3.3(M) on each Pledged Pool.</p> <p>If procedures at step 6 result in one or more findings, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall be included as an appendix in the engagement report.</p>	<p>explanation concerning the selection of the Pledged Pool(s), and the explanation has [not] been submitted as an appendix to this engagement report. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(K) shall be applied again in the next engagement. In addition, the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement, but no later than the engagement period ending June 30, 2010, rather than this engagement.</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], represent(s) 95% or more of the number of loans in this Relevant Loan Portfolio.</p> <p>Or</p> <p>Not Applicable – The Funding Note Issuer did not provide the documentation or information needed to perform this procedure.</p>
<p>3.3(L). Procedures at §3.3(L) are to be performed if indicated at §3.3(K)(6). The procedures are designed to look for evidence that the Seller or Eligible Direct Issuer selected the Pledged Pool(s) at random from the entire Relevant Loan Portfolio at all Servicers servicing the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria, Option 2). The procedures at 3.3(L) are applied to all Pledged Pools that are associated with each unique Relevant Loan Portfolio.</p> <p>1) Inspect the Loan Data Schedules (from §3.3(K)(1)) associated with the unique Relevant Loan Portfolio to ascertain if loans in the unique Relevant Loan Portfolio and associated Pledged Pool(s) were serviced by one or more Servicers. If the Loan Data Schedules do not indicate the Servicer(s), obtain from the Seller or Eligible Direct Issuer a written representation as to the number of Servicers that serviced the unique Relevant Loan Portfolio and associated Pledged Pool(s).</p> <p>If more than one Servicer serviced the unique Relevant Loan Portfolio, ask the Seller or Eligible Direct Issue if loans in the Pledged Pool(s) were</p>	<p>The unique Relevant Loan Portfolio with a Date of Determination of [specify] and associated Pledged Pool(s) were serviced by one Servicer.</p> <p>Or</p> <p>The unique Relevant Loan Portfolio with a Date of Determination of [specify] and associated Pledged Pool(s) were serviced by more than one Servicer.</p> <p>Or</p> <p>The unique Relevant Loan Portfolio with a Date of Determination of [specify] and associated Pledged Pool(s) were serviced by more than one Servicer. However, loans in the Pledged Pools were not selected from the Relevant Loan Portfolio in a manner that provided loans an equal chance of being selected, regardless of the Servicer. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(L) were not required to be</p>

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<p>randomly selected from the entire unique Relevant Loan Portfolio (i.e., all Servicers) in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the Servicer.</p>	<p>performed because [specify reason; e.g., procedures at §3.3(M) were applied, 95% or more of the Relevant Loan Portfolio was pledged, the procedures at §3.3(K) shall be applied again in the next engagement and the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement].</p>
<p>2) Ask the Seller or Eligible Direct Issuer if loans were selected for the Pledged Pool(s) using method (a) or (b), below.</p> <p>a) Loans in the Pledged Pool(s) were randomly selected from the entire unique Relevant Loan Portfolio (i.e., all academic years) in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the academic year.</p> <p>b) Loans in the Pledged Pool(s) were randomly selected from each academic year included in the unique Relevant Loan Portfolio in a manner that provided the loans, within each individual academic year, an equal chance of being selected.</p>	<p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were selected from the entire unique Relevant Loan Portfolio (i.e., all academic years) in a manner that provided loans, within the entire Relevant Loan Portfolio, an equal chance of being selected, regardless of the academic year.</p> <p>Or</p> <p>The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were selected from each academic year included in the unique Relevant Loan Portfolio in a manner that provided the loans, within each individual academic year, an equal chance of being selected.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Seller or Eligible Direct Issuer selected the Pledged Pools using a method other than those described at 2(a) and (b). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>3) Not applicable for this schedule.</p>	
<p>4) Not applicable for this schedule.</p>	
<p>5) If loans in the Pledged Pool(s) were selected using the methodology at step 2(a), ascertain if the percentages calculated in step 3(b) fall within the lower and upper boundaries as follows.</p> <p>a) Calculate the following range for each academic year:</p> <p>i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each academic year (calculated at step</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Relevant Loan Portfolio's percentage of loans associated with each academic year falls between the respective lower and upper boundaries for the respective academic year in the Pledged Pool(s).</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of</p>

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<p>3(b)(i)) and (2) 0.975.</p> <p>ii) The upper boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each academic year (calculated at step 3(b)(i)) and (2) 1.025.</p> <p>b) Ascertain whether the percentage of loans for each academic year included in the unique Relevant Loan Portfolio as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 5(a) for the same academic year.</p>	<p>[specify], the Relevant Loan Portfolio's percentage of loans associated with academic year(s) [specify] does not fall between the respective lower and upper boundaries for the respective academic year(s) in the Pledged Pool(s). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were not selected using the methodology at step 2(a).</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>c) Calculate the following range for each School Type:</p> <p>i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 3(b)(ii)) and (2) 0.975.</p> <p>ii) The upper boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 3(b)(ii)) and (2) 1.025.</p> <p>d) Ascertain whether the percentage of loans for each School Type included in the unique Relevant Loan Portfolio as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 5(c) for the same School Type.</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Relevant Loan Portfolio's percentage of loans associated with each School Type falls between the respective lower and upper boundaries for the respective School Type in the Pledged Pool(s).</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the Relevant Loan Portfolio's percentage of loans associated with School Type(s) [specify] does not fall between the respective lower and upper boundaries for the respective School Type(s) in the Pledged Pool(s). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were not selected using the methodology at step 2(a).</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>6) If loans in the Pledged Pool(s) were selected using the methodology at step 2(b), ascertain if the percentages calculated in step 4(b), for each</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], for each academic year, the Relevant Loan</p>

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<p>academic year, fall within the lower and upper boundaries as follows.</p> <p>a) For each academic year, calculate the following range for each School Type:</p> <p style="padding-left: 20px;">i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each School Type (calculated at step 4(b)(i)) and (2) 0.975.</p> <p style="padding-left: 20px;">ii) The upper boundary for the Pledged Pool(s) is the product of (2) the percentage of loans for each School Type (calculated at step 4(b)(i)) and (2) 1.025.</p> <p>b) For each academic year, ascertain whether the percentage of loans for each School Type included in the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 6(a) for the same School Type.</p>	<p>Portfolio's percentage of loans associated with each School Type falls between the respective lower and upper boundaries for the respective School Type in the Pledged Pool(s) for the same academic year.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], for academic year [specify], the Relevant Loan Portfolio's percentage of loans associated with School Type(s) [specify] does not fall between the respective lower and upper boundaries for the respective School Type(s) in the Pledged Pool(s) for the same academic year. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were not selected using the methodology at step 2(b).</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>c) For each academic year, calculate the following range for each Loan Type:</p> <p style="padding-left: 20px;">i) The lower boundary for the Pledged Pool(s) is the product of (1) the percentage of loans for each Loan Type (calculated at step 4(b)(ii)) and (2) 0.975.</p> <p style="padding-left: 20px;">ii) The upper boundary for the Pledged Pool(s) is the product of (2) the percentage of loans for each Loan Type (calculated at step 4(b)(ii)) and (2) 1.025.</p> <p>d) For each academic year, ascertain whether the percentage of loans for each Loan Type included in the unique Relevant Loan Portfolio for the same academic year as detailed on the Loan Data Schedule falls within the lower and upper boundaries for the Pledged Pool(s) calculated at step 6(c) for the same Loan Type.</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], for each academic year, the Relevant Loan Portfolio's percentage of loans associated with each Loan Type falls between the respective lower and upper boundaries for the respective School Type in the Pledged Pool(s) for the same academic year.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], for academic year [specify], the Relevant Loan Portfolio's percentage of loans associated with Loan Type(s) [specify] does not fall between the respective lower and upper boundaries for the respective Loan Type(s) in the Pledged Pool(s) for the same academic year. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – The Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] were not selected using the</p>

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	<p>methodology at step 2(b).</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>7) If procedures at §3.3(L) result in one or more findings being reported, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall be included as an appendix in the engagement report.</p>	<p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], procedures at §3.3(L) resulted in no findings being reported.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], procedures at §3.3(L) resulted in findings being reported. The Eligible Direct Issuer or Seller provided the required description of its selection process for loans in the Pledged Pool(s). Such description is included as an appendix in this engagement report.</p> <p>Or</p> <p>For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], procedures at §3.3(L) resulted in findings being reported. The Eligible Direct Issuer or Seller did not provide the required description of its selection process for loans in the Pledged Pool(s), because [specify reason].</p> <p>Or</p> <p>Not Applicable – For the Pledged Pool(s) associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify], the procedures at §3.3(L) were not performed because [specify reason].</p>
<p>3.3(M). Procedures at §3.3(M) are to be performed if indicated at §3.3(K)(6). The procedures are designed to look for evidence that the Seller or Eligible Direct Issuer selected (i) a Pledged Pool or Pools that include the entire portion of the Relevant Loan Portfolio of the Seller or Eligible Direct Issuer serviced by one or more, but not all, of the Servicers servicing the Relevant Loan Portfolio, or (ii) each Pledged Pool for a single academic year and unique Grant Date at random from the Relevant Loan Portfolio at a particular Servicer, or Servicers, servicing <i>a portion</i> of the unique Relevant Loan Portfolio (i.e., in a manner described at Exhibit B – Overview of Loan Pledge/Sale Allocation Criteria,</p>	<p>The Seller or Eligible Direct Issuer provided the documents and information requested.</p> <p>Or</p> <p>The Seller or Eligible Direct Issuer did not provide the following documents and/or information requested: [specify documents]. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify]</p>

