GUARANTY AGENCY FINANCIAL REPORT

INSTRUCTIONS

PREPARED BY: Guaranty Agency and ED Workgroup Members

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GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

TABLE OF CONTENTS

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

I. INTRODUCTION

Guaranty agencies use the Guaranty Agency Financial Report to request payments from and make payments to the Department of Education (ED) under the Federal Family Education Loan (FFEL) Program, which is authorized by Title IV, Part B of the Higher Education Act of 1965, as amended (HEA). ED also uses this information to monitor the agency's financial activities, including activities concerning its federal fund; the operating fund and the agency's restricted account. Guaranty agencies perform certain activities in connection with the following types of loans under the FFEL Program.

- the Robert T. Stafford Student Loan Program (also known as Federal Stafford Loans or Subsidized Stafford Loans),
- Federal PLUS Loans,
- Federal Supplemental Loans for Students (Federal SLS) ***ceased originating new loans on July 1, 1994,***
- Federal Consolidation Loans, and
- Unsubsidized Stafford Loans for Middle-Income Borrowers (Unsubsidized Stafford Loans).

Note: Loans guaranteed under Non-FFEL Programs but administered by the guaranty agency are not to be included in this report. An example of a non-FFEL program is a student loan program established by State law and operated entirely with State funds for individuals pursuing a particular course of study.

Guaranty agencies must maintain detailed records to support each entry on the Guaranty Agency Monthly/Annual Financial Report and be able to reconstruct the entries back to individual loan, borrower or lender levels, or to specific guaranty agency level transactions. This includes keeping accurate records of reinsurance payments and collections on defaulted loans at the loan and borrower level. All records must be available for verification by the Secretary of Education or other authorized representatives of the U.S. Government.

Information on the Guaranty Agency Monthly/Annual Financial Report must be consistent with and comparable to relevant information reported to the National Student Loan Data System (NSLDS) by the guaranty agency.

Guaranty agencies are required to maintain all records in the manner and for the period of time set forth in the Department's regulations. Detail records and reports are to be included in the compliance audit requirements in accordance with 34 CFR 682.410(b) as required in the A-133 Audit Guide.

These instructions provide information on how to complete each item on the Guaranty Agency Monthly/Annual Financial Report. However, they do not restate in their entirety the laws, regulations, and policy bulletins which may apply to an item on the form. The following material should be consulted when completing the Guaranty Agency Monthly/Annual Financial Report

- the Higher Education Act of 1965, as amended, and in particular, Title IV, Part B (20 U.S.C. 1071 et seq.)

- the code of Federal Regulations, Department of Education, 34 CFR Part 682, Federal Family Education Loan Program (formerly Guaranteed Student Loan and PLUS Programs), and 34 CFR Part 668, Student Assistance General Provisions, and

- Student Financial Assistance Programs bulletins. The majority of the bulletins, which apply to guaranty agency reporting, are addressed directly to the guaranty agencies in the GA bulletin series. However, some bulletins issued to schools and lenders may also apply.

Note that the FFEL Program has frequent changes in laws, regulations, and policies. A guaranty agency is responsible for complying with all current laws, regulations, and policies, and for ensuring that any information provided on the Guaranty Agency Monthly/Annual Financial Report conforms to them.

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GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

DEFINITIONS

Throughout this report, references are made to various types of interest. Each type of interest is defined below instead of being defined each time the term appears.

Capitalized interest: The FFEL Program allows a lender to convert interest to principal under certain conditions. This report will refer to this conversion and interest as "interest capitalized by the lender." Once the lender capitalizes interest, it is not separately referenced. Instead, the capitalized interest and the original loan amount together are referred to as principal.

Guaranty agency claim interest: Interest calculated by the guaranty agency on the loan principal while a lender’s insurance claim is being processed by the guaranty agency and which is eligible for reinsurance from ED. It is paid to the lender by the guaranty agency as part of an insurance claim.

Non-reinsured guaranty agency (GA) interest: Interest that is not reinsured by ED. This category includes interest that is calculated on the loan principal while a lender’s insurance claim is being processed by the guaranty agency. This interest must be paid to the lender by the guaranty agency but is not eligible for reinsurance from ED. However, the Secretary of Education is entitled to an equitable share of any of this interest collected from a borrower.

Purchased interest: Interest a guaranty agency pays to a lender at the time an insurance claim is paid. It consists of lender interest, guaranty agency claim interest and non-reinsured GA interest, as defined above. The guaranty agency must capitalize all purchased interest and treat it as part of the principal balance.

Accrued interest: Interest calculated by the guaranty agency (not the lender) on the loan principal on a collection account for collection from the borrower after an insurance claim is paid to a lender.

Principal: Once a claim has been paid to a lender the principal amount of the claim plus the purchased interest paid to the lender is referred to as principal.

II. GUARANTY AGENCY MONTHLY FINANCIAL REPORT

Guaranty agencies report to ED on a monthly basis to request payments for default, bankruptcy, death, disability, closed school, false certification, and lender of last-resort-loan (default) claims. This report will also be used to report unpaid school refunds and teacher forgiveness discharges. An agency also uses the form to make payments for amounts due ED for collections on default and lender-of-last-resort loan (default) claims on which reinsurance was paid, and for refunding amounts previously paid for reinsurance claims.

The Monthly Report requires summary information only concerning guaranty agencies claims, collections, and related activity over a monthly period. A guaranty agency can submit only one monthly report for any month. Additional submissions for the same monthly period will be rejected and the agency will be requested to submit the material in its next monthly submission.

A guaranty agency cannot receive reinsurance or most other types of payments unless a monthly report is submitted. Also, a guaranty agency may be subject to penalties by ED if it fails to report collections on defaulted loans or other funds due to ED on a timely basis.

An agency must use the monthly report to request payments of reinsurance for FFEL Program claims paid to lenders. The agency also uses the form to report amounts due ED for collections on defaulted loans on which reinsurance has been paid and for refunding amounts previously paid for reinsurance claims. Information on the report also reflects the FFEL Program activity of an agency in or to the end of the federal fiscal year.

After ED approves an agency's monthly submission, no further corrections can be made to it. Errors have to be rectified by submitting the appropriate information in a later submission.

When the monthly report is approved, the guaranty agency is sent a statement reflecting the financial activity that has occurred during the month. Any net payment due an agency in relation to this processing is electronically transferred to the agency’s financial institution approximately 30 days after ED receives an acceptable report.

Unless otherwise specified, report only on activities on loans guaranteed under the FFEL Program at the time the loan guarantee was issued and which are eligible for, or on which reinsurance was paid. Loans guaranteed under other programs administered by the guaranty agency are not to be included in this report.

Enter all dollar amounts greater than zero to the <u>nearest cent</u>, and <u>include the decimal point</u>. This applies only to the Monthly report.

<u>Reinsurance, Trigger Figure and Collections</u>

The main purposes of the Guaranty Agency Monthly Financial Report is to exchange information necessary for ED to pay reinsurance and to receive collections on defaulted loans from a guaranty agency.

FFEL Program loans that a lender makes to a borrower are insured by a guaranty agency. When a lender is unable to collect on a loan, it files an insurance claim with the guaranty agency. ED reimburses the agency for part of its losses. This report is used to request these reimbursements. ED reimburses guaranty agencies on the following types of claims:

- default
- exempt and lender-of-last-resort loan (defaults)
- bankruptcy (Chapters 7, 11, 12 and 13)
- death or disability
- closed school or false certification
- unpaid refunds
- loan discharges for teachers

Definitions of each of these claim types are given in the instructions. In general, ED reimburses a guaranty agency for 100 percent of its losses of all of the claim types above except defaults, which are subject to reduced reimbursement rates. For purposes of reinsurance, a guaranty agency's losses consist of loan principal, lender interest and guaranty agency claim interest. Non-reinsured GA interest is not eligible for reinsurance, even though the guaranty agency must pay it to lenders.

Default claims on loan guarantees transferred to a guaranty agency under a plan approved by the Secretary, regardless of the first disbursement date; are always reimbursed at 100, 90 or 80 percent.

Lender-of-last -resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort loan (default) claim is one on which the borrower failed to make an installment payment when due, as defined in the regulations. These claims are always reimbursed for 100 percent of their reinsured losses.

ED reimburses a guaranty agency for –

- 100, 90 or 80 percent of its losses on default claims when the loan was first disbursed before October 1, 1993,
- 98, 88 or 78 percent of its losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 95, 85 or 75 percent of its losses on loans first disbursed on or after October 1, 1998.

Default claims are subject to certain “trigger figures” which results in a reduced reimbursement rate. At the beginning of each federal fiscal year, ED calculates the trigger figure for each guaranty agency. The trigger figures are equal to 5 percent and 9 percent of the guaranty agency’s loans in repayment at the end of the prior fiscal year.

When default claim losses exceed 5 percent of the loans in repayment it “triggers” ED to reimburse the agency for only --

- 90 percent of its default claim losses on loans first disbursed before October 1, 1993,
- 88 percent of its default claim losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 85 percent of its default claim losses on loans first disbursed on or after October 1, 1998.

When default claim losses exceed 9 percent of loans in repayment, it “triggers” ED to reimburse the agency for only --

- 80 percent of an agency’s default claim losses on loans first disbursed before October 1, 1993,
- 78 percent of an agency's default claim losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 75 percent of an agency's default claim losses on loans first disbursed on or after October 1, 1998.

These reduced rates are generally referred to as “reduced reimbursement rates.” The difference between the default claim amount paid to the lender and the “reduced reimbursement rate” is the agency’s “reinsurance complement.”

Once a default claim is paid to a lender, the guaranty agency becomes the holder of the loan and must seek to collect on the loan from the borrower. Since ED reimburses a guaranty agency on defaults, the guaranty agency must return to ED a portion of the amount it collects from the borrower. If ED reimbursed the guaranty agency at 98, 95, 90, 88, 85, 80, 78, or 75 percent of the default claim paid to the lender, then the agency's complement on collections from borrowers would be 2, 5, 10, 12, 15, 20, 22 or 25 percent.

The guaranty agency is also allowed to retain --

- 30 percent of the amount of collections received prior to October 1, 1993,
- 27 percent of the amount of collections received on or after October 1, 1993 and before October 1, 1998,
- 24 percent of the amount of collections received on or after October 1, 1998 and before October 1, 2003, and
- 23 percent of the amount of collections received on or after October 1, 2003.

