Ensuring Continued Access to Student Loans Act of 2008 (ECASLA)  
Loan Participation Program  
and  
Loan Purchase Commitment Program  

First Edition  
October 17, 2008
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) Loan Participation Program – First Edition. This first edition provides the requirements for AUP engagements for a lender participating in the Federal Family Education Loan (FFEL) Participation Program. A subsequent edition will include the requirements for AUP engagements for a lender participating in the FFEL Purchase Commitment Program.

Under the ECASLA, for 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 U.S. Department of Education has the authority to purchase or enter into forward commitments to purchase FFEL Program loans. AUP attestation engagements are required under Section 8 of the Master Participation Agreement for the FFEL Participation Program. This Guide describes required coverage and procedures, reporting requirements, report submission deadlines, and guidance for initial and subsequent required AUP engagements.

Any questions regarding the application of this Guide should be sent to Hugh M. Monaghan, Director, Non-Federal Audits, by email to hugh.monaghan@ed.gov or by fax at 215-656-6397.

Sincerely,

/s/
Keith West
Assistant Inspector General for Audit
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## Acronyms

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<th>Definition</th>
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<td>AUP</td>
<td>Agreed Upon Procedures</td>
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<tr>
<td>ECASLA</td>
<td>Ensuring Continued Access to Student Loans Act of 2008</td>
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<tr>
<td>ED</td>
<td>U.S. Department of Education</td>
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<tr>
<td>ELT</td>
<td>Eligible Lender Trustee</td>
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<td>FFELP</td>
<td>Federal Family Education Loan Program</td>
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<tr>
<td>GAGAS</td>
<td>Generally Accepted Government Auditing Standards</td>
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<td>HEA</td>
<td>Higher Education Act of 1965, as amended</td>
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<tr>
<td>MPA</td>
<td>Master Participation Agreement</td>
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<td>MLSA</td>
<td>Master Loan Sales Agreement</td>
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<tr>
<td>NOI</td>
<td>Notice of Intent to Participate</td>
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<td>OIG</td>
<td>Office of Inspector General</td>
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<td>PPR</td>
<td>Participation Purchase Request</td>
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1.1 Purpose and Background
This Agreed Upon Procedures Attestation Engagement Guide (the Guide) provides the requirements for agreed upon procedures (AUP) engagements for a lender participating in the Federal Family Education Loan (FFEL) Participation and/or Purchase Commitment Programs authorized under section 459A of the Higher Education Act (HEA) of 1965, as amended by the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (Pub. L. 110-227).

Ensuring Continued Access to Student Loans
Under the ECASLA, for FFEL Program loans made under sections 428 (subsidized Stafford loans), 428B (PLUS loans), and 428H (unsubsidized Stafford loans) of the HEA, the U.S. Department of Education (ED) has the authority to purchase or enter into forward commitments to purchase FFEL Program loans. These programs are intended to encourage eligible FFEL Program lenders to provide students and parents access to Stafford and PLUS loans for the 2008-2009 academic year.

Under the ECASLA Loan Participation Program, ED will only purchase participation interests from sponsors that commit to including, over the period of the program, not less than $50,000,000 of FFEL Program loans.

Loan Participation Program
The Loan Participation Program allows ED to purchase participation interests in eligible loans made for the 2008-2009 academic year that are held by an eligible lender approved as a sponsor under a Master Participation Agreement (MPA). Each sponsor (lender or eligible lender trustee) must file a Notice of Intent (NOI) to Participate with ED and enter into a Master Participation Agreement with ED and a third-party custodian acceptable to ED. The filing date on which ED receives the sponsor’s NOI generally determines the eligibility of loans for which the lender may sell participation interests. With the filing of the NOI, the sponsor is vested with the option to sell participation interests in and “put” eligible loans to the Department for purchase (i.e., sell the loans to ED under the Loan Purchase Commitment Program).

ED holds the participation interest until no later than September 30, 2009. The sponsor may redeem the participation interest on or before September 30, 2009, at a price that provides ED a yield on its participation interest equal to the commercial paper rate plus 50 basis points. To redeem the interest, the sponsor
may use funds obtained from private sources, or it may sell the loan to ED under the Loan Purchase Commitment Program described below.

The entities involved in the Loan Participation Program include:

- **Sponsor** – The sponsor is an eligible FFEL Program lender or holder of eligible FFEL Program loans. The sponsor may be a secondary market or beneficial holder under an eligible lender trustee agreement. Under the Loan Participation Program, the sponsor sells participation interests in loans to ED through a custodian.

- **Eligible lender trustee (ELT)** - Lenders that do not meet the definition of an eligible lender under Section 435(d) of the HEA participate in the FFEL Program through an eligible lender serving as trustee. The eligible lender trustee holds legal title to the loans on behalf of the beneficial holder.

- **Custodian** – An eligible lender that is a national or state chartered bank that is not affiliated with the sponsor or eligible lender trustee will serve as the custodian. Under the Loan Participation Program, the custodian is granted the legal title to the loans for which a participation interest is sold to ED.

- **Originating lender** – In some instances, a sponsor may acquire and sell participation interests in loans that were originated by another lender. In these instances, both the sponsor and originating lender must submit a NOI to ED.

**Loan Purchase Commitment Program**

Under the Loan Purchase Commitment Program, ED purchases from sellers (i.e., lenders or beneficial holders) eligible loans made for the 2008-2009 academic year. In order to participate in this program, each seller must file a NOI to participate and enter into a Master Loan Sales Agreement with ED. The filing date on which ED receives the lender’s NOI generally determines the eligibility of loans that the lender may sell to ED.

Under the provisions of the Master Loan Sales Agreement, ED will purchase a loan at a price that is the sum of the outstanding principal balance of the loan, plus the total accrued but unpaid interest owed on the loan by the borrower, a reimbursement of the one percent lender fee, and $75 per loan. Sellers wishing to sell eligible fully-disbursed loans to ED may do so at any time until September 30, 2009, but no more frequently than weekly. The seller must provide a 45-day notice to ED of its intent to sell loans under this program (no later than August 14, 2009) and must complete the sale on or before September 30, 2009.
ED purchases the loans from a seller that is an eligible FFEL Program lender or beneficial holder participating in the FFELP Program through the use of an ELT.

1.2 Engagement Objectives
This guide provides guidance for the following AUP engagements:

**Loan Participation Program AUP Engagement**
The objective is: for loans for which participation interests are sold to ED by sponsors, to perform procedures and report results and findings in order to assist ED in evaluating the loans’ compliance with the provisions of the Master Participation Agreement (MPA) and the Loan Participation Program.

**Loan Purchase Commitment Program AUP Engagement**
The objective will be specified in a subsequent edition of this Guide.

These AUP engagements are authorized under Section 8 of the MPA for the Loan Participation Program and Section 5 of the MLSA for the Loan Purchase Commitment Program. These AUP engagements are to be conducted in accordance with the professional standards described below at Chapter 1, Section 4 (§1.4).

1.3 Engagement Scope

**Loan Participation Program AUP Engagements**
These AUP engagements must be conducted for sponsors that have executed a MPA with ED and have sold participation interests in eligible loans to ED.

**Initial AUP Engagement:**

The initial AUP engagement period is the month in which the sponsor’s first Participation Purchase Request (PPR) was consummated.¹ This initial engagement must cover the initial PPR and, if any other PPRs were consummated during that month, it must also cover those PPRs. The initial AUP engagement report must be submitted to ED no later than two months following the end of the month that comprises the initial engagement period.

Exception: When the initial PPR is consummated during August 2008, the initial AUP Report must cover the initial PPR and, if any, all other PPRs consummated during August and September 2008. Such report must be submitted to ED by November 30, 2008.