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<p>Option 3). The procedures at 3.3(M) are applied to each Pledged Pool for a single academic year and unique Grant Date.</p> <p>1) For each Pledged Pool for a single academic year and unique Grant Date, obtain from the Seller or Eligible Direct Issuer the results (including average principal balances, category percentages and standard error data) of the threshold tests performed by the Seller or Eligible Direct Issuer with respect to each Proposed Pool's average Principal Balance, School Type, Payment Status, and Loan Type.</p>	<p>consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not required to be performed because [specify reason; e.g., procedures at §3.3(L) were applied, 95% or more of the Relevant Loan Portfolio was pledged, the procedures at §3.3(K) shall be applied again in the next engagement and the procedures at §3.3(L) or (M), as applicable, shall be applied in the next engagement].</p>
<p>2) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to the average Principal Balance of loans in each Proposed Pool as follows:</p> <p>a) Using the Proposed Pool's average Principal Balance and standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range:</p> <p>i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's average Principal Balance minus (ii) the product of 1.96 and the applicable standard error.</p> <p>ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's average Principal Balance plus (ii) the product of 1.96 and the applicable standard error.</p> <p>b) Ascertain whether the average Principal Balance (specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 2(a).</p>	<p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the average Principal Balance for the entire Relevant Loan Portfolio fell between the Proposed Pool's Lower and Upper Boundaries.</p> <p>Or</p> <p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the average Principal Balance for the entire Relevant Loan Portfolio did not fall between the Proposed Pool's Lower and Upper Boundaries. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not performed because [specify reason].</p>
<p>3) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each School Type (i.e., 4-Year Institution, 2-Year Institution, Proprietary/Vocational Institution, and Other) in each Proposed Pool as follows:</p> <p>a) Using the Proposed Pool's percentage (based on loan count) of each School Type category and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each School Type:</p>	<p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, each School Type category percentage for the entire Relevant Loan Portfolio fell between the Proposed Pool's Lower and Upper Boundaries.</p> <p>Or</p> <p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans</p>

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<p>i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by School Type category minus (ii) the product of 1.96 and the applicable standard error.</p> <p>ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by School Type category plus (ii) the product of 1.96 and the applicable standard error.</p> <p>b) Ascertain whether each School Type category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 3(a) for the same School Type category from the Proposed Pool.</p>	<p>from the [specify] academic year, the [specify] School Type category percentage for the entire Relevant Loan Portfolio did not fall between the Proposed Pool's Lower and Upper Boundaries. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not performed because [specify reason].</p>
<p>4) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each Payment Status (i.e., In-School, Grace, Deferment, Forbearance, and Repayment) of loans in each Proposed Pool as follows:</p> <p>a) Using the Proposed Pool's percentage (based on loan count) of each Payment Status category and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each Payment Type:</p> <p>i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by Payment Status category minus (ii) the product of 1.96 and the applicable standard error.</p> <p>ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by Payment Status category plus (ii) the product of 1.96 and the applicable standard error.</p> <p>b) Ascertain whether each Payment Status category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper</p>	<p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, each Payment Status category percentage for the entire Relevant Loan Portfolio fell between the Proposed Pool's Lower and Upper Boundaries.</p> <p>Or</p> <p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the [specify] Payment Status category percentage for the entire Relevant Loan Portfolio did not fall between the Proposed Pool's Lower and Upper Boundaries. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not performed because [specify reason].</p>

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Boundaries calculated at step 4(a) for the same Payment Status category from the Proposed Pool.	
<p>5) For each Proposed Pool for a single academic year, analyze the results of the threshold test with respect to each Loan Type (i.e., subsidized Stafford, unsubsidized Stafford, and PLUS) in each Proposed Pool as follows:</p> <p>a) Using the Proposed Pool's percentage (based on loan count) of each Loan Type category and respective standard error (obtained from the Seller or Eligible Direct Issuer at step 1), calculate the following range for each Payment Type:</p> <p>i) The Lower Boundary for the Proposed Pool, which is the remainder of (i) the Proposed Pool's percentage of student loans by Loan Type category minus (ii) the product of 1.96 and the applicable standard error.</p> <p>ii) The Upper Boundary for the Proposed Pool, which is the sum of (i) the Proposed Pool's percentage of student loans by Loan Type category plus (ii) the product of 1.96 and the applicable standard error.</p> <p>b) Ascertain whether each Loan Type category percentage (based on loan count and specified on the applicable Loan Data Schedule obtained from the Funding Note Issuer at §3.3(K)(1)) for the entire Relevant Loan Portfolio (i.e., all academic years and all Servicers) falls between the Proposed Pool's Lower and Upper Boundaries calculated at step 5(a) for the same Loan Type category from the Proposed Pool.</p>	<p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, each Loan Type category percentage for the entire Relevant Loan Portfolio fell between the Proposed Pool's Lower and Upper Boundaries.</p> <p>Or</p> <p>For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the [specify] Loan Type category percentage for the entire Relevant Loan Portfolio did not fall between the Proposed Pool's Lower and Upper Boundaries. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not performed because [specify reason].</p>
<p>6) If procedures at §3.3(M) result in one or more findings being reported, obtain from the Eligible Direct Issuer or Seller a detailed written description of its selection process for loans in the Pledged Pool(s). Such description shall be included as an appendix in the engagement report.</p>	<p>The application of procedures at §3.3(M) disclosed no findings.</p> <p>Or</p> <p>The application of procedures §3.3(M) disclosed one or more findings. A detailed written description of the Eligible Direct Issuer's or Seller's selection process for loans in the Pledged Pool(s) is included as an appendix in the engagement report.</p> <p>Or</p> <p>The application of procedures §3.3(M) disclosed one or more findings. A detailed written description of the Eligible Direct Issuer's or Seller's selection process for</p>

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	<p>loans in the Pledged Pool(s) is not included as an appendix in the engagement report. [Specify reason why.]</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool with a Grant Date of [specify] consisting of loans from the [specify] academic year, the procedures at §3.3(M) were not performed because [specify reason].</p>
<p>3.3(N). Procedure at §3.3(N) are to be performed if indicated at §3.3(K)(5)(a). The procedures are designed to look for evidence that the loans included in the Pledged Pool(s) that were not included in the unique Relevant Loan Portfolio were (i) previously designated as Restricted Loans due to limitations contained in the servicing agreement covering such loans, and (ii) included on a Schedule A loan list that accompanied a Notice of Change of Restricted Loan Designation submitted to the Conduit Administrator and ED. The procedures at 3.3(N) are applied to the Pledged Pool(s) associated with a unique Relevant Loan Portfolio.</p> <p>1) Subtract the number of loans (from §3.3(K)(2)(b)) in the unique Relevant Loan Portfolio from the total number of loans (from §3.3(K)(3)) in all the Pledged Pools associated with the unique Relevant Loan Portfolio. The resulting remainder is herein referred to as the “excess loans.”</p> <p>2) Obtain from the Funding Note Issuer or Seller each Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list (examples of which are contained in Attachment 12) associated with the excess loans in step 1.</p>	<p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the Funding Note Issuer or Seller provided the Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list associated with the excess loans.</p> <p>Or</p> <p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the Funding Note Issuer or Seller did not provide the Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list associated with the excess loans. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pools consisting of loans from the [specify] academic year, the procedures at §3.3(K)(5)(a) did not require procedures at §3.3(N) to be performed.</p>
<p>3) Inspect each Notice of Change of Restricted Loan Designation to ascertain if the previous Restricted Loan designation was due to (a) the loans being covered by a servicing agreement that provided servicing rights that were not transferrable (a “servicing restriction”), or (b) the loans being included in a financing arrangement that contained restrictions on the transferability of the loans, a term securitization, the Loan Purchase Commitment Program, or the Loan Participation Purchase Program (a “financing restriction”). If the Notice of Change of Restricted Loan Designation does not specify the reason for the previous Restricted Loan</p>	<p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the previous Restricted Loan designation was due to the loans being subject to a servicing restriction.</p> <p>Or</p> <p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the previous Restricted Loan designation was due to the loans being subject to a financing restriction. For details, see Schedule of Findings (Attachment 5),</p>

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<p>designation, obtain from the Funding Note Issuer or Seller a written explanation as to the reason for the previous Restricted Loan designation (e.g., restrictions contained in a servicing agreement, financing arrangement), such explanation shall be submitted as an appendix to the engagement report; in addition ascertain if the previous Restricted Loan designation was due a servicing restriction or a financing restriction.</p>	<p>Finding No. [specify].</p> <p>Or</p> <p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the Notice of Change of Restricted Loan Designation does not specify the reason for the previous Restricted Loan designation and the Funding Note Issuer or Seller did not provide the requested written explanation as to the reason for the previous Restricted Loan designation. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the Funding Note Issuer or Seller did not provide the Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list associated with the excess loans.</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s) the procedures at §3.3(K)(5)(a) did not require procedures at §3.3(N) to be performed.</p>
<p>4) Inspect each Schedule A loan list (from step 2) and calculate the total number of loans on all Schedule A loan lists.</p> <p>5) Subtract the number of excess loans (from step 1) from the total number of loans on all Schedule A loan lists (from step 4). If the remainder is greater than zero, obtain from the Funding Note Issuer or Seller a written explanation as to why all the loans included on the Schedule A loan lists were not pledged to the Conduit, such explanation shall be submitted as an appendix to the engagement report. If the remainder is less than zero, obtain from the Funding Note Issuer or Seller a written explanation as to why more loans than those included in the unique Relevant Loan Portfolio and on the Schedule A loan lists were pledged to the Conduit, such explanation shall be submitted as an appendix to the engagement report.</p>	<p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the number of excess loans equaled the total number of loans on all Schedule A loan lists.</p> <p>Or</p> <p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), all the loans included on the Schedule A loan lists were not pledged to the Conduit. In addition, the Funding Note Issuer or Seller provided [did not provide] the requested written explanation and such explanation has [not] been submitted as an appendix to this engagement report. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>For the excess loans associated with the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), more</p>