The formula for calculating the amount of the collections, which a guaranty agency must return to ED, is referred to as the "Secretary's (of Education) equitable share" of collections.

Financial Processing

When ED approves an agency's monthly report, the agency is sent a statement that provides financial and other information related to its monthly submission. This statement covers all activity reported since the last statement was sent to the agency. Examples of information the statement may include are: the amount of money ED owes the agency for reinsurance and other claims; the agency's standing in relation to a reduction in its reimbursement percentage (the "trigger figure"); and the amount of money the agency owes ED for collections on defaulted loans. It may also contain miscellaneous transactions referred to as Department Directed Transactions (DDT's). DDT's are manual adjustments to the monthly report (i.e. checks, Electronic Fund Transfers (EFT) and offset transactions).

Reinsurance claim transactions are considered by ED to occur on the date a guaranty agency's monthly report is approved by ED.

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

An agency's "trigger figures" are calculated for the fiscal year in which the approval date falls. This is not necessarily the same fiscal year in which:

- the guaranty agency paid the claim to the lender,
- the guaranty agency reported the transactions to ED, or
- the guaranty agency received the reinsurance payment from ED.

For end of fiscal year processing it is necessary for ED to set an end of fiscal year cut off date for receipt of monthly submissions. Guaranty agencies should submit their monthly reports timely to ensure that the form is received by ED on or before the cut off date for the fiscal year. ED notifies the agencies of that date each year.

Collections on defaulted loans are considered to be submitted to ED on the date that an acceptable monthly report (that is, one that is not returned to the agency for correction) is received by ED. However, if the agency is submitting its collections directly instead of allowing the use of offset, then collections are considered to be submitted to ED on the date the check or EFT is received by ED.

Amounts due the agency are sent to the agency's financial institution via electronic funds transfer (through ACH) usually within 30 days after the date of receipt of an error-free report. ED will process an agency's forms in the order they are accepted. This means that an agency's June form could be processed before its May form if the June form had no errors, but the May form had to be resubmitted several times. This could result in reinsurance claims from an earlier form being paid at a lower reinsurance rate than some later claims. The guaranty agency's loan level records must reflect this lower reinsurance rate.

ED will normally offset the amounts that a guaranty agency owes ED against amounts ED owes the agency. In most cases, this will result in the agency receiving an electronic funds transfer for the difference. In those cases where the agency still owes ED money after offset, then the agency's monthly statement will include a bill for the amount owed and interest will accrue on the outstanding balance (OBI).
An agency may submit payments that are not offset by sending ED either an EFT or check payable to the U.S. Department of Education. If the guaranty agency chooses to send a check, then it must be mailed to:

U. S. Department of Education
FFEL Financial Management, AFMS, SFAP
P.O. Box 23457
Washington, DC 20026-3457

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

If the guaranty agency chooses to make an EFT and needs instructions, contact the Guaranty Agency Reporting Team at (202) 708-9776 or via e-mail at OSFA GAR@ed.gov.

COVER PAGE AND PAGE HEADINGS

Use the following instructions to complete the heading at the top of each page of the Guaranty Agency Monthly/Annual Financial Report.

Guaranty Agency State Name

For brevity and uniqueness, ED refers to most guaranty agencies by the name of the principal State in which they do business instead of by their full legal name. The list of these names is contained in the Appendix, Guaranty Agency List. Enter the agency's state name as assigned by ED and listed in the Appendix.

Guaranty Agency Code

For automatic data processing purposes, ED assigns a three-digit code to each guaranty agency. The list of these codes is contained in the Appendix, Guaranty Agency List. Enter the three-digit agency code assigned by ED and listed in the Appendix.

For Fiscal Month Of

Enter the federal fiscal month and federal fiscal year of the month through which activity is being reported on the form. Use numbers to stand for the federal fiscal month and year and enter the date as MM/CCYY. The fiscal month is as follows:

Oct	enter 01
Nov	enter 02
Dec	enter 03
Jan	enter 04
Feb	enter 05
Mar	enter 06
Apr	enter 07
May	enter 08
Jun	enter 09
Jul	enter 10
Aug	enter 11
Sep	enter 12

GUARANTY AGENCY FINANCIAL REPORT
INSTRUCTIONS

Line items MR-1 through MR-23 contains guaranty agency monthly activity and all activity from prior months being reported at this time. Amounts reported in MR-24 through 32, Agency Accruals, must be cumulative federal fiscal year to date totals. MR-33 through MR-40, Delinquency by Debt, is cumulative fiscal year to date since the beginning of the agency's FFEL Program participation. MR-41, Ending Balance on Bankruptcies, is federal fiscal year to date activity and MR-42, Bankruptcies Transferred Out, is cumulative federal fiscal year to date.

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

MR-1 Claims Paid

This category is used to request reimbursement for default and other FFEL program claims paid by the guaranty agency to lenders for loan principal and interest and provide ED with information necessary regarding the agencies' payments. The categories of FFEL program claims reported on the form include default, exempt, lender-of-last-resort, bankruptcy, death, disability, closed school, false certification, unpaid refunds and discharges for teachers.

Include the original reimbursement request and any additional reimbursement requests. Additional reimbursement requests are used in situations where either the lender or the guaranty agency did not receive the full payment to which it was legally entitled when the claim was originally processed by the guaranty agency or by ED.

If the guaranty agency paid a default or lender-of-last-resort loan (default) claim to a lender because the borrower could not be located, then it can request reimbursement on the loan only if the agency certifies that the lender has made a diligent attempt to locate the borrower through the use of reasonable skip-tracing techniques, including contact with the school the borrower attended, in accordance with the HEA and ED regulations. The guaranty agency must certify that skip-tracing attempts were made at the time reimbursement is requested.

MR 1 Claims Paid - Amount Due To/(From) Guarantor

This amount is the total amount of reimbursement the guaranty agency is requesting from ED (original and additional requests) for all types of claims (i.e., default, exempt, lender-of-last-resort, death, disability, closed school, false certification, bankruptcy, unpaid refunds and discharges for teachers). To calculate this amount multiply amounts paid to lenders for claims by the appropriate reimbursement percentage.

Included are the following amounts paid to lenders:

- Principal and interest paid to lenders multiplied by the reinsurance reimbursement rate (100% /98%/95%, etc.),
- guaranty agency claim interest multiplied by the reinsurance reimbursement rate,
- collection costs for closed school or false certification claims,
- allowable outstanding collection costs on rehabilitated loans that subsequently default, and

- accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy.

This amount does not include amounts paid to lenders for other items such as late charges, collection costs, and attorney's fees. Also excluded is non-reinsured GA interest.

The Secretary pays accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender <u>prior to July 23, 1992</u> may meet this condition. A Chapter 7, 11 or 12 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim, the guaranty agency is entitled to receive interest which accrued (but was held in forbearance) on the discharged loan from the date the guaranty agency paid the lender through the earlier of:

- 60 days after the date the loan was discharged, or
- the date the agency's reinsurance claim is authorized to be paid by ED.

The lender should repurchase bankruptcy claims paid to lenders prior to July 23, 1992, on which the borrower has not filed for a hardship discharge, and the reinsurance amount has been returned to ED.

In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the reinsurance claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this item. After the agency received payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date ED authorized payment of the claim or the 60th day after the loan was discharged. Unless the agency is otherwise notified by ED, the date ED authorized payment of a claim is the date the agency received the payment. The additional interest amount may be claimed in this item.

If the guaranty agency is holding a bankruptcy claim paid to a lender and the Bankruptcy Court proceedings have been concluded <u>without</u> the loan being discharged, then the guaranty agency may not file for reinsurance on the loan as a bankruptcy. Instead, the loan goes back into repayment, with any interest that accrued during the bankruptcy proceedings being capitalized. The loan must either be repurchased by a lender or collected on by the guaranty agency in accordance with program regulations. If the loan later goes into default, the guaranty agency may file a default reinsurance claim with ED at that time.

For a loan on which a bankruptcy claim is paid to a lender on or after July 23, 1992 and the guaranty agency was not required to hold the claim, the guaranty agency can file for reinsurance at once. The guaranty agency is not entitled to any interest which accrues on such a bankruptcy claim between the time the guaranty agency paid the lender and ED pays the agency.

MR-1, Claims Paid, Amount Due To/(From) Guarantor, which is the sum of amounts reported in MR-1-A, MR-1-B, MR-1-C, MR-1-D, MR-1-E, MR-1-F and MR-1-G, Principal Amount Column and will be automatically calculated.

Example: The guarantor paid lenders $10,000 on default (not exempt or LLR) loans first disbursed on or after 10/1/98 (i.e., 95% reinsurance reimbursement rate) and $2,000 on death/disability claims. The guaranty agency's reporting would be as follows:

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	OTHER AMOUNTS
MR-1	**Claims Paid**	**$11,500.00**		
MR-1-A	Defaults - Net		$9,500.00	$10,000.00
MR-1-B	Exempt/Lender-of-last-resort		$ 0.00	
MR-1-C	Death/Disability		$2,000.00	
MR-1-D	Closed School/False Certification		$ 0.00	
MR-1-E	Bankruptcy		$ 0.00	
MR-1-F	Unpaid Refunds		$ 0.00	
MR-1-G	Discharges		$ 0.00	

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

MR-1-A Defaults - Principal Amount

Enter amounts for default claims (original and additional requests) for this reporting period. A default claim is one on which the borrower and endorser, if any, or joint borrowers on a PLUS or Consolidation loan, failed to make an installment payment when due, or to meet other terms of the promissory note, if the Secretary or guaranty agency finds it reasonable to conclude that the borrower or endorser, if any, no longer intend to honor the obligation to repay--

- for loans delinquent before 10/7/98, provided that this failure persists for (1) 180 days for a loan payable in monthly installments; or (2) 240 days for a loan payable in less frequent installments

- for loans delinquent on/after 10/7/98, provided that this failure persists for (1) 270 days for a loan payable in monthly installments; or (2) 330 days for a loan payable in less frequent installments.

Also, include in this line item any request for reinsurance for loans that default after transfer from an insolvent agency under a plan approved by the Secretary.

The total reimbursement request amount from ED is calculated by multiplying amounts paid to lenders for default claims by the appropriate reinsurance percentage and taking into consideration whether or not the agency has hit either the 5% or 9% trigger.