¹ For purposes of this Guide, a PPR is consummated when the sponsor receives payment from ED for the purchase of the participation interests.
Determination of Subsequent AUP Engagements

The engagement period for subsequent AUP engagement reports depends on two factors:

1) Whether the Sample Characteristic Error Rate reported in the immediately preceding AUP engagement report, as stated in the Loan Participation Program Schedule of Findings required by Attachment 5 of the Guide, was greater than 5%; and

2) Whether for the immediate three prior calendar months (or a fewer number of months if indicated here), the sponsor’s total dollar amount of PPRs consummated exceeded the following indicated “high dollar volume” thresholds –

   • $1.5 billion for the immediate prior three calendar months, if those three months were covered by one or more prior AUP engagement(s), or as part of one immediate prior AUP engagement covering the prior six months;

   • $500 million for the immediate prior calendar month, if that month was covered by the initial AUP engagement for which the audit period consisted solely of that one immediate prior month;

   • $1 billion for the immediate prior two calendar months, if those two months were covered by an initial two-month AUP engagement or two one-month AUP engagements, one of which is an initial engagement.

The AUP engagement period for each subsequent engagement is based upon these two factors. Thus, timeframes and frequency of submission may vary as either or both of those factors change from submission to submission.
Each AUP engagement after the initial AUP engagement must cover all PPRs consummated from the end of the prior AUP engagement period through the immediate subsequent number of consecutive calendar months, determined as follows:

<table>
<thead>
<tr>
<th>Dollar Level from Prior Engagement</th>
<th>Sample Characteristic Error Rate</th>
<th>If Error Rate from the immediate prior AUP engagement was 5% or less, the next AUP engagement period is</th>
<th>If Error Rate from the immediate prior AUP engagement was greater than 5%, the next AUP engagement period is</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than the applicable high dollar volume threshold [$1.5 Billion (or alternate amount)].</td>
<td>The next six months from the end of the prior period.</td>
<td>The next three months from the end of the prior period.</td>
<td></td>
</tr>
<tr>
<td>Equal to or greater than the applicable high dollar volume threshold [$1.5 Billion or more (or alternate amount)].</td>
<td>The next three months from the end of the prior period.</td>
<td>The next one month from the end of the prior period.</td>
<td></td>
</tr>
</tbody>
</table>

Attachment 14 contains illustrative examples of how the requirements described above would apply under various scenarios. Subsequent AUP engagement reports must be submitted to ED no later than two months following the end of the last month in the engagement period.

**Loan Purchase Commitment Program**

Instructions as to when the required AUP engagements are to be completed and submitted to ED will be specified in a subsequent edition of this Guide.

### 1.4 Professional Standards

These AUP engagements 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.

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2 The Department reserves the right to require more frequent AUP engagements as determined on a case-by-case basis, and will inform the sponsor if such right is exercised. In such cases the indicated frequencies and decision chart will not apply.
Practitioners must comply with applicable provisions of the public accountancy law and the rules of the jurisdiction in which the practitioner is licensed and where the engagement is conducted.

1.5 Fraud or Other Illegal Acts
With respect to 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 any other illegal act is suspected, the practitioner must report it immediately to the ED Office of Inspector General, Investigation Services (OIG/IS), by phone or fax at the numbers shown below, before further extending engagement steps and procedures:

Assistant Inspector General for Investigations
U. S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-1510
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 fraud or illegal act was discovered or within a time frame agreed to by ED-OIG/IS and the practitioner.

1.6 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 working papers, 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 object, prior to releasing any documentation.

1.7 Quality Control Reviews
It is ED-OIG policy and practice to evaluate the quality of the AUP engagements. 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:

- 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
- Initiate action to suspend or debar the practitioner from conducting additional U.S. Federal audits or attestation engagements.

Also, ED program officials may require the sponsor to obtain and submit another AUP engagement to replace the substandard one, and suspend the sale of additional participation interests or loans to ED until the matter of the substandard AUP engagement is resolved.

1.8 References and Resources
Guidance and criteria for ECASLA Loan Participation Purchase and Loan Purchase Commitment Programs are provided on the Federal Student Aid Website at http://federalstudentaid.ed.gov/ffelp/.

1.9 Technical Assistance
Technical questions about applying the procedures in this Guide may be directed to Hugh M. Monaghan, Director, Non-Federal Audits, by email to hugh.monaghan@ed.gov or by fax at 215-656-6397.
1.10 Subsequent Editions of Guide
Subsequent editions of this Guide will be issued to reflect revisions to the AUP and guidance issued by ED. The practitioner shall use the most recent edition of this Guide when conducting the AUP engagement. Practitioners should visit the OIG’s Non-Federal Audits webpage to determine if a subsequent edition of this Guide has been issued. The OIG’s Non-Federal Audits webpage is: http://www.ed.gov/about/offices/list/oig/nonfed/sfa.html
Chapter 2 – Planning the Engagement

The provisions of this chapter are applicable to AUP engagements of both the Loan Participation Program and Loan Purchase Commitment Program.

2.1 Management Assertions
These are AUP engagements as defined in GAGAS ¶1.23. The sponsor under the Loan Participation Program or seller under the Loan Purchase Commitment Program must provide the practitioner with the management assertions detailed below for each program. The practitioner will perform the procedures in Chapter 3 and/or Chapter 4, prepare the respective reporting package described in Chapter 5, and submit the respective reporting package to management of the sponsor or seller.

*Management Assertion For Loan Participation Program AUP Engagements:*
For all Participation Purchase Requests consummated during the period [MM/DD/YYYY] through [MM/DD/YYYY], the loans for which participation interests were sold to ED by [the sponsor] complied with the provisions of the MPA and the Loan Participation Program.

*Management Assertion For Loan Purchase Commitment Program AUP Engagements:*
To be included in a subsequent edition of this Guide.

2.2 Engagement Letter
An engagement letter between the lender (i.e., sponsor under the Loan Participation Program or seller under the Loan Purchase Commitment Program) and the practitioner must be executed and must include the following:

- A statement that the engagement is to be performed in accordance with GAGAS, AICPA Attestation Standards, and this Guide;
- A description of the scope of the engagement and the related reporting that will meet the requirements of this Guide;
- A statement that both parties understand that ED will use the practitioner's report to evaluate the propriety of sales of loans or interests in loans under the Loan Participation Program and/or the Loan Purchase Commitment Program;
• A statement that the lender must provide the practitioner all required representations and assertions;

• A statement that the lender 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 photocopies of AUP engagement documentation, 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.

One engagement letter may be executed to cover multiple AUP engagements for the programs identified in this Guide.

2.3 Engagement Methodology
This engagement requires attribute sampling for the AUP described in Chapter 3 §3.5. The AUP described in Chapter 3 §3.4 requires a review of data records in the loan schedules via queries using database software.

**Loan Schedule Testing Procedures:**
The queries that are to be run are described in Chapter 3 §3.3 and §3.4.

**Loan Level Testing Procedures:**
The loan level testing (Chapter 3 §3.5) requires that a random sample (using a random number generator) of loans be selected from the Loan Schedule(s) for PPRs consummated during the AUP engagement period (defined in Chapter 1 §1.3). 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 must be 150 loans. If the population is 150 or fewer loans, all loans shall be selected.

4) The practitioner will apply the procedures, specified in Chapter 3 §3.5, to the sampled loans.

5) The results of applying the procedures indicate whether each loan is in compliance with the specified eligibility requirements. A loan is considered to be noncompliant if it fails to meet one or more of the specified eligibility requirements. The count of noncompliant loans should match the number of
loans, failing to meet one or more of the eligibility requirements, as detailed in the schedule of Loan Level Testing Results (Attachment 12) for the Loan Participation Purchase Program.

6) The practitioner must summarize the population and sample characteristics (e.g., number of errors and error rate)\(^3\) using the Summary of Loan Population and Sample Characteristics (Attachment 3) for the Loan Participation Program.

7) As required by certain AUP set forth in Chapter 3, the practitioner must report findings when exceptions are noted. These findings should be presented as illustrated in the Schedule of Findings (Attachment 5) for the Loan Participation Program.

2.4 Use of a Third Party Servicer

Sponsors, lenders or custodians may contract with third-party servicers to perform functions and/or maintain records for which they are responsible. Consequently, auditors 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 lender’s or sponsor’s.

\(^3\) For purpose of this Guide, an "error" is a loan considered to be noncompliant with one or more of the specified eligibility requirements. The sample’s "error rate" is the number of errors divided by the sample size (i.e., 150).
Chapter 3 – Agreed Upon Procedures for the Loan Participation Program (Master Participation Agreement)

3.1 Agreed Upon Procedures

The AUP set forth in the sections of this Chapter must be performed on the sponsor’s Loan Schedules and PPRs consummated during the AUP engagement period (defined in Chapter 1 §1.3).