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	<p>loans than those included in the Relevant Loan Portfolio and on the Schedule A loan lists were pledged to the Conduit. In addition, the Funding Note Issuer or Seller provided [did not provide] the requested written explanation and such explanation has [not] been submitted as an appendix to this engagement report. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s), the Funding Note Issuer or Seller did not provide the Notice of Change of Restricted Loan Designation and accompanying Schedule A loan list associated with the excess loans.</p> <p>Or</p> <p>Not Applicable – For the unique Relevant Loan Portfolio with a Date of Determination of [specify] and the associated Pledged Pool(s) the procedures at §3.3(K)(5)(a) did not require procedures at §3.3(N) to be performed.</p>
3.4 Eligibility – Loan Level	
3.4(A). Not applicable for this schedule.	
<p>3.4(B). Randomly select (using a random number generator) a sample of loans, pursuant to the guidelines contained in §2.3, from the Loan Schedule (i.e., from §3.2(F)). For each selected loan, ask the Funding Note Issuer if the loan has been released (i.e., redeemed by the Funding Note Issuer) from the Conduit. If the Funding Note Issue states that the loan has been released from the Conduit, the practitioner shall perform the following:</p> <ol style="list-style-type: none"> 1) Obtain from the Funding Note Issuer or Servicer evidence that the loan has been released. Such evidence shall be the Notice of Release of Collateral (example contained in Attachment 12) and the accompanying Release of Collateral Schedule that were submitted to, and accepted by, the Conduit Administrator. 2) Using the Loan Number and Loan Type fields, ascertain that the released loan is listed on a Release of Collateral Schedule. 3) If the loan is listed on a Release of Collateral Schedule (from step 2), replace the released loan in 	<p>None of the randomly selected loans were replaced in the sample.</p> <p>Or</p> <p>[Specify number] loans were replaced in the sample of [specify number] loans because the loans were released from the Conduit. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>The Funding Note Issuer states [specify number] loans have been released from the Conduit, but the Notice of Release of Collateral and the accompanying Release of Collateral Schedule were not provided for [specify number] loans. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>The Funding Note Issuer states [specify number] loans have been released from the Conduit, but [specify number] loans were not listed on a Release of Collateral Schedule. For details, see Schedule of</p>

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the sample with the next randomly selected loan that has not been released from the Conduit.	Findings (Attachment 5), Finding No. [specify].
3.4(C). Not applicable for this schedule.	
3.4(D). Not applicable for this schedule.	
<p>3.4(E). For each loan in the sample, obtain Loan Documents from the Funding Note Issuer or its Servicer. Loan Documents may be hardcopy or electronic records. Inspect the Loan Documents to see that they include:</p> <ol style="list-style-type: none"> 1) An original signed promissory note or a copy of the original signed promissory note; 2) If the Loan Status Code indicates that the loan has entered repayment (code "RP"), a repayment schedule and payment history showing the date and amount of each payment received from or on behalf of the borrower, and the amount that was attributed to principal, interest, late charges, and other costs; 3) A record of each disbursement (e.g., a report from the loan servicing system detailing the date and amount of each disbursement); 4) If the Loan Status Code indicates that the loan is in deferment status (code "DA"), either of the following: <ol style="list-style-type: none"> a) A copy of the executed deferment form, if a written form was used for granting the deferment, or b) For deferments not requiring a written form (e.g., in-school deferment based upon National Student Loan Data System information), the evidence provided in the loan history submission; 5) If the Loan Status Code indicates that the loan is in forbearance status (code "FB"), either of the following: <ol style="list-style-type: none"> a) A copy of the executed forbearance form, if a written form was used for granting the forbearance, or b) For forbearances not requiring a written form (e.g., granted based on an oral conversation with the borrower) the evidence provided in the loan history submission; 6) If the loan has prior assignments (i.e., sales), a record of any such assignments, including records of the date and party of any assignment; 	<p>The practitioner obtained all of the specified Loan Documents from the Funding Note Issuer or its Servicer.</p> <p>Or</p> <p>For [specify number of] loans, the Funding Note Issuer or its Servicer did not provide all of the specified Loan Documents. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>

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<p>7) If the loan is delinquent more than 15 days, (i) a collection history showing dates and subject of communications between the seller and the borrower or endorser relating to the collection of a delinquent loan, (ii) efforts to locate a borrower whose address is unknown, and (iii) requests by the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer for default aversion assistance for loans that are more than 60 days delinquent; and</p> <p>8) If the promissory note was electronically signed by the borrower:</p> <p>a) A statement identifying the name and location of the entity in possession of the original electronic promissory note,</p> <p>b) If different from (a), above, contact information of the person who is able to provide the affidavit or certification regarding the creation and maintenance of electronic records as described in 34 C.F.R. § 682.414(a)(6)(i), and</p> <p>c) [Ask the Seller or Funding Note Issuer to show you records that indicate if the loan is a second or subsequent loan made under the master promissory note. If the loan is a second or subsequent loan made under the master promissory note, this step is applicable. If the loan is the first loan made under the master promissory note, this step is not applicable.] Documentation of the lender’s master promissory note confirmation process(es) in effect for the academic year in which it made the second or subsequent loan(s) under the master promissory note. This documentation consists of either (i) or (ii):</p> <p>i) A description of the lender’s active confirmation process, in which the lender requires the borrower to take affirmative action to confirm the proposed type(s) and proposed amount of loan(s) or to request changes to the loan amount.</p> <p>ii) A description of the lender’s passive confirmation process, in which the lender, school, or guarantor notifies the borrower of the proposed loan which the lender makes in the amount and type proposed unless the borrower takes action to reject or make adjustments to the type and/or amount of the loan.</p> <p>d) In lieu of (a) and (c), above, the Seller or Funding</p>	

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Note Issuer has an option to submit a “representative affidavit” with full supporting material. Note: If the Seller or Funding Note Issuer has submitted a representative affidavit, the procedures at §3.4(E) shall be applied.	
3.4(F). Not applicable for this schedule.	
<p>3.4(G). For each loan in the sample, compare the following information contained in the Loan Documentation to the Loan Schedule (i.e., from §3.2(F)) as of the applicable Cut-off Date:</p> <ol style="list-style-type: none"> 1) SSN 2) Last Name 3) First Name 4) Loan Number 5) Principal Balance 6) Loan Type 7) First Disbursement Date 8) Final Disbursement Date 9) Loan Period Begin Date 10) Loan Period End Date 11) Loan Status Code 12) Seller or Eligible Direct Issuer LID 13) Original Lender LID 14) Guarantor 	<p>For the specified information, the Loan Documentation supports (i.e., agrees to) the data contained in the Loan Schedule as of the applicable Cut-off Date(s).</p> <p>Or</p> <p>For [specify number of] loans the Loan Documentation did not support (i.e., agree to) the data contained in the Loan Schedule as of the applicable Cut-off Date(s). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
3.4(H). Not applicable for this schedule.	
<p>3.4(I). For each loan in the sample, inspect the Loan Documentation to see that the loan’s First Disbursement Date is (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date.</p>	<p>The First Disbursement Dates are (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date.</p> <p>Or</p> <p>[Specify number] loans had First Disbursement Dates before October 1, 2003, and/or [specify number] of loans had First Disbursement Dates later than the earlier of July 1, 2009, or the Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
3.4(J). Not applicable for this schedule.	

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<p>3.4(K). For each loan in the sample, inspect the Loan Documentation to see that the loan’s Final Disbursement Date is no later than the earlier of September 30, 2009, or the Grant Date.</p>	<p>The Final Disbursement Dates are no later than the earlier of September 30, 2009, or the Grant Date.</p> <p>Or</p> <p>[Specify number] loans had Final Disbursement Dates later than the earlier of September 30, 2009, or the Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.4(L). Not applicable for this schedule.</p>	
<p>3.4(M). For each loan in the sample, look for evidence that the loan bears interest at a stated rate equal to the maximum rate permitted under the HEA (except as modified by a borrower benefit or interest rate limitation), as follows:</p> <ol style="list-style-type: none"> 1) Obtain, from the Funding Note Issuer or its Servicer, the actual interest rate on the loan as charged to the borrower. 2) Obtain, from the Funding Note Issuer or its Servicer, information on any applicable borrower benefit or interest rate limitation that reduces the maximum permitted interest rate on the loan under the HEA. 3) Calculate the interest rate applicable to the loan by adding any reduction in the maximum permitted interest rate obtained at step 2 to the interest rate obtained at step 1. 4) Compare the interest rate calculated at step 3 to the statutory interest rate (specified in Attachment 9) applicable to the loan. 	<p>The loans’ interest rates agree with the applicable statutory interest rate net of applicable borrower benefits and/or rate limitations.</p> <p>Or</p> <p>For [specify number] loans, the loans’ interest rates did not agree with the applicable statutory interest rate, net of applicable borrower benefits and/or rate limitations. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.4(N). Not applicable for this schedule.</p>	
<p>3.4(O). For each subsidized or unsubsidized Stafford loan in the sample, look for indications that all of the borrower’s other subsidized or unsubsidized Stafford loans that (i) are held by the Seller or the Eligible Direct Issuer and (ii) are Eligible Loans have become Financed Student Loans as of the applicable Grant Date as follows:</p> <ol style="list-style-type: none"> 1) Using the borrower’s SSN, query the applicable loan servicing system for other subsidized or unsubsidized Stafford loans for the borrower that have not become Financed Student Loans. 2) If step 1 identifies other subsidized or unsubsidized Stafford loans for the borrower that have not become Financed Student Loans, for each loan 	<p>The results of applying the procedures did not indicate any other Eligible Loans that should have become Financed Student Loans.</p> <p>Or</p> <p>The results of applying the procedures disclosed indications that [specify number] Eligible Loans held by the Seller or Eligible Direct Issuer should have become Financed Student Loans. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>

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<p>identified, inspect the loan information contained in the applicable servicing system and answer the following questions:</p> <ul style="list-style-type: none"> a) Does the applicable loan servicing system indicate that the Seller or Eligible Direct Issuer has at least beneficial ownership of the loan? b) Is the First Disbursement Date (i) on or after October 1, 2003, and (ii) no later than the earlier of July 1, 2009, or the Grant Date of the sampled loan? c) Is the Final Disbursement Date no later than the earlier of September 30, 2009, or the Grant Date of the sampled loan? d) Is the loan <u>not</u> currently classified as a Restricted Loan by the Funding Note Issuer, Seller, or Eligible Direct Issuer? <p>Step 2 (above) applies a four-step test (a through d) to see if there are indications that the Seller or Eligible Direct Issuer holds other subsidized or unsubsidized Stafford loans owed by the borrower of a Financed Student Loan that are Eligible Loans and that should have become Financed Student Loans. If the answer to each of the four questions (a through d) for a loan, is yes, this indicates that such loan should have become a Financed Student Loan.</p>	
<p>3.4(P). Not applicable for this schedule.</p>	
<p>3.4(Q). For each PLUS loan in the sample:</p> <ul style="list-style-type: none"> 1) Obtain from the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer the Loan Documentation regarding the borrower's and, if applicable, the endorser's credit history. 2) Inspect the Loan Documentation to see that it contains a credit report secured on each borrower and, if applicable, endorser. 3) If a credit report is included in the Loan Documentation, inspect the credit report to see whether it contains the following indications of an adverse credit history: <ul style="list-style-type: none"> a) The credit report indicates the borrower or endorser, if applicable, is 90 or more days delinquent on the repayment of a debt, or b) The credit report indicates that the borrower or endorser, if applicable, has been subject to a default determination, bankruptcy discharge, 	<p>For PLUS loans, the Loan Documentation contains a credit report for each borrower and, for borrowers with the specified indications of an adverse credit history, a record of the lender's basis for determining that extenuating circumstances existed.</p> <p>Or</p> <p>For [specify number] PLUS loans, the Loan Documentation (i) did not contain a credit report for each borrower or, for borrowers with the specified indications of an adverse credit history, a record of the lender's basis for determining that extenuating circumstances existed; and/or (ii) contained indications that an endorser had an adverse credit history. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>