- Principal and interest paid to lenders, for default claims multiplied by the reinsurance rate (100%/98%/95% etc.)
- Guaranty agency claim interest, on default claims, multiplied by the reinsurance rate.

MR-1-A Defaults - Other Amounts

This line item is the total amount of original and additional payments made by the guaranty agency to lenders for default claims. The amount should include principal and interest paid to lenders, and guaranty agency claim interest, for default claims.

MR-1-B Exempt/Lender-of-last-resort- Principal Amount

Enter amounts for exempt and lender-of-last-resort (default) claims (original and additional requests) for this reporting period.

An exempt claim is one on which the borrower defaulted after the lender determined that the borrower or student failed to establish eligibility for the loan. Exempt claims do not count against the trigger, however they are subject to applicable reduced reinsurance reimbursement rates.

Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note. Lender -of-last-resort loans are always reimbursed at 100%.

MR-1-C Death/Disability - Principal Amount

Enter amounts for death and total disability claims (original and additional requests) for this reporting period. A death claim is one on which the loan is discharged due to the borrower's death. This includes a Federal PLUS loan for a death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is discharged due to the total and permanent disability of the borrower.

If a death or disability claim is filed after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, then the complement of the reinsurance may be requested using MR-3, Status Change. If the borrower files for death or disability after a default or lender-of-last-resort loan (default) claim was paid at 100 percent, even though no further reinsurance is due the agency, this change in status is reported in the Non-Payment Activity section, MR-19.

MR-1-D Closed School/False Certification - Principal Amount

Enter amounts for closed school or false certification claims (original and additional requests) for this reporting period. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the

FFEL Program was falsely certified by an eligible institution of higher education.

If the borrower files a closed school and/or a false certification claim, after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, the complement of the reinsurance may be requested using line MR-3, Status Change. If the borrower files a closed school or false certification claim after a default or lender-of-last-resort loan (default) claim was paid to the lender and the reinsurance claim was paid at 100 percent, even though no further reinsurance is due the agency, this change in status to closed school or false certification must be reported in the Non-Payment Activity section, MR-20.

MR-1-E   Bankruptcy - Principal Amount

Enter amounts for Chapter 7, 11, 12 and 13 claims (original and additional requests) for this reporting period.

Chapter 7, and 11 bankruptcy claims are paid to a lender if:

- the borrower has been in repayment status over 7 years from the date on which the bankruptcy petition is filed for cases commencing before October 8, 1998, or
- the borrower begins an action to receive a discharge on the grounds of undue hardship.

Chapter 12 and 13 bankruptcy claims are claims paid to a lender when a borrower files for relief under those chapters of the U.S. Bankruptcy Code.

If the borrower files for bankruptcy after a default claim was paid to the lender, and the reinsurance claim was paid for less than 100 percent of principal and interest, then the complement of the reinsurance may be requested using line MR-3, Status Change. If the borrower files for bankruptcy after a default or lender-of-last-resort loan (default) claim was paid to the lender and the reinsurance claim was paid at 100 percent, even though no further reinsurance is due the agency, this change in status to bankruptcy must be reported in the Non-Payment Activity section, MR-22.

During the course of the bankruptcy proceedings, the agency must report and return to ED, any amounts received at the direction of the Bankruptcy Court in MR-14, Bankruptcy Collections.

Once bankruptcy proceedings are concluded and the loan is discharged, the agency must report and return to ED any amounts received at the direction of the Bankruptcy Court in MR-14, Bankruptcy Collections.

If the loan is not discharged, the guaranty agency must arrange for a lender to repurchase the loan. The loan reverts to an "in repayment" status at the lender. If the borrower does not repay the loan after the repurchase, then the loan could go into default. The guaranty agency could pay a default claim on it and file a default reinsurance claim using MR-1. This assumes all applicable lender and guaranty agency policies concerning defaulted loans were followed.

In addition to arranging the lender's repurchase of the loan, the agency must refund to ED any bankruptcy reinsurance payment it received and report it on MR-5, Repurchases - CFY (current fiscal year) or MR-6, Repurchases - PFY (prior fiscal year). Also, report the account balance at conversion (from bankruptcy to default) in MR-23, Bankruptcy to Default/Lender-of-last-resort.

MR-1-F Unpaid Refunds - Principal Amount

Enter amounts for unpaid (school) refunds (original and additional requests) for this reporting period. An unpaid refund, in the case of an open or closed school, is a discharge of a former or current borrower's (and any endorser's) obligation to repay that portion of a FFEL loan (disbursed on or after January 1, 1986) equal to the refund that should have been made by the school. Include in this amount any accrued interest and other charges associated with the repaid refund, which are also discharged.

MR-1-E Discharges - Principal Amount

Instructions will be provided after Negotiated Rulemaking is concluded.

MR-2 Borrower Payment Return (Closed School/False Certification)

This category is used to refund collections, including wage garnishment collections, to a guaranty agency which were received on a closed school or false certification claim and returned to the borrower after reinsurance was paid. These collections must be returned by the guaranty agency to the borrower. This policy applies only to a loan, disbursed in whole or in part, on or after January 1, 1986. This is a supplemental request for reinsurance, directly related to borrower payments and not a line item for initial reporting of closed school/false certification reinsurance requests.

This situation is most likely to occur on accounts that were originally paid as defaults where the borrower made payments to the guaranty agency, and subsequently there was a change in status to closed school or false certification. Under this situation, if the original default claim was reported in MR-1, Claims Paid, and was paid at less than 100 percent and the agency reported it in MR-3, Status Change, for supplemental insurance, the reporting in this Section would be at the 100 percent reimbursement rate.

On closed school or false certification claims, all collections received by the lender and returned to the borrower by the agency before reinsurance was paid are reported in MR-1, Claims Paid.

The borrower is entitled to a full refund of these collections and ED must refund the entire collection amount to the guaranty agency. Collections refer to collection of:

- principal,
- purchased interest (lender interest, guaranty agency claim interest and non-reinsured GA interest),
- accrued interest,
- any collection charges permitted by law, regulation, or the borrower's promissory note.

MR-2 Borrower Payment Return - Amount Due To/(Form) Guarantor

MR-2, Borrower Payment Return - Amount Due To/(From) Guarantor which is the sum of amounts reported in MR-2, Principal Amount, Accrued Interest, and Other Charges will be automatically calculated.

MR-2 Borrower Payment Return - Principal Amount

Enter amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest. Do not include amounts paid for other charges such as collection costs, late charges and attorney's fees.

MR-2 Borrower Payment Return - Accrued Interest

Enter amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-2 Borrower Payment Return - Other Charges

Enter amount of collections that were applied to the portion of the borrower's account that represents other charges. Include collection costs, late charges and attorney's fees.

MR-3 Status Change

This category is used for reporting on default claims originally paid at a reduced reinsurance rate but which are now eligible for full reimbursement because the borrowers' claim status has changed. Though a guaranty agency may be paid at a reduced reinsurance rate on a default claim, the agency is entitled to receive reimbursement for 100 percent of principal, lender interest, and guaranty agency claim interest on the following types of claims:

- Death or disability
- Closed school, and false certification
- Bankruptcy

If a guaranty agency pays a default claim for which it receives less than 100 percent reinsurance, and the status of the borrower claim changes to one of those listed above, the guaranty agency can recoup the rest of its losses from ED by requesting supplemental reinsurance on the line items below.

Reinsurance default claims paid at 100 percent, ~~exempt~~ and lender-of-last-resort loan (default) claims are not eligible for supplemental reinsurance if the borrower's claim status changes because there is no loss for the agency to recoup.

Although this category is used to request the additional portion due the guaranty agency, the account balance at conversion must also be reported in MR-20 through MR-23.

MR-3 Status Changes - Amount Due To/ (From) Guarantor

MR-3, Status Changes, Amount Due To/(From) Guarantor, is the total amount of the unpaid principal and interest portion of the default claim that the guaranty agency paid to the lender that was not reimbursed by ED and is still outstanding at the time this supplemental request is submitted to ED. This amount is the sum of amounts reported in MR-3-A, Unpaid Principal and Unpaid Interest through MR-3-C and will be automatically calculated.

MR-3-A Death/Disability - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount for default claims for which supplemental reinsurance is being requested due to a change in status of the default claim to a death or disability claim. Enter the unpaid principal and interest portions of death and disability claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

Example: The guaranty agency files a default reinsurance claim for \$1000 for a loan first disbursed on or after October 1, 1993 but before October 1, 1998. The reinsurance request is for the amount of the claim paid to the lender that is the "loss" the agency incurred. The guaranty agency is paid 98 percent of this request or \$980. The agency has not reached the trigger for default reinsurance payments for the current fiscal year and is eligible for 98 percent reinsurance on its losses, for a total of \$980. The borrower becomes totally and permanently disabled the following year. The guaranty agency may now use this Category to request payment of the \$20 (2 percent not paid on reinsurance)

MR-3-B Closed School/False Certification - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount for default claims for which supplemental reinsurance is being requested due to a change in status of the default claim to a closed school or false certification claim. Enter the unpaid principal and interest portions of closed school or false certification claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

MR-3-C Bankruptcy - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount for default claims for which supplemental reinsurance is being requested due to change in status of the default claim to a bankruptcy claim. Enter the unpaid principal and interest portions of bankruptcy claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

If the borrower's loan is discharged after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, the guaranty agency may claim reimbursement for the complement of the reinsurance in this category.

During the course of the bankruptcy proceedings, the agency must return and report to ED any amounts received at the direction of the Bankruptcy Court on line MR-14, Bankruptcy Collections. Do not net them from the amount reported here.

Once bankruptcy proceedings are concluded and the loan is discharged, the agency must report and return to ED any amounts received at the direction of the Bankruptcy Court on line MR-14, Bankruptcy Collections.

Once bankruptcy proceedings are concluded and the loan is not discharged, the agency must refund to ED any additional bankruptcy reinsurance payment it received and report it on either MR-7, Partial Refund – CFY or MR-8, Partial Refund – PFY, as appropriate. Also, report the account balance at conversion (from bankruptcy to default) in MR-23, Bankruptcy to Default/Lender of Last Resort.