Sections 3.2 through 3.5 below provide the AUP to be performed for sponsors participating in the Loan Participation Program. The procedures detailed below in Chapter 3 §3.3(A)(4) assist in preparing multiple Loan Schedule files for the application of procedures in §3.4 and §3.5.

3.2 Reserved

3.3 Comparison of Loan Schedule and Purchase Request

Compliance Requirements:
Each PPR must be accompanied by a Loan Schedule that details the loans for which a participation interest is being sold to ED. The Loan Schedule’s file layout is specified in ED’s Electronic Announcement #16, dated August 15, 2008. (Available at: http://federalstudentaid.ed.gov/ffelp/)

Required Procedures:
A. Obtain electronic copies of the Loan Schedule(s) supporting the PPR(s) for which the AUP is being performed and:

1) Read each Loan Schedule to determine that the Loan Schedule contains all the fields specified in ED’s Electronic Announcement #16, dated August 15, 2008. Report any omissions as a finding in the Schedule of Findings (Attachment 5).

2) Compare the total Purchase Price amount specified in each PPR to the PC Funding Request (Header Record Layout Field 4) amount contained in the accompanying Loan Schedule’s header information. [The PC Funding Request amount represents the Participation Certificate funding request for new or reissued disbursements.] Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).
3) Add all of the individual Disbursement Amounts (Loan Level Layout Field 18) on the Loan Schedule and compare the calculated amount to the total PC Funding Request amount (Header Record Layout Field 4). Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).

4) If the Loan Schedule contains records with a Data Flag (Loan Level Layout Field 2) of “I” (i.e., no changes to the loan), inspect all records on the Loan Schedule with a Data Flag of “I” to confirm that all such records have a Disbursement Amount (Loan Level Layout Field 18) of zero. Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).

5) If the AUP engagement covers multiple PPRs, merge the Loan Schedules for each separate PPR covered in the AUP engagement into a single file. Determine that the total record count of the merged Loan Schedule equals the total of the record counts of the individual Loan Schedules that were merged. Report any discrepancies as a finding in the Schedule of Findings (Attachment 5).

6) If applicable, remove from the individual or merged Loan Schedule those records with a Data Flag (Loan Level Layout Field 2) of “I” to ensure that only Loan Schedule records with a Data Flag of “N” (i.e., new loan) or “U” (i.e., new or additional information or disbursement) are subject to the procedures set forth in Chapter 3 §3.4 and §3.5.

7) Following the application of the procedures at §3.3(A)(1) through (6), save the resulting individual or merged Loan Schedule file. The procedures specified in §3.4 and §3.5, are to be applied to this Loan Schedule file. This file will be a single Loan Schedule if the AUP engagement covers a single PPR, or a merged Loan Schedule if the AUP engagement covers multiple PPRs.

B. List the total number of loans and the total disbursement amounts from the Loan Schedule (i.e., from §3.3(A)(7)) on the Loan Participation Program Summary of Loan Population and Sample Characteristics (Attachment 3).

3.4 Eligibility – Loan Schedules

Compliance Requirements:
The lender can sell participation interests in loans that meet the criteria in MPA Section 1 “Terms” and Section 3 “Definitions” (for Eligible Loan).

Required Procedures:
A. Using database or audit software, query the Loan Schedule (i.e., from §3.3(A)(7)) to determine that the Loan Type (Loan Level Layout Field 20) contains only the following codes: SF (subsidized Stafford), SU (unsubsidized
Stafford), 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 types other than SF, SU, PL, or GB included on the Loan Schedule.

B. Obtain the following documents from the sponsor:

1) The sponsor’s and, if applicable, the original lender’s NOI and the email from ED confirming the receipt of the sponsor’s and, if applicable, the original lender’s NOI. Inspect the NOI noting that the sponsor and, if applicable, the original lender indicated on the NOI its choice to participate in the Loan Participation Program. Report as a finding in the Schedule of Findings (Attachment 5) any of the NOIs that were not obtained or did not indicate the choice to participate in the Loan Participation Program.

2) The MPA’s Adoption Agreement that was signed and dated by the sponsor, ED, the custodian, and, if applicable, the ELT. Report as a finding in the Schedule of Findings (Attachment 5) any Adoption Agreement that was not signed and dated by all applicable parties.

C. Using database or audit software, query the Loan Schedule (i.e., from §3.3(A)(7)) noting that the Original Lender ID (Loan Level Layout Field 21) and Sponsor ID (Loan Level Field 22) contain only those Lender IDs (LID) specified in the sponsor’s and/or original lender’s NOI and the sponsor’s MPA Adoption Agreement. Report as a finding in the Schedule of Findings (Attachment 5) any instances of LIDs other than those specified in the sponsor’s and/or original lender’s NOI and Adoption Agreement.

D. Sort the loan records contained in the Loan Schedule (i.e., from §3.3(A)(7)), into two categories as follows:

1) Loan records where the sponsor is the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is the same as the Original Lender ID (Loan Level Layout Field 21)); and

2) Loan records where the sponsor is not the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is different than the Original Lender ID (Loan Level Layout Field 21)).

E. For loan records where the sponsor is the originating lender (i.e., records identified in step (D)(1), above) –

1) If the sponsor’s NOI date is on or before July 31, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or before April 30, 2008. [The First Disbursement Date

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4 The confirmation email from ED will note the date the NOI was received by ED. That date will establish the timeline for determining the eligibility of an otherwise eligible loan to be included in the Loan Participation Program. The Guide refers to this date as the sponsor’s and/or originating lender’s NOI date(s).
represents the date of the first transfer of loan proceeds by a lender to a borrower or school by issuance of a check or electronic funds transfer.]
Report as a finding in the Schedule of Findings (Attachment 5) any records indicating a First Disbursement Date on or before April 30, 2008.

2) If the sponsor’s NOI date is on or after August 1, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records before the NOI date. Report as a finding in the Schedule of Findings (Attachment 5) any records indicating a First Disbursement Date before the NOI date.

F. For loan records where the sponsor is not the originating lender (i.e., records identified in step (D)(2), above) –

1) If the sponsor’s and originating lenders’ NOI dates are both on or before July 31, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or before April 30, 2008. Report as a finding in the Schedule of Findings (Attachment 5) any records indicating a First Disbursement Date on or before April 30, 2008.

2) If either the sponsor’s or originating lenders’ NOI date is on or after August 1, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date before the later of the sponsor’s or originating lenders’ NOI date. Report as a finding in the Schedule of Findings (Attachment 5) any records before the applicable NOI date.

G. Using database or audit software, query the Loan Schedule (i.e., from §3.3(A)(7)) to determine that the:

1) First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or after July 2, 2009. Report as a finding in the Schedule of Findings (Attachment 5) any records with a First Disbursement Date on or after July 2, 2009.

2) Most Recent Disbursement Date (Loan Level Layout Field 16) and Anticipated Final Disbursement Date (Loan Level Layout Field 19) contain no dates on or after October 1, 2009. Report as a finding in the Schedule of Findings (Attachment 5) any such records containing dates on or after October 1, 2009.

3) Actual Interest Rate (Loan Level Layout Field 27) is:
   a) Greater than or equal to 5.35% and less than or equal to 6.8% for Stafford subsidized and unsubsidized loans, or
   b) Greater than or equal to 5.75% and less than or equal to 8.5% for PLUS parent and graduate/professional loans.

Report as a finding in the Schedule of Findings (Attachment 5) any records containing interest rates outside of these ranges.
H. **For the initial AUP engagement only**, determine that the sponsor's PPRs were consummated on or after the date that the MPA's Adoption Agreement was signed and dated by the sponsor, ED, the custodian, and, if applicable, the ELT. Report as a finding in the Schedule of Findings (Attachment 5) any PPRs consummated before the Adoption Agreement was signed and dated by all applicable parties.