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<p>foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt, during the five years preceding the date of the credit report.</p> <p>4) If the credit report contains either of the items described in steps 3(a) or (b), which indicate an adverse credit history, inspect the Loan Documentation to see if it contains a record of the lender's basis for determining that extenuating circumstances existed.</p>	
<p>3.4(R). Not applicable for this schedule.</p>	
<p>3.4(S). For each loan in the sample, ask the Funding Note Issuer or its Servicer if the loan is subject to Excluded Borrower Benefits. If the loan is subject to Excluded Borrower Benefits:</p> <p>1) Ask the Funding Note Issuer or its Servicer the amount of Excluded Borrower Benefits associated with the loan.</p> <p>2) Inspect the Excluded Borrower Benefit Account Deposit Schedule (obtained at §3.3(J)(3)) that is applicable to the loan's Grant Date to see whether the loan and the amount of Excluded Borrower Benefits associated with the loan are included on the schedule.</p>	<p>The loans subject to, and the associated amounts of, Excluded Borrower Benefits are included on the Excluded Borrower Benefit Account Deposit Schedule.</p> <p>Or</p> <p>For [specify number] loans subject to Excluded Borrower Benefits (1) the loan is not included on the Excluded Borrower Benefit Account Deposit Schedule that is applicable to the loan's Grant Date, and/or (2) for [specify number] loans subject to Excluded Borrower Benefits the amount of Excluded Borrower Benefits associated with the loan is (i) not included on or (ii) different from the amount included on the Excluded Borrower Benefit Account Deposit Schedule that is applicable to the loan's Grant Date. For details, see Schedule of Findings (Attachment5), Finding No. [specify].</p> <p>Or</p> <p>Not applicable – The loans were not subject to Excluded Borrower Benefits.</p>
<p>3.4(T). Not applicable for this schedule.</p>	
<p>3.4(U) Ask the Funding Note Issuer or its Servicer to specify which fields and codes in the servicing system (or other system) identify claims filed with a guaranty agency and the date of such filings. Examples of claims that lenders can file with guaranty agencies include, but are not limited to, bankruptcy claims, default claims, death claims, and disability claims. Obtain from the Funding Note Issuer or its Servicer a listing and description of these fields and claim codes used in the servicing system (or other system). For each loan in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) to look for indications of current claims filed with a</p>	<p>The results of applying the procedures disclosed no indications of current claims filed with a guaranty agency on or prior to the applicable Grant Date.</p> <p>Or</p> <p>The results of applying the procedures disclosed [specify number] loans for which there were indications that current claims were filed with a guaranty agency on or prior to the applicable Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>

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guaranty agency on or prior to the loan's Grant Date.	
3.4(V). Not applicable for this schedule.	
<p>3.4(W). Ask the Funding Note Issuer or its Servicer to specify which fields and codes in the servicing system (or other system) track the receipt of notices of bankruptcy filings by the borrower. For each loan in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) to look for indications that the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer had received a notice of a current bankruptcy filing by the borrower on or prior to the loan's Grant Date (i.e., any bankruptcy filing where a final decree has not yet been issued by the bankruptcy court).</p>	<p>The results of applying the procedures disclosed no indications that the loans' Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer had received a notice of a current bankruptcy filing by the borrower on or prior to the applicable Grant Date.</p> <p>Or</p> <p>The results of applying the procedures disclosed that for [specify number] loans, there were indications that the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer had received a notice of a current bankruptcy filing by the borrower on or prior to the applicable Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Unable to perform this procedure – Funding Note Issuer or its Servicer officials said that there were not fields or codes in the servicing system (or other system) that reflect notices of bankruptcy filings.</p>
3.4(X). Not applicable for this schedule.	
<p>3.4(Y). Look for evidence that the Funding Note Issuer or its Servicer deposited to the Funding Note Issuer Collection Account any collections received after the loan's Cut-off Date and through the date of the practitioner's fieldwork, as follows:</p> <ol style="list-style-type: none"> 1) From the loans in the sample (i.e., from §3.4(B)), select a sub-sample of loans. For AUP engagements where the sample size is 150 or fewer loans, the sub-sample shall consist of the first 25 loans in the sample. If the sample (i.e., from §3.4(B)) contains <u>fewer</u> than 25 loans, then the sub-sample shall consist of <u>all</u> loans. 2) For each loan in the sample, inspect the servicing system to see if it indicates that Funding Note Issuer or its Servicer received a collection after the loan's Cut-off Date. If the servicing system indicates that a collection was received, record the date and amount. 3) Obtain from the Funding Note Issuer or its Servicer: <ol style="list-style-type: none"> a) A bank record showing that the Funding Note 	<p>The results of applying the procedures indicate that collections received after the Loan Schedule's Cut-off Date were deposited in the Funding Note Issuer Collection Account in the manner specified in the procedure.</p> <p>Or</p> <p>The results of applying the procedures indicate that [specify number] loans had collections received after the Loan Schedule's Cut-off Date that were not deposited in the Funding Note Issuer Collection Account in the manner specified in the procedure. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>

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<p>Issuer or its Servicer submitted the deposit(s) to the Funding Note Issuer Collection Account established at the Conduit Administrator (i.e., Bank of New York Mellon); and</p> <p>b) A schedule for each deposit to the Funding Note Issuer Collection Account listing the loans and deposit amount associated with each loan.</p> <p>4) Compare the information obtained ay step 2 to the deposit schedule(s) provided by the Funding Note Issuer or its Servicer (i.e., from step 3) to see if all collections identified at step 2 are reflected in the deposit schedule(s) (i.e., from step 3). In addition, look for evidence that the Funding Note Issuer or its Servicer deposited collections when or after they were required to do so.</p>	
<p>3.4(Z). Not applicable for this schedule.</p>	
<p>3.4(AA). For each loan in the sample, look for indications that the loan was subject to a security interest, pledge, or hypothecation (other than a security interest, pledge, or hypothecation created in favor of the Conduit) on or after the loan’s Grant Date, as follows:</p> <p>1) Ask Funding Note Issuer or its Servicer how the servicing system (or other system) indicates loans are subject to a security interest, pledge, or hypothecation. In addition, obtain from the Funding Note Issuer or its Servicer a listing and description of the fields and/or codes used in the servicing system (or other system) to indicate a security interest, pledge, or hypothecation.</p> <p>2) For loans in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) for indications that the loan was subject to a security interest pledge, or hypothecation (other than one created in favor of the Conduit) on or after the loan’s Grant Date.</p>	<p>The results of applying the procedures disclosed no indications that loans were subject to a security interest, pledge, or hypothecation (other than one created in favor of the Conduit) on or after the applicable Grant Date.</p> <p>Or</p> <p>The results of applying the procedures disclosed indications that [specify number] loans were subject to a security interest, pledge, or hypothecation (other than one created in favor of the Conduit) on or after the applicable Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Unable to perform this procedure – [Explain why.] For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.4(BB). Not applicable for this schedule.</p>	
<p>3.4(CC). For each loan in the sample, look for indications that the Funding Note Issuer (whether an Eligible Direct Issuer or SPV, either in its own right or with an ELT), had title to, and beneficial ownership of, the loan on each of the following dates (i) on or after the date on which the NOI of the Seller and its related SPV or the Eligible Direct Issuer was received and acknowledged by ED, (ii) before July 1, 2010, and (iii)</p>	<p>The Funding Note Issuer and its ELT, if applicable, had title to, and beneficial ownership of, the loans (i) on or after the date on which the applicable party’s NOI was received and acknowledged by ED, (ii) before July 1, 2010, and (iii) as of the loan’s Grant Date.</p> <p>Or</p> <p>For [specify number] loans, there are indications that (i) the Funding Note Issuer and its ELT, if applicable, had</p>

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<p>as of the loan's Grant Date, as follows:</p> <ol style="list-style-type: none"> 1) Ask Funding Note Issuer or its Servicer how the servicing system (or other system) indicates the entity having title to, and, if different, having beneficial ownership of, a loan. In addition, obtain from the Funding Note Issuer or its Servicer a listing and description of the fields and/or codes used in the servicing system (or other system) to indicate the entity having title to, and, if different, having beneficial ownership of, a loan. 2) For loans in the sample, inspect the applicable fields and/or codes in the servicing system (or other system) for indications that the Funding Note Issuer and its ELT, if applicable, had title to, and beneficial ownership of, the loan: <ol style="list-style-type: none"> a) On or after the date on which the applicable NOI was received and acknowledged by ED; b) Before July 1, 2010; and c) As of the loan's Grant Date. 	<p>title to, and beneficial ownership of, the loan (a) before the date on which the applicable party's NOI was received and acknowledged by ED, or (b) on or after July 1, 2010, or (ii) the Funding Note Issuer and its ELT, if applicable, did not have title to, and beneficial ownership of, the loan as of the loan's Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Unable to perform this procedure – [Explain why.] For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p>
<p>3.4(DD). Not applicable for this schedule.</p>	
<p>3.4(EE). For each loan in the sample for which the promissory note was electronically signed by the borrower (see §3.4(E)(1)) ask officials at the Funding Note Issuer if representative affidavit(s) and supporting material(s) have been submitted to the Conduit Administrator. If the representative affidavit(s) and supporting material(s) were <u>not</u> submitted to the Conduit Administrator, proceed to §3.4(FF). If the representative affidavit(s) and supporting material(s) have been submitted to the Conduit Administrator proceed to steps (EE)(1) through (3) below:</p> <ol style="list-style-type: none"> 1) Obtain from the Funding Note Issuer or its Servicer a document identifying the applicable representative affidavit and supporting materials applicable to each loan in the sample for which the promissory note was electronically signed by the borrower. 2) Obtain from the Funding Note Issuer or its Servicer copies of the representative affidavits and supporting materials specified in the document obtained from the seller (from (1)). 3) Inspect each representative affidavit and supporting materials to see that they contain the following: <ol style="list-style-type: none"> a) A cover letter on the Funding Note Issuer's or Seller's letterhead and signed by an Authorized 	<p>The representative affidavit(s) and supporting material(s) were submitted to the Conduit Administrator and contained the information described in §3.4(EE)(3).</p> <p>Or</p> <p>[Specify number] loans with an electronically signed promissory note the representative affidavit(s) and supporting material(s) did not contain the material described in §3.4(EE)(3). For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Unable to Perform Procedure - The representative affidavit(s) and supporting material(s) were not submitted to the Conduit Administrator.</p> <p>Or</p> <p>Not applicable – The sample contained no loans for which the promissory note was electronically signed by the borrower.</p> <p>Or</p> <p>Not applicable – The sample contained electronically signed promissory notes for which the seller submitted the Loan Documents specified in §3.4(E)(8)(a), (b), and (c).</p>