MR-4 TOP Overpayments

The Treasury Offset Program (TOP) category reports activity on accounts after offsets have occurred. Overpayment refunds are made to borrowers by the guaranty agency when the offset amount exceeds the balance due on the borrower's account.

MR-4 TOP Overpayments - Amount Due To/(From) Guarantor

MR-4, TOP Overpayments - Amount Due To/(From) Guarantor is that portion of the offset that is in excess of the balance due on the defaulted borrower's account that was refunded to the borrower. This amount is the sum of amounts reported in MR-4, Principal Amount, Interest Amount and Other Charges column and will be automatically calculated.

MR-4 TOP Overpayments - Principal

Enter amount refunded for this TOP offset activity which was applied to the portion of each borrower’s account that represents principal and purchased interest. If the amount of the TOP offset results in the borrower overpaying the amount due on the borrower’s account, then report that portion of the overpayment, which cannot be correctly charged to any category in this item.

Do not include amounts for other costs such as collection costs, late charges and attorney’s fees because they cannot be collected through the TOP offset process.

MR-4 TOP Overpayments - Accrued Interest

Enter amount refunded for this TOP offset activity which is applied to the portion of each borrower’s account which represents accrued interest.

MR-4 TOP Overpayments - Other Charges

Enter amount refunded for this TOP offset activity which is applied to the portion of each borrower's amount which represents the TOP processing fee.

MR-5 Repurchases - Current Fiscal Year (CFY)

This category is used to refund to ED ("repurchases") the amount paid a guaranty agency on a reinsurance claim because the reinsurance claim was not valid. In conjunction with this, the insurance claim the guaranty agency paid the lender may not be valid, and the lender may be required to refund the amount of the insurance claim to the guaranty agency.

Examples:

A borrower moves to study in a foreign country, but the borrower's request for an in-school deferment is misplaced. The lender cannot contact the borrower and believes the loan should be in repayment. The lender files a default claim. The guaranty agency pays the claim and receives reinsurance from ED. The agency finally locates the borrower and determines the borrower should not have been placed in default. The guaranty agency arranges for the lender to repurchase the loan. The agency then provides a full refund of the default reinsurance claim to ED.

The guaranty agency files a reinsurance claim for bankruptcy with ED and is paid. The guaranty agency then receives a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that the loan was not discharged. The guaranty agency must arrange for the lender to repurchase the loan and provide a full refund of the bankruptcy reinsurance claim to ED. The lender must place the borrower back in repayment although the borrower could subsequently default on the loan.

A guaranty agency must file for a refund if it determines that it made an invalid reinsurance claim. An agency must also file for a refund on any bankruptcy claim where the bankruptcy proceedings were concluded and the loan was not discharged by the Bankruptcy Court. For example a refund would be required if the borrower does not comply with the requirements of the Wage Earner Plan and the Bankruptcy Court dismisses the case.

A guaranty agency must file for a full refund of reinsurance to ED within 45 days of:

- Receiving a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that a loan on which ED paid a bankruptcy reinsurance claim was not discharged, or

- In all other cases, unless otherwise directed, the date that the agency discovers that a full refund of reinsurance is due to ED.

Full refunds of default claims are refunds to ED for the full amount of the default reinsurance. Refunds are reduced by borrower payments forwarded to ED. If a default reinsurance claim was paid to the guaranty agency at a reduced reinsurance rate, the refund to ED must be made at that rate.

The effect of a full refund of a default claim on a guaranty agency's "trigger figure" depends upon whether the agency has a repurchase agreement with ED:

If a guaranty agency has a repurchase agreement:

- ED will not reduce the total of default claims paid which are subject to the reinsurance trigger by the amount of the refund. This rule applies if the refund is for a reinsurance default claim paid during the current federal fiscal year. Once the guaranty agency has exceeded its trigger for the current federal fiscal year, subsequent full refunds do not affect the trigger calculation. Instead, the refund amount is credited against default claims paid to the guaranty agency in the following federal fiscal year.
- Full refunds of a reinsurance default claim paid during a previous federal fiscal year do not affect any trigger calculations.
- If a full refund of a default claim is made more than 30 days after the guaranty agency received the reinsurance payment, the agency must pay ED interest on the repurchased loan. The interest rate is the rate specified on the borrower's promissory note. Report the unpaid interest from the date the reinsurance payment was made until the date the refund is reported to ED.
- A repurchase agreement covers default claims. It does not apply to exempted, bankruptcy, death and disability, closed school, false certification, or lender-of-last-resort loan claims because these claims do not affect a guaranty agency's trigger figure.

If a guaranty agency does not have a repurchase agreement:

- A full refund has no effect on the agency's reinsurance trigger calculation.
- A guaranty agency is not required to pay interest on full refunds, except for that interest paid by ED as part of the reinsurance claim.

Repurchases have two sections. The columns are the same for each section. Each section has five line items and the items are the same for each section. The purpose of the two sections is to enable ED to properly process current and prior fiscal year refunds of guaranty agencies, which

have repurchase agreements with ED and for ED's accounting procedures. Repurchase agreements provide for different treatment of reinsurance claims paid in a current fiscal year and in prior fiscal years.

For the items in this section enter the information requested in each column, for the claims included in the reporting period, using the following definitions.

MR-5 Repurchases - CFY - Amount Due To/(From) Guarantor

MR-5, Repurchases - CFY - Amount Due To/(From) Guarantor, is the total dollar amount of current fiscal year repurchased claims for the reporting period for which the guaranty agency is making a full refund of reinsurance. This amount is the sum of MR-5-A through MR-5-E, Principal Amount, Interest Amount, and Other Amounts, as applicable, and will be automatically calculated.

MR-5 Repurchases - CFY - Principal Amount

Enter the outstanding principal amount net of any complement for each type of claim for:

- principal,
- lender interest,
- guaranty agency claim interest,
- collection cost for closed school or false certification claims,
- allowable outstanding collection costs on rehabilitated loans that subsequently default,
- for closed school or false certification claims the amount of collections the agency returned to the borrower at the time the claim was paid to the lender, and
- accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy.

The Secretary pays accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender prior to July 23, 1992 may meet this condition. A Chapter 7 or 11 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim, the guaranty agency is entitled to receive interest which accrued (but was held in forbearance) on the discharged loan from the date the guaranty agency paid the lender through the earlier of:

- 60 days after the date the loan was discharged, or
- the date the agency's reinsurance claim is authorized to be paid by ED

The lender should repurchase claims paid to lenders prior to July 23, 1992, on which the borrower has not filed for a hardship discharge, and reinsurance should be returned to ED.

In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the reinsurance claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this column. After the agency receives payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date that ED authorized payment of the claim or the 60th day after the loan was discharged. Unless the agency is otherwise notified by ED, the date ED authorizes payment of a claim is the date the agency receives the payment.

If the guaranty agency is holding a bankruptcy claim paid to a lender and the Bankruptcy Court proceedings have been concluded without the loan being discharged, then the guaranty agency may not file a claim on the loan as a bankruptcy. Instead, the loan goes back into repayment, with any interest that accrued during the bankruptcy proceedings being capitalized. The loan must either be repurchased by a lender or collected by the guaranty agency in accordance with program regulations. If the loan later goes into default, the guaranty agency may file a default reinsurance claim with ED at that time.

For a loan on which a bankruptcy claim is paid to a lender on or after July 23, 1992, and the guaranty agency was not required to hold the claim, the guaranty agency can file for reimbursement at once. As with a reimbursement of a death or disability claim, the guaranty agency is not entitled to any interest, which accrues on such a bankruptcy claim between the time the guaranty agency paid the lender and the time ED pays the agency.

This amount does not include amounts paid to lenders for other items such as late charges, collection cost, and attorney's fees. It also excludes non-reinsurance GA interest. If the non-reinsured GA Interest amount has been capitalized the agency must reduce this amount and report it in the Other Amounts column.

For closed school or false certification claims, outstanding principal includes any collection costs paid by ED.

MR-5 Repurchases - CFY - Accrued Interest Due ED

Enter the amount of outstanding accrued interest due ED on default claims calculated at the rate specified on each defaulted borrower's promissory note. This applies only if:

- it is a default claim
- the guaranty agency has a repurchase agreement with ED, and
- the refund is made over 30 days after the reinsurance payment.

The unpaid interest due ED is calculated from the date the original reinsurance reimbursement payment was paid until the date the refund is reported to ED.

Interest need not be paid on a default claim which is refunded within 30 days of the date reinsurance was paid. If no interest is due on any of the default claims being refunded, enter a zero.

If the agency does not have a repurchase agreement with ED enter zero.

The total refund due ED for this line item is the:

- outstanding principal net of any complement plus,
- outstanding accrued interest due ED

MR-5 Repurchases - CFY – Other Amounts

Enter the amount of outstanding non-reinsured GA interest on the outstanding amount as calculated by the guaranty agency on the loan principal while a lender's insurance claim is being processed by the guaranty agency, but which was not eligible for reinsurance from ED.

Though this interest must be paid to the lender by the guaranty agency as part of an insurance claim, it is not subject to reinsurance by ED. However, the Secretary of Education is entitled to an equitable share of any of this interest collected from a borrower.

If non-reinsured GA interest is capitalized in the outstanding principal net of any complement, the agency must reduce the outstanding principal by the original amount of non-reinsured GA interest. Reduce the amount reported in the Principal Amount and report the original amount of non-reinsured GA interest in the Other Amounts column.

Repurchases for Reinsurance Claims Paid in Current Fiscal Year

Enter the information for reinsurance claims paid in the current fiscal year for each item in accordance with the following instructions:

MR-5-A Repurchases - CFY - Defaults

Enter the amount related to default claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. A default claim is one on which the borrower and endorser, if any, or joint borrowers on a PLUS or Consolidation loan, failed to make an installment payment when due, or failed to meet other terms of the promissory note, if the Secretary or guaranty agency finds it reasonable to conclude that the borrower or endorser, if any, no longer intends to honor the obligation to repay, provided that failure persists: for loans delinquent before 10/7/98, provided this failure persists for (1) 180 days for a loan payable in monthly installments and 240 days for a loan payable in less frequent installments; or (2) for loans delinquent on/after 10/7/98, provided this failure persists for (1) 270 days for a loan payable in monthly installments; or (2) 330 days for a loan payable in less frequent installments.