3.5 **Eligibility – Loan Level**

**Compliance Requirements:**
The lender can sell participation interests in loans that meet the criteria in MPA Section 1 “Terms” and Section 3 “Definitions” *(for Eligible Loan)*. The sponsor must transfer Loan Documents to the custodian, or its designee, pursuant to the MPA’s Section 4(b) and Section 9(b)(iii). Eligible loans must be made with due diligence and reasonable care and in compliance with the HEA and applicable regulations. Pursuant to the definition of an Eligible Loan in Section 3 of the MPA, if the loan is a subsidized or unsubsidized Stafford loan, the sponsor must sell to ED participation interests in all of the borrower’s other subsidized or unsubsidized Stafford loans that are Eligible Loans held by or on behalf of the sponsor.

**Required Procedures:**
A. Request from the sponsor’s management 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 sponsor, servicer, custodian, or its designee.

B. Randomly select (using a random number generator) a sample of 150 loans from one of the following populations:
   1) For an AUP engagement covering a single PPR, include all loans in the individual Loan Schedule from §3.3(A)(7); or
   2) For an AUP engagement covering multiple PPRs, include all loans in the merged Loan Schedule from §3.3(A)(7).

C. Add total loan disbursements from the sample population and report the amount on the Summary of Loan Population and Sample Characteristics (Attachment 3).

D. List the Loan Number (Loan Level Layout Field 1) and the Disbursement Amount (Loan Level Layout Field 18) for the loans in the sample on the schedule of Loan Level Testing Results (Attachment 12).
E. For loans in the sample, obtain Loan Documents from the sponsor’s custodian or its designee. Loan Documents may be hardcopy or electronic records. Inspect the Loan Documents to determine that they include:

1) A copy of the signed promissory note;
2) A repayment schedule, if the loan has entered repayment;\(^5\)
3) A record of each disbursement (e.g., a report from the loan servicing system detailing the date and amount of the disbursement);
4) Disclosure statements (disclosures described in 34 C.F.R. § 682.205 include loan amounts, actual interest rates, fees, etc.), or evidence that a disclosure statement was provided to the borrower; and
5) If the promissory note was signed in hardcopy by the borrower, a statement identifying the name and location of the entity in possession of the original promissory note; or
6) 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, and
   b) If different, 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).

F. Based upon results from §3.5(E), mark an “X” in the “Loan Documents” column on the schedule of Loan Level Testing Results (Attachment 12) if any of the Loan Documents for a loan are missing. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

G. For loans in the sample, obtain from the sponsor’s custodian or its designee the loan certifications\(^6\) from the student’s school. Compare the following information contained in the loan certification to the Loan Schedule:

1) Loan Type (Loan Level Layout Field 20),
2) Original Loan Amount (Loan Level Layout Field 25), and

---

\(^5\) The Loan Documents or loan servicing system will indicate a loan’s status. Loan statuses include, but are not limited to, \textit{in repayment} or \textit{in school}.

\(^6\) A school must certify information that it provides in connection with a loan. 34 C.F.R. § 682.603(b) The school’s certification may be contained in the promissory note or in a separate document and may be a hardcopy or electronic record.
3) Loan Period Begin Date (Loan Level Layout Field 30).

H. Based upon results from §3.5(G), mark an “X” in the “Loan Certification” column on the schedule of Loan Level Testing Results (Attachment 12) if any of the information for the loan in the loan certification detailed in (G) above does not agree to the Loan Schedule. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

I. For loans in the sample, compare the following information contained in the Loan Documents to the Loan Schedule:

1) Loan Number (Loan Level Layout Field 1), if recorded in the Loan Documents,
2) SSN (Loan Level Layout Field 3),
3) Last Name (Loan Level Layout Field 5),
4) First Name (Loan Level Layout Field 6),
5) First Disbursement Date (Loan Level Layout Field 15),
6) Guaranty Date (Loan Level Layout Field 13),
7) Disbursement Amount (Loan Level Layout Field 18),
8) Loan Type (Loan Level Layout Field 20),
9) Original Lender ID (Loan Level Layout Field 21), and
10) Actual Interest Rate (Loan Level Layout Field 27).

J. Based upon results from §3.5(I), mark an “X” in the “Agreement With Loan Schedule” column on the schedule of Loan Level Testing Results (Attachment 12) if any of the information for the loan in the Loan Documents detailed in (I) above does not agree to the Loan Schedule. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

K. For loans in the sample, inspect the Loan Schedule to determine that the loan’s First Disbursement Date (Loan Level Layout Field 15) is on or before the applicable PPR submission date.

L. Based upon results from §3.5(K), mark an “X” in the “1st Disbursement Date” column on the schedule of Loan Level Testing Results (Attachment 12) if the loan first disbursement date is not on or before the applicable PPR
submission date. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

M. For loans in the sample, inspect the Loan Documents to determine that the Loan Period\(^7\) includes, or begins on or after, July 1, 2008.

N. Based upon results from §3.5(M), mark an “X” in the “Loan Period” column on the schedule of Loan Level Testing Results (Attachment 12) if the Loan Period does not include or begin on or after July 1, 2008. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

O. For loans in the sample, match the loan’s Actual Interest Rate (Loan Level Layout Field 27) shown in the Loan Schedule to the Loan Documents and the applicable statutory interest rate (see table below) net of the following permissible reduction and/or limitation, if applicable:

1) A reduction in interest rates of not more than 0.25% that are contingent on the use of an automatic payment process by the borrower for any payments due;

   and/or

2) A 6% limitation in interest rates for eligible borrowers under the Servicemembers Civil Relief Act (50 U.S.C. Appendix § 527).\(^8\)

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\(^7\) The Loan Period is the student’s enrollment period for which the loan is intended. 34 C.F.R. § 682.200

\(^8\) The Servicemembers Civil Relief Act establishes a maximum interest rate of 6% 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.
<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Grade Level</th>
<th>First Disbursement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>July 1, 2006 Through June 30, 2008</td>
</tr>
<tr>
<td>Subsidized Stafford Loans (SF)</td>
<td>Undergraduate</td>
<td>6.8%</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>6.8%</td>
</tr>
<tr>
<td>Unsubsidized Stafford Loans (SU)</td>
<td>Undergraduate</td>
<td>6.8%</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>6.8%</td>
</tr>
<tr>
<td>PLUS Loans (PL or GB)</td>
<td>All</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

Note: The Actual Interest Rate reported on the Loan Schedule should be the actual interest rate on the loan as charged to the borrower. The Actual Interest Rates are based on the statutory rates and are net of permissible Eligible Borrower Benefits under the MPA’s Section 3 and/or interest rate limitation under the Servicemembers Civil Relief Act, if applicable.

P. Based upon results from §3.5(O), mark an “X” in the “Interest Rate” column on the schedule of Loan Level Testing Results (Attachment 12) if the loan’s Actual Interest Rate does not agree with the rate in the Loan Documents and to the applicable statutory interest rate net of permissible Eligible Borrower Benefits and/or limitations under the Servicemembers Civil Relief Act. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

Q. For subsidized or unsubsidized Stafford loans in the sample, determine that the sponsor has sold to ED participation interests in all of the borrower’s other eligible subsidized or unsubsidized Stafford loans as follows:

1) Using the borrower’s SSN (Loan Level Layout Field 3) analyze or query the Loan Schedule file to determine if it includes other subsidized or unsubsidized Stafford loans for the borrower.

2) If step (1) identifies no other subsidized or unsubsidized Stafford loans for the borrower, using the borrower’s SSN, query the applicable loan servicing system(s) for other subsidized or unsubsidized Stafford loans for the borrower, as follows:

---

9 The information on the borrower's loan will be contained in a loan servicing system maintained by the sponsor, servicer, custodian, or its designee.
a) For loan records where the sponsor is the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is the same as the Original Lender ID (Loan Level Layout Field 21)) —

i) If the sponsor’s NOI date is on or before July 31, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after May 1, 2008.

ii) If the sponsor’s NOI date is on or after August 1, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after the sponsor’s NOI date.

b) For loan records where the sponsor is not the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is not the same as the Original Lender ID (Loan Level Layout Field 21)) —

i) If the sponsor’s and originating lenders’ NOI dates are both on or before July 31, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after May 1, 2008.

ii) If either the sponsor’s or originating lenders’ NOI date is on or after August 1, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after the later of the sponsor’s or originating lenders’ NOI date.