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<p>Officer that contains the following:</p> <ul style="list-style-type: none"> i) A statement as to the Authorized Officer's authority to represent the Funding Note Issuer or Seller; ii) A statement that the Authorized Officer has no knowledge or information that would contradict the information in the representative affidavit; and iii) A contact name, phone, and address of the person responsible for resolving any identified issues. <p>b) A statement signed by a person with direct knowledge of the electronic signature process used by borrowers to execute the related promissory notes that includes the following:</p> <ul style="list-style-type: none"> i) Information on the position or role held by such person at the time he or she acquired such knowledge; ii) An explanation on how such person acquired the knowledge to provide a reliable explanation of the electronic signature process; iii) An attestation of the validity of the documentation contained the representative affidavit package; iv) An affirmation that the representative affidavit package accurately reflects the electronic signature process; and v) The name and location of the entity in possession of any original electronic promissory notes and other supporting documentation. <p>c) A narrative description of the steps followed by a borrower to execute the electronic promissory notes.</p> <p>d) An annotated copy of each computer screen as it appeared to the borrower when signing the promissory note electronically.</p> <p>e) A description of the field edits and any other security measures used to ensure the integrity of the data submitted to the originator electronically.</p> <p>f) A description of how the executed promissory note has been preserved so as to ensure that it could not be altered after it was executed.</p>	

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g) A narrative description of the process used to authenticate a borrower's identity, the composition of the electronic signature and the method used to affix such electronic signature.	
3.4(FF). Not applicable for this schedule.	
<p>3.4(GG). For each loan in the sample for which the promissory note was electronically signed by the borrower (see §3.4(E)(1)), look for indications that the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer has a record evidencing the borrower's electronic signature, as follows:</p> <ol style="list-style-type: none"> 1) From the loans in the sample (i.e., from §3.4(B)), select a sub-sample of loans. For AUP engagements where the sample size is 150 or fewer loans, the sub-sample shall consist of the first 25 loans in the sample for which the promissory note was electronically signed by the borrower. If the sample (i.e., from §3.4(B)) contains <u>fewer</u> than 25 loans for which the promissory note was electronically signed by the borrower, then the sub-sample shall consist of <u>all</u> loans for which the promissory note was electronically signed by the borrower. 2) Obtain from Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer a description of the essential steps completed by borrowers for the electronic signature transaction process(es) used for the promissory notes associated with the sub-sample of loans from step 1. 3) Obtain from the Funding Note Issuer, Eligible Direct Issuer, Seller, or Servicer the session data for the borrower's electronic signature of the promissory note associated with each loan in the sub-sample of loans from step 1. The session data is data from the system that records the electronic signature transaction that indicates the date and time the borrower completed the essential steps (i.e., from step 2) for the electronic signature transaction. 4) Compare the date of the borrower's electronic signature contained in the session data for the promissory note associated with each loan (i.e., from step 3) to the date on the promissory note obtained at §3.4(E)(1). 	<p>For loans in the sub-sample, the seller or its servicer provided the electronic session data for the borrower's electronic signature of the promissory note associated with the loan.</p> <p>Or</p> <p>For [specify number] loans in the sub-sample of [specify number] loans, the seller or its servicer did not provide the electronic session data for the borrower's electronic signature of the promissory note associated with the loan. The sub-sample consisted of [specify number] of loans. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not applicable – The sample contained no loans for which the promissory note was electronically signed by the borrower.</p>
3.4(HH). Not applicable for this schedule.	

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<p>3.4(II). For each loan in the sample where the Loan Schedule's Loan Status field specifies that the loan was in repayment status (i.e., code "RP"), look for indications that the loan is not 210 or more days delinquent as of the loan's Grant Date, as follows:</p> <ol style="list-style-type: none"> 1) Inspect the applicable loan servicing system or Loan Documentation (e.g., the repayment schedule, payment history) for the due date of the most recent missed payment, if any. 2) If a payment has been missed, calculate the number of days that lapsed from (i) the day after the due date of the first missed payment that is not subsequently paid through (ii) the loan's Grant Date. 	<p>For loans in the sample that were in repayment status, loans were not 210 or more days delinquent as of the applicable Grant Date.</p> <p>Or</p> <p>[Specify number] loans in repayment, were 210 or more days delinquent as of the applicable Grant Date. For details, see Schedule of Findings (Attachment 5), Finding No. [specify].</p> <p>Or</p> <p>Not applicable – The sample contained no loans in repayment status.</p>
<p>3.4(JJ). Not applicable for this schedule.</p>	
<p>3.4(KK). Not applicable for this schedule.</p>	

Attachment 3 – Summary of Loan Population and Sample Characteristics for the Test Pool

Summary of Loan Population and Sample Characteristics For Testing Related to Selected Eligible Loan Criteria					
	Number of Loans	Principal Balance Amount	Number of Loans With Errors	Error Rate	Upper Limit Error Rate
Population Characteristics					
Sample Characteristics					
<p>Note: The Number of Loans With Errors and Error Rate reported in this table includes loans with one or more errors for the selected criteria of Eligible Loan that are tested at procedures §3.4(E) through §3.4(JJ).</p>					

Notes:

- The *Number of Loans With Errors* is the number of loans in Attachment 7 with one or more errors (as indicated by an “X”) in any column.
- The sample’s *Error Rate* is the *Number of Loans With Errors* divided by the *Number of Loans* in the sample.
- For purpose of this Guide, an “error” is a loan considered to be noncompliant if one or more exceptions are reported for the loan.
- Attachment 3 must also include the illustrative reporting language required by §3.4(KK), as applicable.
- The *Upper Limit Error Rate* is an upper-limit only estimate, at the 90% confidence level, that the actual error rate for the population is equal to or no more than the upper limit.

Attachment 4 – Funding Note Issuer’s Management Assertion

Note: The following management assertion is to be provided on letterhead of the Funding Note Issuer.

To [CPA Firm]:

Each Financed Student Loan listed on the Loan Transmittal Summary Form(s) attached to all Loan Designation Notice(s) with a Grant Date included in the period from [MM/DD/YYYY] through [MM/DD/YYYY], was an Eligible Loan as of the related Grant Date under the rules and provisions of the ABCP Conduit Put Program and, if the entire Relevant Loan Portfolio was not selected, such loan was selected in accordance with the Loan [Sale or Pledge] Allocation Criteria specified in the Funding Note Purchase Agreement.

Signed:

Name

Title

Date

Attachment 5 – Schedule of Findings for Funding Note Issuer’s Compliance with Selected Criteria for Eligible Loans

Note: The information contained in this Attachment may be subject to the Privacy Act of 1974, as amended. Disseminating, distributing or providing this Attachment, with personally identifiable information, to entities other than the practitioner, Servicer, Funding Note Issuer, Conduit Administrator, Conduit Manager, ED, or other party to the ABCP Conduit Put Program is strictly prohibited.

Personally identifiable information should not be included, unless absolutely necessary. [See Note at §4.1.] Social Security Numbers should be not listed in the Schedule of Findings included in the reporting package; instead, if necessary, other identifiers that are not personally identifiable information should be used (e.g., loan numbers).

Certain AUP in this Guide require the reporting of findings in a Schedule of Findings when exceptions are noted. For such instances, the practitioner is to develop and report the condition of the finding as required by GAGAS ¶ 6.17. Where the finding (condition) pertains to individual loans, the condition must be described as it pertains to each individual loan. For example:

Finding No. 1 – For 2 of sampled loans, First Disbursement Date per the Loan Documentation differed from the First Disbursement Date per the Loan Schedule.

Condition: Application of AUP §3.4(G) disclosed that the information in the Loan Schedule did not agree with the information in the Loan Documentation for 2 of the sampled loans selected. Specifically:

- First Disbursement Dates differed from the Loan Schedule for the following loans:

Loan #12

First Disbursement Date per Loan Documentation:	January 15, 2005
First Disbursement Date per Loan Schedule:	February 20, 2005

Loan #106

First Disbursement Date per Loan Documentation:	September 5, 2008
First Disbursement Date per Loan Schedule:	August 25, 2008

Note: For these engagements, the auditor is not required to develop and present other elements of a finding included in GAGAS ¶6.16 (criteria), ¶6.18 (cause), and ¶6.19 (effect or potential effect); however, such elements may be included.