Also, include in this line item any full refunds of defaulted claims for loan guarantees transferred from an insolvent agency under a plan approved by the Secretary.

MR-5-B Repurchases - CFY - Exempt Claims/Lender-Of-Last-Resort

Enter the amount related to exempt and lender-of-last-resort claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. An exempt claim is one on which the borrower defaulted after the lender determined that the borrower or student failed to establish eligibility for the loan,

Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort loan (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note.

This is only a general description of exempted and lender-of-last-resort claims. Refer to appropriate regulations and policy bulletins for specifics.

MR-5-C Repurchases - CFY - Death and Disability

Enter the amount related to death and total disability claims being refunded in full for which a claim was paid during the current fiscal year for this reporting period. A death claim is one on which the balance of the loan is canceled due to the borrower’s death. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the balance of the loan is cancelled due to the total and permanent disability of the borrower.

MR-5-D Repurchases - CFY - Closed School/False Certification

Enter the amount related to closed school or false certification claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student’s eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education.

MR-5-E Repurchases - CFY - Bankruptcy (Chapter 7, 11, 12 and 13)

Enter the amount related to Chapter 7, 11, 12 and 13 bankruptcy claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period.

Chapter 7 and 11 bankruptcy claims are paid to a lender if:

- The borrower has been in repayment status for over 7 years from the date on which the bankruptcy petition is filed for cases commencing before October 8, 1998, or

- The borrower begins an action to receive a discharge on the grounds of undue hardship.

Chapter 12 or 13 bankruptcy claims are claims paid to lender when a borrower files for relief under those chapters of the U.S. Bankruptcy Code. During the course of the bankruptcy proceedings, the agency must report and return to ED, any amounts paid at the direction of the Bankruptcy Court. These amounts are not refunds.

If the bankruptcy proceedings are concluded and the loan is discharged, then the agency must report and return to ED, any amounts paid at the direction of the Bankruptcy Court. These amounts are not refunds.

If the bankruptcy proceedings are concluded and the loan is not discharged, then the agency must refund in full the outstanding amount of the reinsurance bankruptcy payment it received from ED. The guaranty agency also must arrange for a lender to repurchase the loan. The loan reverts to an “in repayment” status at the lender. If the borrower does not repay the loan after repurchase, then the loan could go into default. The guaranty agency could pay a default claim on it and file a default reinsurance claim. This assumes all applicable lender and agency policies concerning defaulted loans were followed.

If:

- the reinsurance claim was paid at only 98, 95, 90, 88, 85, 80, 78 or 75 percent of principal and interest and the complement of the reinsurance was paid under MR-1, Claims Paid, or
- the bankruptcy proceedings are concluded and the loan is not discharged, or
- the borrower filed for bankruptcy after a default or lender-of-last-resort loan (default) claim was paid to the lender,

then the agency must refund to ED any additional bankruptcy reinsurance payment it received. The guaranty agency would continue to hold the loan and attempt to collect on it like any other default claim.

The agency must report and return to ED any amounts paid at the direction of Bankruptcy Court. These amounts are not refunds.

MR-6 Repurchases for Reinsurance Claims Paid in Prior Fiscal Year

MR-6, Repurchases - PFY - Amount Due To/(From) Guarantor is the total dollar amount of current fiscal year repurchased claims for the reporting period for which the guaranty agency is making a full refund of reinsurance. This amount is the sum of MR-6-A through MR-6-E, Principal Amount, Interest Amount and Other Amounts, as applicable, and will be automatically calculated.

In MR-6-A through MR-6-E enter the information for repurchases of reinsurance claims paid in all previous fiscal years in this section. Use the instructions for the line items with this same title from the Repurchases - Current Fiscal Year category, taking into account that this category covers only reinsurance paid in previous fiscal years.

MR- 7 Partial Refunds - Current Fiscal Year (CFY)

This category is used to refund part of a reinsurance claim paid by ED when a lender refunded part of the insurance claim paid by the guaranty agency. Partial refunds include a collection, which the lender received and forwarded to the guaranty agency after the agency filed for reinsurance on the loan with ED, but before ED paid the reinsurance claim.

If the agency receives a payment from a lender or borrower for the loan after an insurance claim was paid, but prior to reinsurance being requested, treat the payment as a refund and subtract the amount of refunded principal from this amount.

The guaranty agency must reimburse ED for the entire amount of the lender's partial refund and report this payment as an overpayment refund on all except a default claim. On a default claim, the guaranty agency can reduce the refund by any complement if reinsurance was greater than what it was legally entitled to when the claim was originally paid at a reduced rate.

The effect of a partial refund of a default claim on a guaranty agency's "trigger figure" depends upon whether the agency has a repurchase agreement with ED:

- If a guaranty agency has a repurchase agreement:

  ED will not reduce the total of default claims paid which are subject to the reinsurance trigger by the amount of the partial refund. This rule applies if the refund is for a reinsurance default claim paid during the current fiscal year. Once the guaranty agency has exceeded its trigger for the current fiscal year, subsequent partial refunds do not affect the trigger calculation. Instead, the partial refund amount is credited against default claims paid to the guaranty agency in the following federal fiscal year.

  A partial refund of a reinsurance default claim paid during a previous Federal fiscal year does not affect any trigger calculations.

  A repurchase agreement only covers default claims.

- If a guaranty agency does not have a repurchase agreement, a partial refund affects the agency's reinsurance trigger calculation up to the time the agency exceeds the trigger. The trigger is affected only for partial refunds when the reinsurance claim was paid during the current fiscal year.

MR-7 Partial Refunds - CFY - Amount Due To/(From) Guarantor

This amount is the total for partial refund amounts that the guaranty agency is refunding for all claim types, less any complement, if the reinsurance was originally paid at a reduced reimbursement rate.

A partial refund may include amounts originally paid to a lender or to the guaranty agency for:

- principal,
- lender interest,
- guaranty agency claim interest,
- collection costs for closed school or false certification claims,

- allowable outstanding collection costs on rehabilitated loans that subsequently default, and
- accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy.

It does not include amounts paid to lenders or the guaranty agency for other items such as late charges, collection costs, and attorney's fees. It also excludes non-reinsured GA interest.

On rehabilitated loans that subsequently default, the allowable collection cost cannot exceed 18.5 percent of the outstanding amount of principal and accrued interest on the loan at the time the agency arranges the lender purchase to rehabilitate the loan.

The Secretary pays accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender <u>prior to July 23, 1992</u> may meet this condition. A Chapter 7, 11 or 12 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim the guaranty agency is entitled to receive interest which accrued (but was held in forbearance) on the discharged loan from the date the guaranty agency paid the lender through the <u>earlier</u> of:

- 60 days after the date the loan was discharged, or
- the date the agency's reinsurance claim is authorized to be paid by ED.

Claims paid to a lender prior to July 23, 1992, on which the borrower has not filed for a hardship discharge should be repurchased by the lender and reinsurance returned to ED.

If the guaranty agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim. After the agency receives payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date ED authorized payment of the claim, or the 60th day after the loan was discharged. Unless the agency is otherwise notified by ED, the date ED authorizes payment of a claim is the date the agency receives the payment. The additional interest amount may be claimed only as a Reinsurance Request.

If the guaranty agency is holding a bankruptcy claim paid to a lender and the Bankruptcy Court proceedings have been concluded without the loan being discharged, then the guaranty agency may not file for payment on the loan as a bankruptcy. Instead, the loan goes back into repayment with any interest that accrued during the bankruptcy proceedings being capitalized. The loan must either be repurchased by a lender or collected by the guaranty agency in accordance with program regulations. If the loan later goes into default, the guaranty agency may file a default reinsurance claim with ED at that time.

For a loan on which a bankruptcy claim is paid to a lender on or after July 23, 1992 and the guaranty agency was not required to hold the claim, the guaranty agency can file for payment at once. As with a reinsurance death or disability claim, the guaranty agency is not entitled to any interest which accrues on such a bankruptcy claim between the time the guaranty agency paid the lender and ED pays the agency.

MR-7, Partial Refunds - CFY, Amount Due To/(From) Guarantor, which is the sum of amounts reported in MR-7-A through MR-7-E, Principal Amount and it will be calculated automatically.

MR-7-A Partial Refunds - CFY - Defaults

Enter the amount of partial refunds of reinsurance related to default claims for this reporting period, as defined above.

> **Example:** The guaranty agency receives a refund from a lender of $100 for a default claim. Reinsurance was paid at 90 percent. The guaranty agency would refund only $90, that is 90% of $100, to ED.

MR-7-B Partial Refunds - CFY - Exempt and Lender-of-last-resort

Enter the amount of partial refunds of reinsurance for exempt and lender-of-last-resort claims for this reporting period, as defined above.

Reinsurance paid on a ~~an exempt or~~ lender-of-last-resort claim is not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender for such a claim.

MR-7-C Partial Refunds - CFY - Death and Disability

Enter the amount of partial refunds for death and disability claims for this reporting period, as defined above.

Payments on death or disability claims are not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-7-D Partial Refunds - CFY - Closed School or False Certification

Enter the amount of partial refunds for closed school or false certification claims for this reporting period, as defined above.

Payments on closed school or false certification claims are not subject to a reduced reinsurance reimbursement rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-7-E Partial Refunds - CFY - Bankruptcy

Enter the amount of partial refunds for Chapter 7, 11, 12 and 13 bankruptcy claims for this reporting period, as defined above.

Payments on a Chapter 7, 11, 12 and 13 bankruptcy claims are not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-8 Partial Refund - Previous Fiscal Year (PFY)

MR-8, Partial Refunds - PFY, Amount Due To/(From) Guarantor, is the sum of amounts reported in MR-8-A through MR-8-E, Principal Amount and will be automatically calculated.

In MR-8-A through MR-8-E enter the information for partial refunds paid in all previous fiscal years in this section. Use the instructions for the line items with this same title from the Partial Refunds - CFY Section, taking into account that this Section covers only partial refunds paid in previous fiscal years.

MR-9 Overstated Claims

This category is used to correct and refund reinsurance if the guaranty agency's arithmetic or typographical errors on previously submitted reinsurance requests and additional reinsurance requests resulted in the agency, but not the lender, being overpaid. Also use this category to refund to ED partial amounts paid the agency on supplemental reinsurance requests due to a further change in claim status. Further changes in status may also require reporting in the Non-Payment Activity Section, MR-20 through MR-23, Status Changes - Account Balance at Conversion

The guaranty agency must refund to ED the entire amount of the overstated reinsurance claim on all except a default claim. On a default claim, the guaranty agency can reduce the refund by any complement if reinsurance was originally paid at a reduced rate.