3) If the above queries identify other subsidized or unsubsidized Stafford loans for the borrower, for each loan identified determine that:

a) The First Disbursement Date is on or before the applicable PPR date; and

b) The Loan Period includes, or begins on or after, July 1, 2008; and

c) The Anticipated Final Disbursement Date contains dates on or before September 30, 2009.

[Step 3 (above) applies a test (a and b and c). Loans passing this test indicate that the borrower’s other subsidized or unsubsidized Stafford loans may be Eligible Loans in which a participation interest should have been sold to ED.]

R. Based upon results from §3.5(Q), mark an “X” in the “Inclusion Of All Borrower’s Loans” column on the schedule of Loan Level Testing Results (Attachment 12) if the sponsor has not sold to ED participation interests in all of the borrower’s other eligible subsidized or unsubsidized Stafford loans. In
addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

S. For any PLUS loans in the sample:

1) Obtain from the sponsor’s custodian or its designee the Loan Documentation regarding the borrower’s credit history.10

2) Inspect the Loan Documentation to see that it contains a credit report secured on each borrower.

3) If a credit report is included in the Loan Documentation, inspect the credit report to see that either:
   a) The credit report indicates the borrower is not 90 or more days delinquent on the repayment of a debt, or
   b) The credit report indicates that the borrower has not 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 3(a) or (b) that 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.

T. Based upon results from §3.5(S), mark an “X” in the “PLUS Documentation” column on the schedule of Loan Level Testing Results (Attachment 12) if the PLUS Loan Documentation does not contain a credit report for each borrower and, for borrowers with indications of an adverse credit history, a record of the lender’s basis for determining that extenuating circumstances existed. In addition, report the specific details of noncompliance as a finding in the Schedule of Findings (Attachment 5).

U. If the procedures specified in §3.5 (above), indicate noncompliance, 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 assurance that the actual error rate for the population is less than the upper limit. An example of the practitioner’s statement on loan level testing results may be:

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10 Lenders are required to review the credit history of PLUS loan borrowers. 34 C.F.R. § 682.201(c)(1)(vii)
As part of the Agreed Upon Procedures, we randomly selected 150 loans with Disbursement Amounts totaling $375,000 from the population of 130,000 loans with Disbursement Amounts totaling $325,000,000. We performed the specified procedures on these loans. Based upon the results of the specified procedures, [two] of the loans, or [1.33] percent, of the loans sampled failed to meet one or more of the specified eligibility requirements. Based upon statistical sampling procedures for attribute samples, at the 90 percent confidence level, it is estimated that no more than [3.5] percent of the loans in the population failed to meet one or more of the specified eligibility requirements.

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11 The loan eligibility requirements that are tested under the AUP engagement are specified in Chapter 3 §3.5 for the Loan Participation Program.
Chapter 4 – Agreed Upon Procedures for the Loan Purchase Commitment Program (Master Loan Sales Agreement)

Procedures to be included in a subsequent edition of this Guide.
Chapter 5 – Reporting

5.1 Engagement Report Package Requirements

The report package for AUP engagements for the Loan Participation Program must include:

- Agreed Upon Procedures Report and Results (Attachments 1 and 2);
- Summary of Loan Population and Sample Characteristics (Attachment 3);
- PPR AUP Schedule prepared by Sponsor’s Management (Attachment 4);
- Schedule of Findings (Attachment 5);
- Sponsor/Seller and Practitioner Information Sheet (Attachment 11);
- Loan Level Testing Results (Attachment 12);
- Any separate report on illegal acts submitted under the procedures described in Chapter 1 §1.5; and
- Any management letters issued to the lender concerning this engagement.

Note: In an Electronic Announcement, ED plans to announce that in order to meet the requirements for the submission of the Sponsor and Servicer Statement of Compliance, required under Section 8(a)(5) of the MPA, sponsors must include the certification along with report package for AUP engagements for the Loan Participation Program. (The Electronic Announcement will be available at: http://federalstudentaid.ed.gov/ffelp/)

Note: The report packages submitted to ED should not contain any personally identifiable information. Personally identifiable information includes, but is not limited to, names of borrowers, SSNs, and borrowers’ addresses.

5.2 Reporting Package Submission

The reporting package must be transmitted by the submission deadlines described in Chapter 1 §1.3. The sponsor or seller must submit the reporting package electronically, as follows:

<table>
<thead>
<tr>
<th>AUP Engagement</th>
<th>Send to</th>
<th>Enter as Email's Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Participation Program</td>
<td><a href="mailto:Aupaudits@ed.gov">Aupaudits@ed.gov</a></td>
<td>Participation AUP Audit</td>
</tr>
<tr>
<td>Loan Purchase Commitment Program</td>
<td><a href="mailto:Aupaudits@ed.gov">Aupaudits@ed.gov</a></td>
<td>Sales AUP Audit</td>
</tr>
</tbody>
</table>

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

To: [Lender]

We have performed the procedures enumerated below, which were agreed to by the [Sponsor] 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) Loan Participation Program, which is required to be used per the Program’s Master Participation Agreement (MPA). We performed the procedures solely to assist the specified parties in evaluating the Lender’s compliance with certain U.S. Department of Education requirements regarding the loans for which participation interests were sold to the U.S. Department of Education under the ECASLA Loan Participation Program for the period [beginning date] through [ending date].

Management of the [Sponsor] is responsible for [Sponsor’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, issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of the U.S. Department of Education and the management of [Sponsor]. 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 Attachment 2 for an illustrative reporting format of the agreed-upon procedures performed and the results of those procedures.]

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on [Sponsor’s] compliance with the MPA and Loan Participation Program authorized under section 459A of the HEA of 1965, as amended by the ECASLA of 2008 (Pub. L. 110-227). 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 [Sponsor’s] compliance with the specified requirements.

This report is intended solely for the information and use of the U.S. Department of Education and the management of [Sponsor] 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 Agreed Upon Procedures for the Loan Participation Program (Master Participation Agreement)

<table>
<thead>
<tr>
<th>Agreed Upon Procedures</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.3 Comparison Of Loan Schedule and Purchase Request</strong></td>
<td></td>
</tr>
<tr>
<td><strong>A.</strong> Obtain electronic copies of the Loan Schedule(s) supporting the PPR(s) for which the AUP is being performed and:</td>
<td>All required fields included in Loan Schedule.</td>
</tr>
<tr>
<td>1) Read each Loan Schedule to determine that the Loan Schedule contains all the fields specified in ED’s Electronic Announcement #16, dated August 15, 2008.</td>
<td>Or</td>
</tr>
<tr>
<td></td>
<td>Required [list] fields missing from Loan Schedule.</td>
</tr>
<tr>
<td>2) Compare the total Purchase Price amount specified in each PPR to the PC Funding Request (Header Record Layout Field 4) amount contained in the accompanying Loan Schedule’s header information.</td>
<td>Amounts agree.</td>
</tr>
<tr>
<td></td>
<td>Or</td>
</tr>
<tr>
<td></td>
<td>Amounts do not agree. The amount specified in the PPR [dated] is [specify]; whereas the amount per the accompanying Loan Schedule’s PC Funding Request is [specify].</td>
</tr>
<tr>
<td>3) Add all of the individual Disbursement Amounts (Loan Level Layout Field 18) on the Loan Schedule and compare the calculated amount to the total PC Funding Request amount (Header Record Layout Field 4).</td>
<td>Amounts agree.</td>
</tr>
<tr>
<td></td>
<td>Or</td>
</tr>
<tr>
<td></td>
<td>Amounts do not agree. The amount per the Loan Schedule’s PC Funding Request is [specify]; whereas the amount per the Loan Schedule’s individual Disbursement Amounts is [specify].</td>
</tr>
<tr>
<td>4) If the Loan Schedule contains records with a Data Flag (Loan Level Layout Field 2) of “I” (i.e., no changes to the loan), inspect all records on the Loan Schedule with a Data Flag of “I” to confirm that all such records have a Disbursement Amount (Loan Level Layout Field 18) of zero.</td>
<td>Sum of “I” records equals zero.</td>
</tr>
<tr>
<td></td>
<td>Or</td>
</tr>
<tr>
<td></td>
<td>Sum of “I” records equals [specify]. [Specify count] “I” records have a value other than zero.</td>
</tr>
<tr>
<td>5) If the AUP engagement covers multiple PPRs, merge the Loan Schedules for each separate PPR covered in the AUP engagement into a single file. Determine that the total record count of the merged</td>
<td>Record counts agree.</td>
</tr>
<tr>
<td></td>
<td>Or</td>
</tr>
<tr>
<td>Loan Schedule equals the total of the record counts of the individual Loan Schedules that were merged.</td>
<td>Record counts do not agree. The record count of the individual Loan Schedules that were merged is [specify]; whereas the record count of the merged Loan Schedules is [specify].</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6) Not applicable for this schedule.</td>
<td></td>
</tr>
<tr>
<td>7) Not applicable for this schedule.</td>
<td></td>
</tr>
<tr>
<td>B. Not applicable for this schedule.</td>
<td></td>
</tr>
</tbody>
</table>