Attachment 6 – Funding Note Issuer and Practitioner Information Sheet

Funding Note Issuer Information

**Funding Note Issuer:
Lender ID Number(s):
Telephone Number:
Fax Number:
President:
Contact Person & Title:**

Audit Firm Information

**Partner In Charge:
Email Address:
License Number (in Home State):
License Number (in State of Engagement):
Firm's Name:
Street:
City, State, Zip:
Telephone Number:
Fax Number:**

Attachment 7 – Loan Level Testing Results for Funding Note Issuer’s Compliance with Selected Criteria for Eligible Loans

Loan Level Sampling Results Summary																		
Loan Sample (See AUP §3.4(D))			Exceptions to Loan Eligibility Requirements (AUP From §3.4) ⁶⁶															
			Loan Documents	Agreement With Loan Schedule	First Disbursement Date	Final Disbursement Date	Interest Rate	Inclusion of All Borrower’s Loans	PLUS Documentation	Borrower Benefit Deposit	Claims Filed	Bankruptcy Notice	Deposit Collection	Security Interest	Loan Title	Representative Affidavit	E-Sign Session Data	210 or More Days Delinquent
Sample No.	Loan No.	Principal Balance	AUP §3.4 (F)	AUP §3.4 (H)	AUP §3.4 (J)	AUP §3.4 (L)	AUP §3.4 (N)	AUP §3.4 (P)	AUP §3.4 (R)	AUP §3.4 (T)	AUP §3.4 (V)	AUP §3.4 (X)	AUP §3.4 (Z)	AUP §3.4 (BB)	AUP §3.4 (DD)	AUP §3.4 (FF)	AUP §3.4 (HH)	AUP §3.4 (JJ)
1																		
...																		
150																		

⁶⁶ Identify exceptions to the loan eligibility requirements for each loan by placing an “X” in the applicable column.

**Attachment 8 – Funding Note Issuer’s Report on Engagement
Findings and Corrective Actions**

Name of Funding Note Issuer:
Official Who Prepared Plan:
Phone Number:

Current Report Findings and Corrective Actions:

Finding #XX:

Comments on Finding (e.g., explanation of cause of noncompliance):

Action Taken or Planned (including dates):

Finding #XX:

Comments on Finding:

Action Taken or Planned (including dates):

Status of Corrective Action on Prior AUP Findings (only for findings where corrective actions were planned but not taken):

Report for Period Ended:

Finding #:

Status of Corrective Action:

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Attachment 9 – Statutory Interest Rates

Variable-Rate Loans			
Loans with a First Disbursement Date of October 1, 2003 Through June 30, 2006			
Loan Type	Rates Effective July 1, 2008 Through June 30, 2009	Rates Effective July 1, 2009 Through June 30, 2010	Rates Effective July 1, 2010 Through June 30, 2011
Stafford Subsidized and Unsubsidized - during In-School, Grace, and Deferment periods	3.61%.	1.88%	To be issued before July 1, 2010.
Stafford Subsidized and Unsubsidized - during all other periods	4.21%	2.48%	To be issued before July 1, 2010.
PLUS	5.01%	3.28%	To be issued before July 1, 2010.
Fixed-Rate Loans			
Loan Type	First Disbursement Date of the Loan		
	July 1, 2006 Through June 30, 2008	July 1, 2008 Through June 30, 2009	July 1, 2009
Stafford Subsidized – Undergraduate Student	6.8%	6.0%	5.6%
Stafford Subsidized – Graduate Student	6.8%	6.8%	6.8%
Stafford Unsubsidized	6.8%	6.8%	6.8%
PLUS	8.5%	8.5%	8.5%
Note: Loans with a first disbursement prior to July 1, 2006, have a variable interest rate that is determined annually and based on the type of loan and its status. Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate for the life of the loan.			

**Attachment 12 – Examples of Loan Designation Notice, Loan
Transmittal Summary Form, and Loan Data Schedule**

Exhibit C-1 and C-2	Form of Notice of Release
Exhibit S-1 and S-2	Form of Loan Designation Notice
Exhibit S-3	Loan Transmittal Summary Form
Exhibit V	Form of Loan Data Schedule
Exhibit Y	Notice of Change of Restricted Loan Designation

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Exhibit C

**FORM OF
NOTICE OF RELEASE**

[DATE]

The Bank of New York Mellon, as Conduit Administrator
101 Barclay Street, 4E
New York, New York 10286
Attention: [REDACTED]

BMO Capital Markets Corp.
115 S. LaSalle St.
Chicago, IL 60603
Attention: [REDACTED]
StraightA.funding@bmo.com
Attn: Notice of Release [Funding Note Issuer][_ Seller]

Re: Request for Release of Financed Student Loans

Reference is made to that certain Funding Note Purchase Agreement, dated as of [DATE], by and among [], as the Funding Note Issuer, [], as the SPV Administrator, [], as the Eligible Lender Trustee, Straight-A Funding, LLC, as the Conduit Lender, The Bank of New York Mellon, as the Conduit Administrator, the Securities Intermediary and the Conduit Lender Eligible Lender Trustee, BMO Capital Markets Corp., as the Manager, [], as the Sponsor, and [], as Master Servicer (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Funding Note Purchase Agreement**"). Each capitalized term used but not defined herein has the meaning assigned to such term in the Funding Note Purchase Agreement.

This notice is executed and delivered by the [SPV Administrator, on behalf of the] Funding Note Issuer[,] pursuant to Section 1.03(e) of the Funding Note Purchase Agreement. The [SPV Administrator, on behalf of the] Funding Note Issuer[,] hereby requests that on [DATE]¹⁰⁸ (the "**Release Date**"), the Conduit Administrator release the security interests Granted to the Conduit Lender and the Conduit Lender Eligible Lender Trustee pursuant to Section 1.08 of the Funding Note Purchase Agreement in Financed Student Loans having an aggregate Collateral Value of \$_____ (the "**Release**").

In connection with the foregoing, the [SPV Administrator, on behalf of the] Funding Note Issuer, hereby certifies as follows:

1. No Event of Default or Potential Event of Default has occurred and is continuing or will result from the Release.
2. The Asset Coverage Ratio shall not be less than the Minimum Asset Coverage Ratio after giving effect to the Release.
3. No amounts described in clauses (i) through (viii) of Section 1.05(e) shall be due and owing after giving effect to the Release and no amounts due and owing from any Transaction Party shall be unpaid.
4. The Funding Note Issuer has, or on or prior to the Release Date, will obtain, sufficient funds to deposit into the Funding Note Issuer Collection Account cash in an amount equal to the Collateral Value of the Financed Student Loans subject to the Release, *plus* accrued and unpaid interest thereon (to the extent not previously capitalized or to be capitalized) through the Release Date, *plus* the amount payable by the

¹⁰⁸ Date must be at least five (5) Business Days after the date of the Notice of Release.

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Funding Note Issuer pursuant to Section 1.03(g) of the Funding Note Purchase Agreement in connection with such prepayment.

5. The estimated amount of Negative Special Allowance Payments to accrue through the Release Date on the Financed Student Loans to be released is \$[] and sufficient funds have been deposited to the DOE Reserve Account in respect of such estimated Negative Special Allowance Payments.

[Signature Follows]

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IN WITNESS WHEREOF, the [SPV Administrator on behalf of] Funding Note Issuer has caused this Notice of Release to be executed by its officer thereunto duly authorized, as of the date first written above.

[_____]
as the [SPV Administrator on behalf of the]
Funding Note Issuer

By: _____
Name:
Title:

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Exhibit S

**FORM OF
LOAN DESIGNATION NOTICE**

[DATE]

The Bank of New York Mellon, as Conduit Administrator
101 Barclay Street, 4E
New York, New York 10286
Attention: [REDACTED]

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

Re: Designation of Financed Student Loans

Reference is made to (i) that certain Funding Note Purchase Agreement, dated as of [DATE], by and among [], as the Funding Note Issuer, [], as the SPV Administrator, [], as the Eligible Lender Trustee,] Straight-A Funding, LLC, as the Conduit Lender, The Bank of New York Mellon, as the Conduit Administrator, the Securities Intermediary and the Conduit Lender Eligible Lender Trustee, BMO Capital Markets Corp., as the Manager, [], as the Sponsor, and [], as the Master Servicer (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Funding Note Purchase Agreement*") and (ii) the Reserve and Portfolio Criteria Supplement No. [] to Funding Note Purchase Agreement, dated as of [], 20[], by the Funding Note Issuer as acknowledged by the Conduit Administrator (the "*Supplement*"). Each capitalized term used but not defined herein has the meaning assigned to such term in the Funding Note Purchase Agreement.

This Loan Designation Notice is executed and delivered by the Funding Note Issuer, pursuant to the Funding Note Purchase Agreement.

Each of the Student Loans listed on the Loan Transmittal Summary Form attached hereto as Annex I (collectively, the "*Proposed Loans*") shall be a Financed Student Loan from and after the Grant Date. For purposes of this Loan Designation Notice:

Cut-off Date²¹⁹ _____
Grant Date _____
Date of determination of Agreed Upon Procedures Letter covering the Proposed Loans _____
Expiration Date of Agreed Upon Procedures Letter covering the Proposed Loans²²⁰ _____

²¹⁹ Cut-off Date will be selected by the Funding Note Issuer and will be the date as of which the Principal Balance of Student Loans are determined for purposes of the Loan Transmittal Summary Form.

²²⁰ Expiration date of the Agreed Upon Procedures Letter is 90 days following the date of such Agreed Upon Procedures Letter.

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Do Student Loans Granted satisfy the Portfolio Criteria as stated in Reserve and Portfolio Criteria No. [], dated as of []?²²¹ [YES] [NO]²²²

Amount required pursuant to any Security Release Certificate[s] to repay indebtedness with respect to the Proposed Loans \$ _____

[Seller's] Deemed Liabilities \$ _____

In connection with the foregoing, the [SPV Administrator, on behalf of the] Funding Note Issuer, hereby certifies as follows:

1. The Collateral Value of the Student Loans Granted to the Conduit Lender on the Grant Date is \$[], and the Asset Coverage Ratio after giving effect to such Grant and, if applicable, any Advance to be made on such Grant Date is []%.
2. The representations and warranties contained in Appendix C of the Funding Note Purchase Agreement will be correct on and as of the Grant Date as though made on and as of the Grant Date, after giving effect to the designation of Financed Student Loans pursuant to this Loan Designation Notice (or, to the extent such representations and warranties speak as of a specific date, were true and correct on and as of such date).
3. No event has occurred and is continuing, or would result from any Grant of Financed Student Loans on such date, which constitutes (1) an Event of Default, (2) a Servicer Default, (3) a Potential Event of Default or (4) a "default" under Section 1.03(c) of the Funding Note Purchase Agreement.
4. There has occurred no event which could reasonably be determined to have a Material Adverse Effect with respect to the Funding Note Issuer.
5. No law or regulation shall prohibit, and no order, judgment or decree of any Official Body shall prohibit or enjoin, the making of such Grant in accordance with the provisions hereof.
6. All covenants and agreements contained in the Transaction Documents, including the delivery of all reports required to be delivered thereunder, shall have been complied with by the Funding Note Issuer, subject to any applicable grace periods or waivers granted.
7. There are no amounts then due and payable by any Transaction Party to any Affected Party that remain unpaid as of such Grant Date.
8. The Funding Note Issuer shall either (A) not be a "Ten Percent Obligor" (as defined in Rule 2a-7(c)(4)(ii)(D)(1)(i) promulgated under the Investment Company Act) or (B) qualify as a "Restricted Special Purpose Entity" (as defined in Rule 2a-7(c)(4)(ii)(D)(2) promulgated under the Investment Company Act).
9. The related Subcustodian is in possession of the Loan Documents with respect to each Proposed Loan and the Conduit Administrator has delivered a Trust Receipt with respect thereto.
10. The Funding Note Issuer [will deliver]²²³ [has delivered] a Portfolio Summary attached hereto as Annex II and a Loan Data Schedule, to the Department no later the third Business Day prior to the Grant Date.