MR-9 Overstated Claims - Amount Due To/(From) Guarantor

This amount is the total for overstated claims and refund of partial amounts paid to the guaranty agency on supplemental reinsurance requests due to a further change in claim status.

MR-9, Overstated Claims - Amount Due To/(From) Guarantor, is the sum of amounts reported in MR-9-A through MR-9-E, and will be automatically calculated.

GUARANTY AGENCY FINANCIAL REPORT INSTRUCTIONS

MR-9-A Overstated Claims - Defaults

Enter the amount of refunds due to overpayment of reinsurance for default claims for this reporting period. This amount is reduced by the complement of reinsurance if the guaranty agency was originally paid at a reduced rate.

MR-9-B Overstated Claims - Exempt/Lender of Last Resort

Enter the amount of refunds due to overpayment of reinsurance for exempt and lender of last resort (default) claims for this reporting period.

MR-9-C Overstated Claims - Death/Disability

Enter the amount of refunds due to overpayment of reinsurance for death and disability claims for this reporting period.

MR-9-D Overstated Claims - Closed School/False Certification

Enter the amount of refunds due to overpayment of reinsurance for closed school and false certification claims for this reporting period.

MR-9-E Overstated Claims - Bankruptcy

Enter the amount of refunds due to overpayment of reinsurance for bankruptcy claims for this reporting period. Also, include amounts due ED as a result of filing a change in status supplemental reinsurance request. The account balance at conversion of these status changes should be also be reported in the Non-Payment Activity section, Status Changes - Account Balance at Conversion, MR-23, Bankruptcy to Default/Lender of Last Resort.

MR-10 Rehabilitated Loans

This category is used to report rehabilitated loan payments due to ED as the result of the sale of certain defaulted loans to eligible lenders. A rehabilitated loan is one on which a default, exempt or lender-of-last-resort loan reinsurance claim has been paid. If the borrower then makes 12 months of consecutive payments, the guaranty agency may sell the loan to an eligible lender. Since 12 consecutive monthly payments are required before a loan may be rehabilitated, reinsurance on the default claim would have been paid in a previous federal fiscal year. The agency then must repay to ED a portion of the outstanding principal balance as explained below.

Once the loan is sold back to a lender, the lender is entitled to interest and special allowance payments. If the loan defaults again, the lender can file a claim with the guaranty agency and the agency can file a reinsurance claim with ED. The reasonable collection costs assessed the borrower are capitalized at the time of the loan sale and will be reported as principal if the loan defaults again. “Reasonable” collection costs, in connection with rehabilitation loans, is an amount that does not exceed 18.5 percent of the outstanding amount of principal and accrued interest on the loan at the time the agency arranges for the lender to purchase the loan or certifies the payoff amount to the purchasing lender. Collection costs that accrue after rehabilitation cannot be claimed on a subsequent default.

Rehabilitated loan sales to lenders must be reported to ED within 45 days of their occurrence.

The guaranty agency must pay ED an amount equal to 81.5 percent of the outstanding principal balance on the loan at the time of the sale to the lender, multiplied by the reinsurance percentage in effect for each portion of the reinsurance claim paid on the loan. For rehabilitated loan reporting, the principal balance is defined as that amount received by the lender from the guaranty agency for the default claim.

The original principal balance of the loan is the amount paid by the guaranty agency to the lender for principal and purchased interest. It does not include any other amounts such as:

- accrued interest
- late charges,
- collection costs, or
- attorney’s fees.

If reinsurance was paid on the loan by multiple reinsurance requests and reinsurance was paid at different rates, the agency must prorate its rehabilitated loan payment or pay ED at the highest reinsurance rate used.

The repayment to ED on the sale of a rehabilitated loan affects a guaranty agency's "trigger figure" in all cases <u>except</u> rehabilitated lender-of-last-resort loan (defaults). Lender-of-last-resort loans (defaults) are exempt from the "trigger figure" calculation.

Rehabilitated loans reduce the total amount of default claims paid which are subject to the reinsurance trigger by the amount of the repayment. Once the guaranty agency has exceeded its trigger for the current federal fiscal year, subsequent repayments do not affect the trigger calculation. Instead, the repayment amount is credited against default claims to the guaranty agency in the following federal fiscal year. This rule applies whether or not the agency has a repurchase agreement with ED.

Also, include in this item any rehabilitated loans for a loan guarantee transferred from an insolvent agency under a plan approved by the Secretary.

MR-10 Rehabilitated Loan Refund - Amount Due To(From) Guarantor

This is the total amount due to ED for the sale of rehabilitated loans to lenders. This amount should equal 81.5 percent of the outstanding principal and purchased interest on the loan at the time the agency arranges with the lender to rehabilitate the loan or certifies the payoff amount to the purchasing lender multiplied by the reinsurance percentage in effect for the reinsurance claims paid on the loans. The complement should be transferred to the agency's federal fund.

MR-10, Rehabilitated Loan Refund, Amount Due To/(From) Guarantor, is the sum of the amount reported in MR-10, Principal Amount and will be calculated automatically.

MR-10 Rehabilitated Loans - Principal Amount

Enter the federal share of outstanding principal and purchased interest. This amount is the outstanding principal and purchased interest that is due to the agency at the time of rehabilitation multiplied by the reimbursement rate multiplied by 81.5%.

Example:

	Outstanding Principal
Amount Due From Lender	$359,710.41
ED Reimbursement Rate	X 98%
Outstanding Federal Share	$352,516.20
	X 81.5%
Amount Due ED	$287,300.70

MR-10-A Rehabilitated Loans - GA Retention - Principal Amount

Enter the amount retained by the guaranty agency for the sale of rehabilitated loans to lenders. This amount should not exceed 18.5% percent of the outstanding principal and purchased interest on the loan at the time the agency arranges with the lender to rehabilitate the loan or certifies the payoff amount to the purchasing lender. ~~This amount does not include the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.~~

From the example above, this amount is $352,516.20 (outstanding federal share) minus $287,300.70 (amount due ED), or $65,215.50.

MR-10-A Rehabilitated Loans - GA Retention - Interest

Enter the federal receivable share of the outstanding accrued interest balance of each borrower's account at the time the rehabilitated loan was sold to a lender.

Example:	Outstanding Accrued Interest	$2,517.99
	ED Reimbursement Rate	x 100%
	Line item Entry	$2,517.99

MR-10-A Rehabilitated Loans - GA Retention - Other Charges

Enter the federal share of the outstanding other charges balance of each borrower's account at the time the rehabilitated loan was sold to a lender. Other charges include:

- late charges,
- collection costs, or
- attorney's fees.

MR-11 FFEL Consolidation Refund Section

This category is used to report Federal default consolidation loan refunds due to ED as a result of the sale of certain defaulted FFEL loans consolidated into a Federal Consolidation loan.

Default consolidation loan sales to lenders must be reported to ED within 45 days of their occurrence. The refund amount due ED is the outstanding principal and accrued interest on the loan at the time of the sale to the lender less the guaranty agency's reinsurance complement.

Guaranty agencies are permitted to charge the defaulted borrower up to 18.5% of the outstanding principal and accrued interest as collection costs on the defaulted loan at the time the agency certifies the payoff amount on the loan to the consolidating lender.

The outstanding principal and accrued interest does not include late charges, collection costs, or attorney's fees.

If reinsurance was paid on the loan by multiple reinsurance requests, and reinsurance was paid at different rates, the agency must prorate its default consolidation payment or pay ED at the highest reinsurance rate used.

MR-11 FFEL Consolidation Refund - Amount Due To/(From) Guarantor

This is the amount due to ED for lender consolidation payments. The amount due to ED is the outstanding principal and accrued interest less the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

MR-11, FFEL Consolidation Refund - Amount Due To/(From) Guarantor is the sum of amounts reported in MR-11, Principal Amount and Interest Amount and will be calculated automatically.

MR-11 FFEL Consolidation Refund - Principal Amount

Enter the outstanding principal amount of consolidation payments received by the guaranty agency during the reporting period. Reduce these amounts by the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

<u>MR-11 FFEL Consolidation Refund - Interest Amount</u>

Enter the outstanding accrued interest amount of consolidation payments received by the guaranty agency during the reporting period. Reduce these amounts by the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

<u>MR-11-A FFEL Consolidation Payoff - Principal</u>

Enter the amount received from the lender at the time of payoff for the principal amount on the loan.

<u>MR-11-A FFEL Consolidation Payoff - Interest</u>

Enter the amount received from the lender at the time of payoff for the accrued interest amount on the loan.

<u>MR-11-B FFEL Consolidation GA Retention - Principal</u>

Enter the amount retained by the guaranty agency at the time of consolidation that represents the agency's complement on the principal amount.

<u>MR-11-B FFEL Consolidation GA Retention - Interest</u>

Enter the amount retained by the guaranty agency at the time of consolidation that represents the agency's complement on the accrued interest amount.

<u>MR-11-B FFEL Consolidation GA Retention - Other Charges</u>

Enter the amount received from the lender at the time of payoff for the allowable collection cost that cannot exceed 18.5 percent of the outstanding principal and accrued interest on the loan at the time of payoff.

EXAMPLE: FFELP Loan Consolidation Scenario.
Reinsurance Rate = 98%
Payoff Amount (Principal and Interest) = $100,000

	Amount Due To/From Guarantor	Principal	Interest	Other Charges
MR-11 FFEL Consolidation Refund	$98,000.00	$83,300.00	$14,700.00	
MR-11-A FFEL Consolidation - Payoff		$85,000.00	$15,000.00	
MR-11-B FFEL Consolidation - GA Retention		$1,700.00	$300.00	$18,500.00

MR-12 GA Administrative Wage Garnishment

This category reports on administrative wage garnishment collection activities by the guaranty agency on loans for which reinsurance has been paid by ED and which have not been assigned to ED by the agency. This includes collections of default, exempt and lender-of-last-resort loan (default) claims on which the guaranty agency is entitled to retain a percentage of the amount collected to pay for its collection costs. The guaranty agency is entitled to --

- 30 percent of collections received before October 1, 1993,
- 27 percent of collections received on or after October 1, 1993 and prior to October 1, 1998,
- 24 percent of collections received on or after October 1, 1998 and prior to October 1, 2003, and
- 23 percent of collections received on or after October 1, 2003.