### 3.4 Eligibility – Loan Schedules

<table>
<thead>
<tr>
<th>A. Using database or audit software, query the Loan Schedule (i.e., from §3.3(A)(7)) to determine that the Loan Type (Loan Level Layout Field 20) contains only the following codes: SF (subsidized Stafford), SU (unsubsidized Stafford), PL (PLUS for parent), or GB (PLUS for graduate/professional student).</th>
<th>Loan types include SF, SU, PL, or GB only. Or Loan types include unallowable code(s) of [specify]. [Specify count] of records have unallowable codes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Obtain the following documents from the sponsor: 1) The sponsor’s and, if applicable, the original lender’s NOI and the email from ED confirming the receipt of the sponsor’s and, if applicable, the original lender’s NOI. Inspect the NOI noting that the sponsor and, if applicable, the original lender indicated on the NOI its choice to participate in the Loan Participation Program.</td>
<td>The sponsor and, if applicable, the original lender indicated on the NOI its choice to participate in the Loan Participation Program. Or The sponsor and, if applicable, the original lender [specify name], did not indicate on the NOI its choice to participate in the Loan Participation Program.</td>
</tr>
<tr>
<td>2) The MPA’s Adoption Agreement that was signed and dated by the sponsor, ED, the custodian, and, if applicable, the ELT.</td>
<td>The MPA’s Adoption Agreement was signed and dated by all applicable parties. Or The MPA’s Adoption Agreement was not signed and dated by all parties [specify].</td>
</tr>
</tbody>
</table>
C. Using database or audit software, query the Loan Schedule (i.e., from §3.3(A)(7)) noting that the Original Lender ID (Loan Level Layout Field 21) and Sponsor ID (Loan Level Field 22) contain only those Lender IDs (LID) specified in the sponsor’s and/or original lender’s NOI and the sponsor’s MPA Adoption Agreement.

The Loan Schedule’s Original Lender ID and Sponsor ID contain only those LIDs specified in the sponsor’s and/or original lender’s NOI and the sponsor’s MPA Adoption Agreement.

Or

The Original Lender ID and Sponsor ID contained LIDs not specified in the sponsor’s and/or original lender’s NOI and the sponsor’s MPA Adoption Agreement. The LIDs not specified on the sponsor’s and/or original lender’s NOI include [specify].

D. Not applicable for this schedule.

E. For loan records where the sponsor is the originating lender (i.e., records identified in step (D)(1))—

1) If the sponsor’s NOI date is on or before July 31, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or before April 30, 2008.

2) If the sponsor’s NOI date is on or after August 1, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records before the NOI date.

First Disbursement Dates were on or after May 1, 2008, or the applicable NOI date.

Or

[Specify number of] records had First Disbursement Dates on or before April 30, 2008, or the applicable NOI date.

F. For loan records where the sponsor is not the originating lender (i.e., records identified in step (D)(2))—

1) If the sponsor’s and originating lenders’ NOI dates are both on or before July 31, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or before April 30, 2008.

2) If the either the sponsor’s or originating lenders’ NOI date is on or after August 1, 2008, determine that the First Disbursement Date (Loan Level Layout Field 15) has no records with a date before the later of the sponsor’s or originating lenders’ NOI date.

First Disbursement Dates were on or after May 1, 2008, or the applicable NOI date.

Or

[Specify number of] records had First Disbursement Dates on or before April 30, 2008, or the applicable NOI date.

G. Using database or audit software, query the Loan Schedules (i.e., from §3.3(A)(7)) to determine that the:

1) First Disbursement Date (Loan Level Layout Field 15) has no records with a date on or after July 2, 2009.

First Disbursement Dates were on or before July 1, 2009.

Or

[Specify number of] records had First Disbursement Dates on or after July 2, 2009.
2) Most Recent Disbursement Date (Loan Level Layout Field 16) and Anticipated Final Disbursement Date (Loan Level Layout Field 19) contain no dates on or after October 1, 2009.

| Disbursement Dates are on or before September 30, 2009. |
| Or |
| [Specify number of] records had Disbursement Dates on or after October 1, 2009. |

3) Actual Interest Rate (Loan Level Layout Field 27) is:
   a) Greater than or equal to 5.35% and less than or equal to 6.8% for Stafford subsidized and unsubsidized loans, or
   b) Greater than or equal to 5.75% and less than or equal to 8.5% for PLUS parent and graduate/professional loans.

| Actual Interest Rates are within the range of applicable interest rates. |
| Or |
| [Specify number of] loans had Actual Interest Rates outside of the range of applicable interest rates. |

H. **Applicable to the initial AUP engagement only.**
Determine that the sponsor’s PPRs were consummated on or after the date that the MPA’s Adoption Agreement was signed and dated by the sponsor, ED, the custodian, and, if applicable, the ELT.

| PPRs were consummated after the Adoption Agreement was signed and dated by all applicable parties. |
| Or |
| PPRs [dated] were consummated before the Adoption Agreement was signed and dated by all applicable parties. |

### 3.5 Eligibility – Loan Level

| A. Not applicable for this schedule. |
| B. Not applicable for this schedule. |
| C. Not applicable for this schedule. |
| D. Not applicable for this schedule. |
E. For loans in the sample, obtain Loan Documents from the sponsor’s custodian or its designee. Loan Documents may be hardcopy or electronic records. Inspect the Loan Documents to determine that they include:

1) A copy of the signed promissory note;
2) A repayment schedule, if the loan has entered repayment;
3) A record of each disbursement (e.g., a report from the loan servicing system detailing the date and amount of the disbursement);
4) Disclosure statements (disclosures described in 34 C.F.R. § 682.205 include loan amounts, actual interest rates, fees, etc.), or evidence that a disclosure statement was provided to the borrower; and
5) If the promissory note was signed in hardcopy by the borrower, a statement identifying the name and location of the entity in possession of the original promissory note; or
6) 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, and
   b) If different, 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).

The practitioner obtained the required Loan Documents from the sponsor’s custodian or its designee.

Or

For [specify number of] loans, the sponsor’s custodian or its designee did not provide the required Loan Documents. Loan Documents not provided include [list specific required documents] for [number] loans in the sample.

F. Not applicable for this schedule.

G. For loans in the sample, obtain from the sponsor’s custodian or its designee the loan certifications from the student’s school. Compare the following information contained in the loan certification to the Loan Schedule:

1) Loan Type (Loan Level Layout Field 20),
2) Original Loan Amount (Loan Level Layout Field 25), and
3) Loan Period Begin Date (Loan Level Layout Field 30),

The information in the loan certifications agreed to the information in the Loan Schedule.