²²¹ Each Portfolio Criteria listed in the Supplement should be listed and compared to the characteristics of the Proposed Loans in rows below.

²²² If "Yes" is selected, a detailed schedule shall be attached, together with supporting data, confirming compliance with each requirement of the Pool Criteria. If "No" is selected, each Rating Agency shall have confirmed in writing to the Manager that the Grant of Student Loans listed on the Loan Transmittal Summary Form would not cause such Rating Agency to withdraw the rating of the Funding Note or lower the rating of the Funding Note to below "AAA" or its equivalent and make any deposits necessary to obtain a AAA rating of the Funding Note.

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11. [The amount of Excluded Borrower Benefits relating to the Proposed Loans is \$[] and such amount has been deposited to the Excluded Borrower Benefit Account.] [There are no Excluded Borrower Benefits relating to the Proposed Loans.]
12. All conditions to the Grant of such Proposed Loans have been satisfied[, including, without limitation the delivery of an Agreed Upon Procedures Letter with respect to the Proposed Loans].²²⁴
13. The Proposed Loans [are] [are not] subject to an existing financing transaction [and a total of \$[] will be paid, on or before the Grant Date, to the current lender(s) in the existing financing as payment for the release of such lender(s') security interest in the Proposed Loans.
14. The Proposed Loans have a weighted average expected maturity of [].
15. On the Advance Date occurring on or immediately following the Grant Date of the Proposed Loans, the Funding Note Issuer agrees to deposit to the Collection Account an amount equal to the Reimbursement Amount of any Proposed Loan that was designated on this Loan Designation Notice but is not an Eligible Loan on the Advance Date.

²²³ Insert first bracketed text for Loan Designation Notices delivered in connection with Grant Dates that are also Advance Dates and second bracketed text for Loan Designation Notices delivered in connection with Grant Dates that are not also Advance Dates.

²²⁴ Omit text if Agreed Upon Procedures Letter is not required to be delivered pursuant to clause (f) of Section 4 of Appendix B.

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IN WITNESS WHEREOF, the Funding Note Issuer, has caused this Loan Designation Notice to be executed by its officer thereunto duly authorized, as of the date first written above.

[],
as the Funding Note Issuer

By: _____
Name:
Title:

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Annex I

LOAN TRANSMITTAL SUMMARY FORM²²⁵

Header	FORMAT	Mandatory	Definition
SSN	x(009)	Yes - Mandatory - Should always be populated	The borrower's 9-digit Social Security Number. For parent PLUS loans, this is the parent's SSN. This data is required.
LastName	X(035)	Yes - Mandatory - Should always be populated	The last name of the borrower identified in SSN. For parent PLUS loans, this is the parent. Do not include an endorser name. Examples: SMITH JR (John W. Smith, Jr.) JONES (Mark Jones, M.D.)
FirstName	X(020)	Yes - Mandatory - Should always be populated	The first name of the borrower identified in SSN (Field 3). For parent PLUS loans, this is the parent. Examples: JOHN (John W. Smith, Jr.) MARK (Mark Jones, M.D.)
LoanNumber ²²⁶	X(019)	Yes - Mandatory - Should always be populated	Unique Identifier
Principal Balance	9(012).99	Yes - Mandatory - Should always be populated with greater than zero	"Principal Balance" means, with respect to any Student Loan and any specified date, the outstanding principal amount of such Student Loan, including all accrued and unpaid interest thereon to be capitalized.
LoanType	X(002)	No – Not imported into DWH	SF = FFEL Stafford Subsidized Loan SU= FFEL Stafford UnSubsidized Loan PL = Plus Loan-Parent GB= Plus Loan-Graduate Professional
First Disbursement Date	9(008)	No – Not imported into DWH	
Final Disbursement Date	9(008)	No – Not imported into DWH	
Loan Period Begin Date	9(008)	No – Not imported into DWH	
Loan Period End Date	9(008)	No – Not imported into DWH	
Loan Status Code	X(002)	No – Not imported into DWH	
Seller or Eligible Direct Issuer LID	X(008)	No – Not imported into DWH	
Original Lender LID	X(008)	No – Not imported into DWH	

²²⁵ Such Loan Transmittal Summary Form shall be delivered separately to the Conduit Administrator in an electronic format.

²²⁶ Loan number shall be a unique identifying number for each Student Loan. Such number must also be included in the information given to the accountants and the Conduit Administrator for any sample pool of Student Loans in connection with any Agreed Upon Procedures Letter.

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Header	FORMAT	Mandatory	Definition
Guarantor	9(003)	Yes - Mandatory - Should always be populated	The 3-digit code assigned by the Department and used to identify the guarantor associated with the loan. This data is required.
Servicer	X(008 >)	Yes - Mandatory - Should always be populated	Student Loan Servicer
School Type	X(009)	Yes - Mandatory - Should always be populated	Four Year, Two Year, Proprietary/Vocational, Other See Table 1
Advance Date	9(008)	Yes Mandatory- Mandatory Rule based upon Format Spec	The Advance Date relevant to the Loan Designation File: CCYYMMDD CC = Century YY = Year MM = Month DD = Day Example: 20081105 (November 5, 2008) Single-digit years, months, and days must be padded with a leading zero.

Table (1)

School Type	Code
Four Year	4Y
2Y Year	2N
Proprietary	PP
Vocational	VC
Other	OT

Notice information for Servicers:

[NAME]
 [ADDRESS]
 [ATTENTION]
 [TELEPHONE]
 [FAX]
 [E-MAIL]

[REPEAT AS NECESSARY]

The amended and restated FNPA, effective April 26, 2010, included the above Loan Transmittal Summary Form (S-5 and S-6) that indicates several data fields are not mandatory. However, pursuant to Electronic Announcement #87, dated May 21, 2010, ED requested that these fields be viewed as mandatory for any Loan Transmittal Summary Form submission.

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Exhibit V

**FORM OF
 LOAN DATA SCHEDULE**
 [DATE]

Seller:
 Academic Year for Threshold Test (if applicable):
 Threshold Test by Servicer or Relevant Loan Portfolio:
 Servicers:
 Eligible Lender Trustee:
 Relevant Loan Portfolio Determination Date:
 Final Selected Loan Portfolio Determination Date:

Relevant Loan Portfolio Schedule Matrix

Academic Year	Sub-Criteria	Total Portfolio		2008/2009		2007/2008		2006/2007	
		Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Loan Count	Percentage By Relevant Loan Portfolio - Dollar Balance	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Loan Count	Percentage By Relevant Loan Portfolio - Dollar Balance
Average Loan Principal Balance		0	0	0.00%	0.00%	0	0	0.00%	0.00%
School Type		0	0	0.00%	0.00%				
	4-Year Institution	0	0	0.00%	0.00%				
	2-Year Institution	0	0	0.00%	0.00%				
	Proprietary/Vocational Institution	0	0	0.00%	0.00%				
	Other	0	0	0.00%	0.00%				
Payment Type		0	0	0.00%	0.00%				
	In-school	0	0	0.00%	0.00%				
	Grace	0	0	0.00%	0.00%				
	Deferment	0	0	0.00%	0.00%				
	Forbearance	0	0	0.00%	0.00%				
	Repayment	0	0	0.00%	0.00%				
Loan Type		0	0	0.00%	0.00%				
	Plus	0	0	0.00%	0.00%				
	Stafford - Subsidized	0	0	0.00%	0.00%				
	Stafford - Unsubsidized	0	0	0.00%	0.00%				
Total		0	0	0.00%	0.00%	0	0	0.00%	0.00%

Pursuant to Electronic Announcement #87, dated May 21, 2010, ED requested that this "old" Loan Data Schedule (V-1, V-2, and V-3) should continue to be submitted to ED for all grants of loans to the Conduit.

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EXHIBIT V-1

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Academic Year		2005/2006				2004/2005				2003/2004			
Criteria	Sub-Criteria	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count
Average Loan Principal Balance													
School Type													
	4-Year Institution												
	2-Year Institution												
	Proprietary/Vocational Institution												
	Other												
Payment Type													
	In-school												
	Grace												
	Deferment												
	Forbearance												
	Repayment												
Loan Type													
	Plus												
	Stafford - Subsidized												
	Stafford - Unsubsidized												
Total		0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%

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EXHIBIT V-2

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 ABCP Conduit Put Program
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Final Selected Loan Portfolio Schedule Matrix

Academic Year	Total Portfolio				2008/2009				2007/2008				2006/2007			
	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count
Average Loan Principal Balance	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%
School Type																
4-Year Institution	0	0	0.00%	0.00%												
2-Year Institution	0	0	0.00%	0.00%												
Proprietary/Vocational Institution	0	0	0.00%	0.00%												
Other	0	0	0.00%	0.00%												
Payment Type																
In-school	0	0	0.00%	0.00%												
Grace	0	0	0.00%	0.00%												
Deferment	0	0	0.00%	0.00%												
Forbearance	0	0	0.00%	0.00%												
Repayment	0	0	0.00%	0.00%												
Loan Type																
Plus	0	0	0.00%	0.00%												
Stafford - Subsidized	0	0	0.00%	0.00%												
Stafford - Unsubsidized	0	0	0.00%	0.00%												
Total	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%

Academic Year	2005/2006				2004/2005				2003/2004			
	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count	Loan Count	Dollar Balance	Percentage By Relevant Loan Portfolio - Balance	Percentage By Relevant Loan Portfolio - Loan Count
Average Loan Principal Balance	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%
School Type												
4-Year Institution												
2-Year Institution												
Proprietary/Vocational Institution												
Other												
Payment Type												
In-school												
Grace												
Deferment												
Forbearance												
Repayment												
Loan Type												
Plus												
Stafford - Subsidized												
Stafford - Unsubsidized												
Total	0	0	0.00%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%

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Exhibit V-1

**FORM OF
 LOAN DATA SCHEDULE**

**Funding Note Issuer (FNI) Name:
 FNI Advance Table**

Funding Note Issuer (FNI) Lender ID:

Advance Date:

FNI Advance Table Preparation Date:

Prepared By:

Contact Information:

Frequency: Should be submitted 3 days before advance with the Portfolio Summary.