A guaranty agency may not attempt to collect the following types of claims:

- bankruptcy (all Chapters)
- death and disability
- closed school
- false certification

GA Administrative Wage Garnishment collections on exempt claims are to be reported in this item. An exempt claim includes a loan on which the borrower defaulted after the lender determined that the borrower failed to establish eligibility for the loan. Collections on exempt claims are to be made in accordance with the instructions in Student Financial Assistance Programs bulletin 89-G-159 dated May, 1989.

All collections must be reported to ED within 45 days of the receipt of the collections by the guaranty agency or its agent.

Amounts from collection checks returned for insufficient funds (bounced checks) are deducted prior to reporting collections to ED.

MR-12 Administrative Wage Garnishment - Amount Due To/(From) Guarantor

This amount represents collections received through administrative wage garnishment by the guaranty agency on loans on which ED has paid reinsurance.

Garnishment is the procedure requiring a borrower's employer to withhold a portion of a borrower's pay to repay the amount the borrower owes on a default or a lender-of-last-loan (default). A guaranty agency's garnishment procedures must comply with Section 488A of the HEA, appropriate regulations and policy bulletins.

Collections on bankruptcies are under the jurisdiction of Federal Bankruptcy Courts and take precedence over the administrative wage garnishment provisions of Section 488A. Administrative wage garnishment cannot be instituted on a borrower who has filed for bankruptcy. Administrative wage garnishment in effect at the time a borrower files for bankruptcy would have to cease if the Bankruptcy Court orders a halt to any collection activity against a borrower. Report collections ordered by the Bankruptcy Court in line item MR-14, Bankruptcy Collections.

Report in this line item the total of the "Secretary's equitable share" associated with collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, and
- an amount equal to 30 percent of collections for both default and exempted claims to help the guaranty agency pay for the costs of its collection activities on collections received before October 1, 1993,
- an amount equal to 27 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1993 and received prior to October 1, 1998.

- an amount equal to 24 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1998 and prior to October 1, 2003, or
- an amount equal to 23 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 2003,

A guaranty agency must calculate the amounts that are due to ED.

Calculate amounts based on the reinsurance reimbursement rate that was in effect at the time the guaranty agency was reimbursed. If a borrower's accounts contain original claims and additional reinsurance that were paid at different rates, the agency must report its collections at either:

- the rate at which each individual item was paid, or
- the highest rate at which any item was paid.

Example: An agency receives a collection on a single borrower's account which includes two claims, one of which received reinsurance reimbursement at the 98 percent rate, and the other at the 80 percent rate. The agency may prorate the collection and report appropriate amounts at 98% reinsurance reimbursement and 80%reinsurance reimbursement. As an alternative to this, the guaranty agency may report the entire collection as 98% Reinsurance Reimbursement, because this was the highest rate at which one of the items in the account was reimbursed.

MR-12, GA Administrative Wage Garnishment, Amount Due To/(From) Guarantor is the sum of amounts reported in MR-12, Principal Amount, Interest Amount and Other Amounts, and will be automatically calculated.

MR-12 Administrative Wage Garnishment – Principal

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to principal) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

MR-12 Administrative Wage Garnishment – Accrued Interest

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to accrued interest) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

MR-12 Administrative Wage Garnishment – Other Charges

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to other charges) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

MR-12-A Administrative Wage Garnishment –Total Collected - Principal

Enter the total amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

MR-12-A Administrative Wage Garnishment –Total Collected - Interest

Enter the total amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-12-A Administrative Wage Garnishment –Total Collected - Other Charges

Enter the total amount of collections that were applied to the portion of each borrower's account that represents other charges.

MR-12-B Administrative Wage Garnishment – GA Retention –

Principal

Enter the total amount of collections that were applied to that portion of the borrower's account that represents principal that is retained by the guaranty agency. To calculate this amount: multiply the total principal amount by the applicable retention rate *and multiply by reinsurance complement.*

MR-12-B Administrative Wage Garnishment – GA Retention - Interest

Enter the total amount of collections that were applied to that portion of the borrower's account that represents accrued interest that is retained by the guaranty agency. To calculate this amount multiply the total accrued interest amount by the applicable retention rate.

MR-12-B Admin Wage Garnishment – GA Retention - Other Charges

Enter the total amount of collections that were applied to that portion of the borrower's account that represents other charges that is retained by the guaranty agency. To calculate this amount multiply the total other charges amount by the applicable retention rate.

MR-13 Default Collections

This category reports on default collections by the guaranty agency on loans for which reinsurance ED has paid and which have not been assigned to ED by the agency. This includes collections of default, exempt and lender-of-last-resort loan (default) claims on which the guaranty agency is entitled to retain a percentage of the amount collected to pay for its collection costs. The guaranty agency is entitled to:

- 30 percent of collections received before October 1, 1993,
- 27 percent of collections received on or after October 1, 1993 but before October 1, 1998,
- 24 percent of collections received on or after October 1, 1998 but before October 1, 2003, and
- 23 percent of collections received on or after October 1, 2003.

A guaranty agency may not attempt to collect the following types of claims:

- bankruptcy (all Chapters)
- death and disability

- closed school
- false certification

Collections on exempt claims are to be reported in this item. An exempt claim includes a loan on which the borrower defaulted after the lender determined that the borrower failed to establish eligibility for the loan. Collections on exempted claims are to be made in accordance with the instructions in Student Financial Assistance Programs bulletin 89-G-159 dated May 1989.

All collections must be reported to ED within 45 days of the receipt of the collection by the guaranty agency or its agent.

Amounts from collection checks returned for insufficient funds (bounced checks) are deducted prior to reporting collections to ED.

MR-13 Default Collections - Amount Due To/(From) Guarantor

This item is used to report default collections received by the guaranty agency on loans on which ED has paid reinsurance.

Report in this line item the total of the "Secretary's equitable share" associated with collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims and,
- an amount equal to 30 percent of collections for both default and exempted claims to help the guaranty agency pay for the costs of its collection activities on collections received before October 1, 1993,
- an amount equal to 27 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1993 and received prior to October 1, 1998.
- an amount equal to 24 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1998 and received prior to October 1, 2003, or

- an amount equal to 23 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 2003.

A guaranty agency must calculate the amounts that are due to ED.

Calculate the amounts based on the reinsurance reimbursement rate that was in effect at the time the guaranty agency was reimbursed. If a borrower's accounts contain original claims and additional reinsurance that were paid at different rates, the agency must report its collections at either:

- the rate at which each individual item was paid, or
- the highest rate at which any item was paid.

MR-13, Default Collections, Amount Due To/(From) Guarantor is the sum of amounts reported in MR-13, Principal Amount, Interest Amount and Other Amounts, and will be automatically calculated.

MR-13 Default Collections – Principal

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to principal) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

MR-13 Default Collections - Accrued Interest

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to accrued interest) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

MR-13 Default Collections – Other Charges

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) ***multiplied*** by (appropriate reinsurance rate) ***less*** (total collected and applied to other charges) **multiplied** by (appropriate retention rate) ***equals*** Secretary's Equitable Share.

Other charges may include late charges, collection costs, and attorney's fees

MR-13-A Default Collections –Total Collected - Principal

Enter the total amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

MR-13-A Default Collections –Total Collected - Interest

Enter the total amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-13-A Default Collections –Total Collected - Other Charges

Enter the total amount of collections that were applied to the portion of each borrower's account that represents other charges.

MR-13-B Default Collections – GA Retention - Principal

Enter the total amount of collections that were applied to that portion of the borrower's account that represents principal that is retained by the guaranty agency. To calculate this amount: multiply the total principal amount by the applicable retention rate.

MR-13-B Default Collections – GA Retention - Interest

Enter the total amount of collections that were applied to that portion of the borrower's account that represents accrued interest that is retained by the guaranty agency. To calculate this amount multiply the total accrued interest amount by the applicable retention rate.

MR-13-B Default Collections – GA Retention - Other Charges

Enter the total amount of collections that were applied to that portion of the borrower's account that represents other charges that is retained by the guaranty agency. To calculate this amount multiply the total other charges amount by the applicable retention rate.

MR-14 Bankruptcy Collections

This category is used to report collections on bankruptcy claims. These collections must be reported to ED. The Secretary of Education is entitled to 100 percent of collections applied to principal, interest and other charges on these claims.
This line item includes collections on bankruptcies where:

- the loan was initially paid to the guaranty agency as a bankruptcy claim,
- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at only 98, 95, 90, 88, 85, 80, 78 or 75 percent of principal and interest, and the complement of the reinsurance was requested by the guaranty agency, and
- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at 100 percent of principal and interest, and the guaranty agency reported the change in status to ED in MR-3, Status Changes.

Collections are received on bankruptcy claims at the direction of the Bankruptcy Court. Collections may be received in increments while the loan is under the jurisdiction of the court. This is typical of proceedings in a Chapter 13 bankruptcy (a Wage Earner Plan). Collections may also be received as a lump sum in the distribution of assets at the conclusion of the bankruptcy proceedings.

When a guaranty agency receives a collection payment from the Bankruptcy Court it must report and return all of it to ED. Since a bankruptcy claim is always paid at the 100 percent reimbursement rate, there is no deduction for a complement of the reinsurance on a claim's collections. Also, a guaranty agency may not retain any portion of bankruptcy collections to pay for collection costs. The guaranty agency can receive amounts for:

- principal,
- purchased interest (lender interest, guaranty agency claim interest and non-reinsured GA interest),
- accrued interest, and
- any collection charges permitted by law, regulation, or the borrower's promissory note.

When a guaranty agency receives a collection payment from the Bankruptcy Court it must report and return all of it to ED. Since a bankruptcy claim is always paid at the 100 percent reimbursement rate,

there is no deduction for a complement of the reinsurance on a claim's collections. Also, a guaranty agency may not retain any portion of bankruptcy collections to pay for collection costs.