Or

[Specify number of] loans contained information in the loan certifications that did not agree to the Loan Schedule.
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H.</td>
<td>Not applicable for this schedule.</td>
</tr>
</tbody>
</table>
| I. | For loans in the sample, compare the following information contained in the Loan Documents to the Loan Schedule:  
   1) Loan Number (Loan Level Layout Field 1), if recorded in loan documents,  
   2) SSN (Loan Level Layout Field 3),  
   3) Last Name (Loan Level Layout Field 5),  
   4) First Name (Loan Level Layout Field 6),  
   5) First Disbursement Date (Loan Level Layout Field 15),  
   6) Guaranty Date (Loan Level Layout Field 13),  
   7) Disbursement Amount (Loan Level Layout Field 18),  
   8) Loan Type (Loan Level Layout Field 20),  
   9) Original Lender ID (Loan Level Layout Field 21), and  
   10) Actual Interest Rate (Loan Level Layout Field 27).  
   The Loan Documents support (i.e., agree to) the data contained in the Loan Schedule.  
   Or  
   [Specify number of] loans did not have Loan Documents that support (i.e., agree to) the data contained in the Loan Schedule. |
| J. | Not applicable for this schedule. |
| K. | For loans in the sample, inspect the Loan Schedule to determine that the loan’s First Disbursement Date (Loan Level Layout Field 15) is on or before the applicable PPR submission date.  
   The First Disbursement Dates were on or before the applicable PPR submission date(s).  
   Or  
   [Specify number of] loans did not have a First Disbursement Date on or before the applicable PPR submission date(s). |
| L. | Not applicable for this schedule. |
| M. | For loans in the sample, inspect the Loan Documents to determine that the Loan Period includes, or begins on or after, July 1, 2008.  
   The Loan Periods include, or begin on or after, July 1, 2008.  
   Or  
   [Specify number] loans did not have a Loan Period that includes, or begins on or after, July 1, 2008. |
| N. | Not applicable for this schedule. |
| O. For loans in the sample, match the loan’s Actual Interest Rate (Loan Level Layout Field 27) shown in the Loan Schedule to the Loan Documents and the applicable statutory interest rate net of a permissible reduction contingent on the use of an automatic payment process (no more than 0.25% reduction) and/or a 6% interest rate limitation for eligible borrowers under the Servicemembers Civil Relief Act if applicable. | The loans’ Actual Interest Rates matched the Loan Documents and the applicable statutory interest rate net of permissible reductions and/or rate limitations.  
Or  
[Specify number] loans’ Actual Interest Rates did not match the Loan Documents and the applicable statutory interest rate net of permissible reductions and/or rate limitations. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Not applicable for this schedule.</td>
<td></td>
</tr>
</tbody>
</table>
| Q. For subsidized or unsubsidized Stafford loans in the sample, determine that the sponsor has sold to ED participation interests in all of the borrower’s other eligible subsidized or unsubsidized Stafford loans as follows: | The procedures indicate that the sponsor has sold to ED participation interests in all of the borrower’s other eligible subsidized or unsubsidized Stafford loans.  
Or  
The procedures indicate that for [specify number] loans, the sponsor has not sold to ED participation interests in all of the borrower’s other eligible subsidized or unsubsidized Stafford loans. [Specify number] subsidized and unsubsidized Stafford loans were included in the sample. |
| 1) Using the borrower’s SSN (Loan Level Layout Field 3) query the Loan Schedule file to determine if it includes other subsidized or unsubsidized Stafford loans for the borrower. | |
| 2) If step (1) identifies no other subsidized or unsubsidized Stafford loans for the borrower, using the borrower’s SSN, query the applicable loan servicing system(s) for other subsidized or unsubsidized Stafford loans for the borrower, as follows: | |
| a) For loan records where the sponsor is the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is the same as the Original Lender ID (Loan Level Layout Field 21)) — | |
| i) If the sponsor’s NOI date is on or before July 31, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after May 1, 2008.  
ii) If the sponsor’s NOI date is on or after August 1, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after the sponsor’s NOI date. | |
| b) For loan records where the sponsor is not the originating lender (i.e., the Sponsor ID (Loan Level Field 22) is not the same as the Original | |
Lender ID (Loan Level Layout Field 21) —

i) If the sponsor’s and originating lenders’ NOI dates are both on or before July 31, 2008, query the servicing system for other subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after May 1, 2008.

ii) If either the sponsor’s or originating lenders’ NOI date is on or after August 1, 2008, query the servicing system for subsidized or unsubsidized Stafford loans for the borrower with a First Disbursement Date on or after the later of the sponsor’s or originating lenders’ NOI date.

3) If the above queries identify other subsidized or unsubsidized Stafford loans for the borrower for each loan identified determine that:

   a) The First Disbursement Date is on or before the applicable PPR date; and
   b) The Loan Period includes, or begins on or after, July 1, 2008; and
   c) The Anticipated Final Disbursement Date contains dates on or before September 30, 2009.

R. Not applicable for this schedule.

S. For any PLUS loans in the sample:

1) Obtain from the sponsor’s custodian or its designee the Loan Documentation regarding the borrower’s credit history.

2) Inspect the Loan Documentation to see that it contains a credit report secured on each borrower.

3) If a credit report is included in the Loan Documentation, inspect the credit report to see that either:

   a) The credit report indicates the borrower is not 90 or more days delinquent on the repayment of a debt, or
   b) The credit report indicates that the borrower has not 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

For PLUS loans, the Loan Documentation contains a credit report for each borrower and, for borrowers with indications of an adverse credit history, a record of the lender’s basis for determining that extenuating circumstances existed.

Or

For [specify number] PLUS loans, the Loan Documentation did not contain a credit report for each borrower or, for borrowers with indications of an adverse credit history, a record of the lender’s basis for determining that extenuating circumstances existed. [Specify number] PLUS loans were included in the sample.
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>described in 3(a) or (b) that 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.</strong></td>
<td></td>
</tr>
<tr>
<td>T. Not applicable for this schedule.</td>
<td></td>
</tr>
<tr>
<td>U. Not applicable for this schedule.</td>
<td></td>
</tr>
</tbody>
</table>
### Attachment 3 – Loan Participation Program (Master Participation Agreement) Summary of Loan Population and Sample Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Number of Loans</th>
<th>Total Disbursement Amount</th>
<th>Number of Loans With Errors</th>
<th>Error Rate</th>
<th>Upper Limit Error Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population Characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sample Characteristics</strong></td>
<td>150</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** For purpose of this Guide, an “error” is a loan considered to be noncompliant with one or more of the specified eligibility requirements. The sample’s “error rate” is the number of errors divided by the sample size (i.e., 150).

**Note:** This schedule must also include the reporting required by Chapter 3, §3.5(U), if applicable.
### Participation Purchase Requests (PPR)
For Which Agreed Upon Procedures Were Applied

<table>
<thead>
<tr>
<th>PPR Date</th>
<th>Number of New or Updated Loans</th>
<th>Total Purchase Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Attachment 5 - Loan Participation Program (Master Participation Agreement) Schedule of Findings

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 150 sampled loans, Disbursement Amounts per the Loan Documents differed from the amounts per the Loan Schedule

Condition: In applying AUP §3.5(I), the information in the Loan Documents did not agree with the information in the Loan Schedule for 2 of the 150 sampled loans selected for review. Specifically:

- Disbursement Amounts differed from the Loan Schedule for the following loans:

  Loan #42
  Disbursement Amount per Loan Documents: $3,900
  Disbursement Amount per Loan Schedule: $3,600
  Difference: $300

  Loan #84
  Disbursement Amount per Loan Documents: $3,600
  Disbursement Amount per Loan Schedule: $4,000
  Difference: $400

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 – Illustrated Agreed Upon Procedures Report for the Loan Purchase Commitment Program (Master Loan Sales Agreement)

To be included in a subsequent edition of this Guide.
Attachment 7 - Illustrative Agreed Upon Procedures and Results Section for Agreed Upon Procedures for the Loan Purchase Commitment Program (Master Loan Sales Agreement)

To be included in a subsequent edition of this Guide.
Attachment 8 - Loan Purchase Commitment Program (Master Loan Sales Agreement) Summary of Loan Population and Sample Characteristics

To be included in a subsequent edition of this Guide.
Attachment 9 - Loan Purchase Commitment Program (Master Loan Sales Agreement) Bill of Sale Schedule

To be included in a subsequent edition of this Guide.
Attachment 10 - Loan Purchase Commitment Program (Master Loan Sale Agreement) Schedule of Findings

To be included in a subsequent edition of this Guide.
Attachment 11 – Sponsor/Seller and Practitioner Information Sheet