Purpose: This table is prepared as an adjunct to the funding request and the amounts on the schedule will tie to the advance requested from the Conduit.

Information should be reported as of the Cut-Off Date specified in the related Loan Designation Notice.

Loan Type	Loan	Advance	%	Cohort	Check						
	Count	Amount		2004	2005	2006	2007	2008	2009	Total	S/B = 0
PLUS	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stafford - Unsubsidized	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stafford - Subsidized	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Payment Type	Loan	Advance	%
	Count	Amount	
In-School	0	0.00	#DIV/0!
Grace	0	0.00	#DIV/0!
Deferment	0	0.00	#DIV/0!
Forbearance	0	0.00	#DIV/0!
Repayment	0	0.00	#DIV/0!
	0	0.00	#DIV/0!

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Exhibit V-1-1

This "new" Form of Loan Data Schedule is included in the amended and restated FNPA, effective April 26, 2010. It is not used to perform the required procedures at 3.3(K), 3.3(L), and 3.3(M).

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Check S/B = 0	0	0.00								
	Loan	Advance								
School Type	Count	Amount	%							
4 Year Institution	0	0.00	#DIV/0!							
2 Year Institution	0	0.00	#DIV/0!							
Proprietary/Vocational	0	0.00	#DIV/0!							
Other	0	0.00	#DIV/0!							
	0	0.00	#DIV/0!							
Check S/B = 0	0	0.00								
	Advance	Cohort	Cohort	Cohort	Cohort	Cohort	Cohort	Cohort	Cohort	Check
Principal & Interest By Cohort	Amount	%	2004	2005	2006	2007	2008	2009	Total	S/B = 0
Principal	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Exhibit V-1-2

This "new" Form of Loan Data Schedule is included in the amended and restated FNPA, effective April 26, 2010. It is not used to perform the required procedures at 3.3(K), 3.3(L), and 3.3(M).

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Exhibit V-2

FORM OF
 PORTFOLIO SUMMARY

Funding Note Issuer (FNI) Name:
FNI Portfolio Summary

Funding Note Issuer (FNI) Lender ID:

Advance Date:

FNI Portfolio Summary Preparation Date:

Prepared By:

Contact Information:

Frequency: Should be submitted 3 days before advance with the Loan Data Schedule. Also, this summary will be submitted at the end of each month (cumulative report).

Purpose: This table is prepared as an adjunct to the funding request and is a cumulative summary of amounts entered into the Conduit.

Information should be reported as of the Cut-Off Date specified in the related Loan Designation Notice.

Loan Type	Loan		Portfolio %	Cohort	Check S/B = 0						
	Count	Amount		2004	2005	2006	2007	2008	2009	Total	
PLUS	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stafford - Unsubsidized	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stafford - Subsidized	0	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0	0.00	#DIV/0!	0.00							

Payment Type	Loan		Portfolio %
	Count	Amount	
In-School	0	0.00	#DIV/0!
Grace	0	0.00	#DIV/0!
Deferment	0	0.00	#DIV/0!
Forbearance	0	0.00	#DIV/0!
Repayment	0	0.00	#DIV/0!
	0	0.00	#DIV/0!

Aging of Receivable Balances

Loan Type	Loan	Principal	Interest
	Count	Amount	Amount
Current	0	0.00	0.00
31-60 Days Late	0	0.00	0.00
61-90 Days Late	0	0.00	0.00

This "new" Form of Portfolio Summary is included in the amended and restated FNPA, effective April 26, 2010. It is not used to perform the required procedures at 3.3(K), 3.3(L), and 3.3(M).

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Exhibit V-2-1

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	Check S/B = 0	0	0.00		91- 120 Days Late	0	0.00	0.00
					121-150 Days Late	0	0.00	0.00
		Loan	Portfolio		151-180 Days Late	0	0.00	0.00
School Type	Count	Amount	%		181-210 Days Late	0	0.00	0.00
4 Year Institution	0	0.00	#DIV/0!		211-240 Days Late	0	0.00	0.00
2 Year Institution	0	0.00	#DIV/0!		241-255 Days Late	0	0.00	0.00
Proprietary/Vocational	0	0.00	#DIV/0!		> 255 Days Late	0	0.00	0.00
Other	0	0.00	#DIV/0!			0	0.00	0.00
	0	0.00	#DIV/0!					
	Check S/B = 0	0	0.00					

Principal & Interest By Cohort	Portfolio		Cohort	Check S/B = 0						
	Amount	%	2004	2005	2006	2007	2008	2009	Total	
Principal	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	#DIV/0!	0.00							

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Exhibit V-2-2

This "new" Form of Portfolio Summary is included in the amended and restated FNPA, effective April 26, 2010. It is not used to perform the required procedures at 3.3(K), 3.3(L), and 3.3(M).

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Exhibit Y

**FORM OF
NOTICE OF CHANGE OF RESTRICTED LOAN DESIGNATION**

[DATE]

The Bank of New York Mellon, as Conduit Administrator
101 Barclay Street, 4E
New York, New York 10286
Attention: [REDACTED]
BMOStraightA@bnymellon.com

With a copy excluding Schedule A to:
BMO Capital Markets Corp., as Manager
115 S. LaSalle St.
Chicago, IL 60603
Attention: [REDACTED]
StraightA.funding@bmo.com

Re: Notice of Change of Restricted Loan Designation

Reference is made to that certain Funding Note Purchase Agreement, dated as of [DATE], by and among [], as the Funding Note Issuer, [[]], as the SPV Administrator, [[]], as the Eligible Lender Trustee, Straight-A Funding, LLC, as the Conduit Lender, The Bank of New York Mellon, as the Conduit Administrator, the Securities Intermediary and the Conduit Lender Eligible Lender Trustee, BMO Capital Markets Corp., as the Manager, [], as the Sponsor, and [], as the Master Servicer (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Funding Note Purchase Agreement*"). Each capitalized term used but not defined herein has the meaning assigned to such term in the Funding Note Purchase Agreement.

This Notice of Change of Restricted Loan Designation is executed and delivered by [the Funding Note Issuer] [[]], as the Seller] and hereby provides notice and confirms that the Student Loans listed on Schedule A attached hereto shall be deemed not to be Restricted Loans (collectively, the "*Specified Loans*").

[CHOOSE APPROPRIATE PARAGRAPH]

[The [Funding Note Issuer] [Seller] hereby represents and warrants that the Specified Loans were previously subject to a financing arrangement the program documents of which contain restrictions on the transferability or were included in a term securitization or in the Loan Purchase Commitment Program or Loan Participation Purchase Program, the [Funding Note Issuer] [Seller] has subsequently obtained the ability to acquire or transfer such Specified Loans, and all of the Student Loans that are Eligible Loans in such financing or securitization will be included in the [Funding Note Issuer's] [Seller's] next Relevant Loan Portfolio.]

[The [Funding Note Issuer] [Seller] hereby represents and warrants that the date hereof is ninety (90) days or less from the date on which the Specified Loans were originally designated as Restricted Loans and the Specified Loans are not otherwise Restricted Loans.]

[Signature Follows]

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IN WITNESS WHEREOF, the [Funding Note Issuer] [Seller] has caused this Notice of Change of Restricted Loan Designation to be executed by its officer thereunto duly authorized, as of the date first written above.

[],
as the [Funding Note Issuer] [Seller]

By: _____
Name:
Title:

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 Funding Note Issuer Engagements

SCHEDULE A²³²

Header	FORMAT	Mandatory	Definition
SSN	x(009)	Yes - Mandatory - Should always be populated	The borrower's 9-digit Social Security Number. For parent PLUS loans, this is the parent's SSN. This data is required.
LastName	X(035)	Yes - Mandatory - Should always be populated	The last name of the borrower identified in SSN. For parent PLUS loans, this is the parent. Do not include an endorser name. Examples: SMITH JR (John W. Smith, Jr.) JONES (Mark Jones, M.D.)
FirstName	X(020)	Yes - Mandatory - Should always be populated	The first name of the borrower identified in SSN (Field 3). For parent PLUS loans, this is the parent. Examples: JOHN (John W. Smith, Jr.) MARK (Mark Jones, M.D.)
LoanNumber ²³³	X(019)	Yes - Mandatory - Should always be populated	Unique Identifier
Principal Balance	9(012).99	Yes - Mandatory - Should always be populated with greater than zero	"Principal Balance" means, with respect to any Student Loan and any specified date, the outstanding principal amount of such Student Loan, including all accrued and unpaid interest thereon to be capitalized.
LoanType	X(002)	No - Not imported into DWH	SF = FFEL Stafford Subsidized Loan SU = FFEL Stafford UnSubsidized Loan PL = Plus Loan-Parent GB = Plus Loan-Graduate Professional
First Disbursement Date	9(008)	No - Not imported into DWH	
Final Disbursement Date	9(008)	No - Not imported into DWH	
Loan Period Begin Date	9(008)	No - Not imported into DWH	
Loan Period End Date	9(008)	No - Not imported into DWH	
Loan Status Code	X(002)	No - Not imported into DWH	
Seller or Eligible Direct Issuer LID	X(008)	No - Not imported into DWH	
Original Lender LID	X(008)	No - Not imported into DWH	

²³² Such Loan Transmittal Summary Form shall be delivered separately to the Conduit Administration in an electronic format.

²³³ Loan number shall be a unique identifying number for each Student Loan. Such number must also be included in the information given to the accountants and the Conduit Administrator for any sample pool of Student Loans in connection with any Agreed Upon Procedures Letter.