Sponsor/Seller Information

Lender ID Number(s):  
AUP Engagement Period:  
Telephone Number:  
Fax Number:  
President:  
Contact Person & Title:

Audit Firm Information

Partner In Charge:  
Email Address:  
License Number: (Home State):  
(Out of State):  
Firm’s Name:  

Street:  
City, State, Zip:  
Telephone Number:  
Fax Number:
Attachment 12- Loan Level Testing Results for the Loan Participation Program (Master Participation Agreement)

<table>
<thead>
<tr>
<th>Sample #</th>
<th>Loan #</th>
<th>Disbursement Amount</th>
<th>Loan Eligibility Requirements That Were Not Met (AUP From Section 3.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>AUP §3.5 (F)</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4...</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12 Identify noncompliance with loan eligibility requirements for each loan by placing an "X" in the applicable column.
Attachment 13 - Loan Level Testing Results for the Loan Purchase Commitment Program (Master Loan Sales Agreement)

To be included in a subsequent edition of this Guide.
Attachment 14 - Illustrative Examples of Subsequent Engagement Scope for the Loan Participation Program (Master Participation Agreement)

The following charts show examples of how the requirements described in Chapter 1 §1.3 Engagement Scope would apply under various scenarios. The first set of charts apply to sponsor’s whose first PPR consummation occurred in August 2008. The second set illustrates scenarios for a sponsor whose first PPR was consummated in a subsequent month; September 2008 is used in this set of examples. As noted in Chapter 1 §1.3, while a change in either the error rate or volume will impact the time period of a subsequent engagement, the examples below do not reflect such changes. Subsequent AUP engagement reports must be submitted to ED no later than two months following the end of the last month in the engagement period.

First Participation Interest Consummated in August 2008

Low Volume – Low Error Rate (6 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Volume from Prior AUP</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period : Aug and Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&lt;$1B (Aug, Sept)</td>
<td>&lt; or =5%</td>
<td>Oct through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>3</td>
<td>&lt;$1.5B (Jan, Feb, Mar)</td>
<td>&lt; or =5%</td>
<td>Apr through Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>4</td>
<td>&lt;$1.5B (Jul, Aug, Sep)</td>
<td>&lt; or =5%</td>
<td>Oct through Mar</td>
<td>May 31</td>
</tr>
</tbody>
</table>

High Volume – Low Error Rate (3 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period : Aug and Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or =$1B (Aug, Sept)</td>
<td>&lt; or =5%</td>
<td>Oct through Dec</td>
<td>Feb 28</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1.5B (Oct, Nov, Dec)</td>
<td>&lt; or =5%</td>
<td>Jan through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt; or =$1.5B (Jan, Feb, Mar)</td>
<td>&lt; or =5%</td>
<td>Apr through Jun</td>
<td>Aug 31</td>
</tr>
</tbody>
</table>
Low Volume – High Error Rate (3 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Aug and Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&lt;$1B (Aug, Sep)</td>
<td>&gt;5%</td>
<td>Oct through Dec</td>
<td>Feb 28</td>
</tr>
<tr>
<td>3</td>
<td>&lt;$1.5B (Oct, Nov, Dec)</td>
<td>&gt;5%</td>
<td>Jan through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>4</td>
<td>&lt;$1.5B (Jan, Feb, Mar)</td>
<td>&gt;5%</td>
<td>Apr through June</td>
<td>Aug 31</td>
</tr>
</tbody>
</table>

High Volume – High Error Rate (1 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Aug and Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or =$1B (Aug, Sept)</td>
<td>&gt;5%</td>
<td>Oct</td>
<td>Dec 31</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1.5B (Aug, Sep, Oct)</td>
<td>&gt;5%</td>
<td>Nov</td>
<td>Jan 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt;or =$1.5B (Sep, Oct, Nov)</td>
<td>&gt;5%</td>
<td>Dec</td>
<td>Feb 28</td>
</tr>
</tbody>
</table>

High Volume – Mixed Error Rates

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Aug and Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or =$1B (Aug, Sept)</td>
<td>&gt;5%</td>
<td>Oct</td>
<td>Dec 31</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1.5B (Aug, Sep, Oct)</td>
<td>&lt; or = 5%</td>
<td>Nov through Jan</td>
<td>Mar 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt;or =$1.5B (Nov, Dec, Jan)</td>
<td>&gt;5%</td>
<td>Feb</td>
<td>Apr 30</td>
</tr>
<tr>
<td>5</td>
<td>&gt;or =$1.5B (Dec, Jan, Feb)</td>
<td>&lt;=5%</td>
<td>Mar through May</td>
<td>July 31</td>
</tr>
</tbody>
</table>

First Participation Interest Not Consummated in August 
(Example - First PPR in September 2008)

Low Volume – Low Error Rate (6 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&lt;$500M (Sept)</td>
<td>&lt; or =5%</td>
<td>Oct through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>3</td>
<td>&lt;$1.5B (Jan, Feb, Mar)</td>
<td>&lt; or =5%</td>
<td>Apr through Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>4</td>
<td>&lt;$1.5B (Jul, Aug, Sep)</td>
<td>&lt; or =5%</td>
<td>Oct through Mar</td>
<td>May 31</td>
</tr>
</tbody>
</table>
### High Volume – Low Error Rate (3 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or =$500M (Sept)</td>
<td>&lt; or =5%</td>
<td>Oct through Dec</td>
<td>Feb 28</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1.5B (Oct, Nov, Dec)</td>
<td>&lt; or =5%</td>
<td>Jan through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt;or =$1.5B (Jan, Feb, Mar)</td>
<td>&lt; or =5%</td>
<td>Apr through Jun</td>
<td>Aug 31</td>
</tr>
</tbody>
</table>

### Low Volume – High Error Rate (3 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&lt;$500M (Sept)</td>
<td>&gt;5%</td>
<td>Oct through Dec</td>
<td>Feb 28</td>
</tr>
<tr>
<td>3</td>
<td>&lt;$1.5B (Oct, Nov, Dec)</td>
<td>&gt;5%</td>
<td>Jan through Mar</td>
<td>May 31</td>
</tr>
<tr>
<td>4</td>
<td>&lt;$1.5B (Jan, Feb, Mar)</td>
<td>&gt;5%</td>
<td>Apr through Jun</td>
<td>Aug 31</td>
</tr>
</tbody>
</table>

### High Volume – High Error Rate (1 Month Period)

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or =$500M (Sept)</td>
<td>&gt;5%</td>
<td>Oct</td>
<td>Dec 31</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1B (Sept, Oct)</td>
<td>&gt;5%</td>
<td>Nov</td>
<td>Jan 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt; or =$1.5B (Sep, Oct, Nov)</td>
<td>&gt;5%</td>
<td>Dec</td>
<td>Feb 28</td>
</tr>
<tr>
<td>5</td>
<td>&gt; or =$1.5B (Oct, Nov, Dec)</td>
<td>&gt;5%</td>
<td>Jan</td>
<td>Mar 31</td>
</tr>
</tbody>
</table>

### High Volume – Mixed Error Rates

<table>
<thead>
<tr>
<th>AUP Period #</th>
<th>Prior Volume</th>
<th>Prior Error Rate</th>
<th>Next Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>Initial Period: Sep</td>
<td>Nov 30</td>
</tr>
<tr>
<td>2</td>
<td>&gt; or = $500M (Sept)</td>
<td>&gt;5%</td>
<td>Oct</td>
<td>Dec 31</td>
</tr>
<tr>
<td>3</td>
<td>&gt; or =$1B (Sept, Oct)</td>
<td>&gt;5%</td>
<td>Nov</td>
<td>Jan 31</td>
</tr>
<tr>
<td>4</td>
<td>&gt; or =$1.5B (Sep, Oct, Nov)</td>
<td>&lt; or = 5%</td>
<td>Dec through Feb</td>
<td>Apr 30</td>
</tr>
<tr>
<td>5</td>
<td>&gt; or =$1.5B (Dec, Jan, Feb)</td>
<td>&gt;5%</td>
<td>Mar</td>
<td>May 31</td>
</tr>
</tbody>
</table>