If the bankruptcy proceedings are concluded and the loan is not discharged, the agency must refund to ED any bankruptcy payment it received:

- If the loan was originally paid as a bankruptcy then the loan must go back into repayment. The guaranty agency must make a full refund of the payment and report it on MR-5 or MR-6, Repurchases. The guaranty agency must also arrange for a lender to repurchase the loan. Any payments received on the loan after it reverts to repayment go to the holder of the loan, not ED.
- If the loan was originally paid as a default claim and then converted to a Chapter 12 or 13 bankruptcy, it must go back into default. If the guaranty agency received supplemental reinsurance because the original default claim was paid at a reduced reinsurance rate, the agency must refund to ED the additional percent of reinsurance paid and report it to ED. Reduce the amount reported in line item MR-1, Claims Paid and consider the amount an overpayment or over-billed item. Any payments received on the loan after it reverts to default go to the guaranty agency. The "Secretary's equitable share" of these payments must be given to ED and reported in the Default Collection line item or in the GA Administrative Wage Garnishment line item as appropriate.

MR-14 Bankruptcy Collections - Amount Due To/(From) Guarantor

This amount represents the total amount of collections received by the guaranty agency and its agents from the Bankruptcy Court for the reporting period for reinsurance claims paid as bankruptcy claims. Included are amounts collected:

- while the loan was under the jurisdiction of the Bankruptcy Court, and
- as a lump sum at the conclusion of the bankruptcy proceedings, even if the money was collected after the date the proceedings concluded.

MR-14, Bankruptcy Collections, Amount Due To/(From) Guarantor is the sum of amounts reported in MR-14, Principal Amount, Interest Amount and Other Amounts, and will be automatically calculated.

MR-14 Bankruptcy Collections – Principal

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

MR-14 Bankruptcy Collections – Interest

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-14 Bankruptcy Collections – Other Charges

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents other charges.

MR-15 Late Reporting Interest (LRI)

Late reporting interest is assessed to the guaranty agency on partial refunds of reinsurance, rehabilitated loan refunds to ED, FFEL consolidation refunds due to ED, GA administrative wage garnishment collections and default collections.

Guaranty agencies should calculate and report late reporting interest as follows:

Interest Start Date – Is the first day interest begins accruing on late reported recoveries. This date is arrived at by taking the month end of the date the recovery was received and adding 46 days to this (i.e.: recovery received 2/11/99, then the month-end date would be 2/28/99 + 46 days would be 4/15/99). If ED does not receive collections within 45 days of receipt by the guaranty agency then interest must be calculated from the 30^{th} day of receipt by the agency.

For reports submitted electronically interest should be calculated from the date the report is submitted via the Internet.

Days to Accrue – This is calculated as the number of days from the Interest Start Date to the date ED receives the Guaranty Agency Monthly Financial Report. The date ED receives the report can be assumed to be one business day after the report is mailed over night to ED.

Interest Rate – This is the interest rate set by the Department of Treasury as of January for the calendar year. The daily interest rate is the annual interest rate divided by 365 days in a year.

LRI Formula - Amount * Daily Interest Rate * Days to Accrue

Amount - The total amount of interest due to ED for late reporting on refunds and collections.

NOTE: Effective July 1, 2000, late reporting interest is no longer reported on form.

MR-16 Total

The sum of this item should equal the sum of amounts reported in MR-1 through MR-14, Amount Due To/(From) Guarantor. This amount will be automatically calculated.

NON-PAYMENT ACTIVITY

Treasury Offset Program (TOP)

This category reports non-payment activity on accounts after Treasury Offset Program (TOP), (formerly called IRS offset), have occurred and non-payment information which is used to calculate the guaranty agency's Federal receivable balance.

The guaranty agency initiates action to collect on defaulted loan accounts by way of TOP offset. Collection of amounts owed on the defaulted loan is offset against the borrower's Federal income tax refunds. Offsets are made by the U.S. Internal Revenue Service (TOP) under the Treasury Offset Program. Only principal and interest is offset. All other charges must be collected directly by the guaranty agency or its agent. The guaranty agency and its agents can continue to receive collections from the borrowers' after the TOP procedures have been initiated. Collections received by the guaranty agency are reported in MR-13, Default Collections.

The agency begins the offset process in October of each year. The TOP begins offsetting income tax refunds the following January. Attempts to offset will continue until the earlier of:

- a borrower's Federal income tax refund is offset against the borrower's debt,
- the guaranty agency stops the TOP offset proceedings on the account, or
- 12 months (January - December) have passed without a TOP offset occurring.

The TOP charges a processing fee to carry out an offset. This amount can change each year. The processing fee is added to the amount owed on the account when ED sends the information to TOP for the agency. The processing fee is only charged if an offset occurs. The TOP deducts the fee before returning the amount collected to ED.

Amounts collected under the TOP are reported to the guaranty agency. However, the funds themselves are transferred to ED. This form is used to reconcile TOP Offset transactions and provide the guaranty agency with any funds due under this process.

Since ED reimburses a guaranty agency for its losses on default claims, ED receives whatever is collected from borrowers through TOP offset. Collections received as a result of the TOP offset process are the federal government's collection, not the guaranty agencies. This section is also used to make refunds when the TOP unknowingly offsets a spouse's portion of a joint income tax refund. No amounts are deducted for:

- the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, or
- the percent deducted from collections to help the guaranty agency pay for the cost of its collection activities.

ED uses the information reported in these items for reporting and accounting purposes. Though the TOP reports some summary level information directly to ED, an agency must provide the detailed information requested here in order for ED to carry out its responsibilities under law and regulation.

TOP offset activities must be reported within 45 days after the guaranty agency receives notice of TOP offset from the Department of Treasury.

Principal

The total amount offset or refunded for this TOP offset activity which were applied to the portion of each borrower's account which represents principal and purchased interest. If the amount of the TOP offset results in the borrower overpaying the amount due on the borrower's account, then report that portion of the overpayment, which cannot be correctly charged to any category in this column.

Accrued Interest

The total amount offset or refunded for this TOP offset activity which is applied to the portion of each borrower's account that represents accrued interest.

Other Charges

The total amount offset or refunded for this TOP offset activity which is applied to the portion of each borrower's account which represents other charges. Other charges can include collection costs, late charges and attorney's fees.

MR-17 Treasury Offset

Enter the amounts offset against defaulted borrower's Federal income tax funds by the U.S. Internal Revenue Service under the Treasury Offset Program. The amount offset is used to reduce each borrower's FFEL Program loan indebtedness.

Report all TOP offsets in this item, even if it results in the borrower's overpaying the amount due in the account. The overpayment is corrected by refunding the appropriate amount to the borrower and reporting this in item MR-4, TOP Overpayments.

MR-18 Non-Federal Share Offset

Enter the amount of the following types of transactions:

- non-Federal share offset, and
- refunds of part or all of a TOP offset processing fee.

The non-Federal share offset is the portion of the TOP offset, which is an amount equal to the complement of the reinsurance percentage, which was in effect when the Secretary made the reinsurance payment for default claims.

A refund of part or all of an TOP offset processing fee is reported in item MR-18, Non-Federal Share Offset if:

- the agency is reporting an TOP offset refund in item MR-4, Overpayment Refunds, or MR-19, Treasury Offset Reversals, and
- it includes a refund of all or part of the TOP processing fee.

The refunded processing fee is included in amounts reported in item MR-19, Treasury Offset Reversals.

Use the following formula to determine the amount of the processing fee the TOP has refunded:

Total Refund
- Total Collected/Activity
- Processing Fee

Possible Fee Refund

If the possible fee refund is zero or a negative number, then no portion of the processing fee was refunded.

MR-19 Treasury Offset Reversals

Enter the amount of treasury offset reversals. A treasury offset reversal (formerly injured spouse claim) is the portion of the TOP offset made against that portion of a Federal income tax refund which is attributable to the spouse of the defaulted borrower when a joint income tax return is filed.

The spouse files a claim for this portion with the TOP. The TOP refunds the amount directly to the spouse, and informs the guaranty agency which then increases the defaulted borrower's account balance by the amount of the refund.

Status Changes - Account Balance at Conversion

This category reports on guaranty agency activities, which do not involve the receipt or the disbursement of funds between ED and a guaranty agency. ED needs this information for accounting and other reporting purposes. This category also includes the account balance at conversion for any additional amounts requested in MR-3, Status Changes.

This category is used to report on reinsurance default and lender-of-last-resort loan (default) claims paid at 100 percent whose status changed to another claim category. This section is also used to report change of status for bankruptcies that are not discharged and returned to default or lender-of-last-resort loan (default) claim status when originally repurchased as a default.

A guaranty agency must report this information to ED when a defaulted borrower:

- dies,
- becomes totally and permanently disabled,
- files for bankruptcy,

- has a loan discharged due to school closure, or
- has a loan discharged due to false certification by the school.

A change in status of a default claim paid at 100 percent has no effect on the amount of reinsurance paid on the claim.

Change of status for default claims paid at less than 100 percent are reported in MR-3, Status Changes. A guaranty agency is entitled to additional reinsurance due to such a change. In addition, the account balance at conversion for these additional reinsurance requests should be reported in this category, MR-19 through MR-21.

Account Balance at Conversion - Principal

The balance for the amount of principal and purchased interest paid to the lender for the default or lender-of-last-resort loan (default) claim which is still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period.

Do not report amounts paid to lenders for other items such as accrued interest, late charges, collection costs, and attorney's fees.

Account Balance At Conversion - Interest

The balance for accrued interest which is still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period.

Account Balance At Conversion - Other Charges

The balance for other charges which are still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period. This include amounts for such charges as:

- late charges,
- collection costs, and
- attorney's fees.

MR-20 Default/LLR to Death and Disability

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to a change in status to death or disability. A death claim is one on which the loan is cancelled due to the borrower's death. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is cancelled due to the total and permanent disability of the borrower.

Also include exempt claims being reported due to a change in status to death or disability.

MR- 21 Default/LLR to Closed School/False Certification

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status to a closed school or false certification claim.

A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution.

A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education.

Also include exempt claims being reported due to a change in status to closed school or false certification claim.

MR-22 Default/LLR to Bankruptcy

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status of the default claim to a Chapter 7, 11, 12 or 13 bankruptcy.

During the course of the bankruptcy proceedings, the agency must report and return to ED any amounts paid at the direction of the Bankruptcy Court on MR-14, Bankruptcy Collections.

If the bankruptcy proceedings are concluded and the loan is discharged, then the agency must report and return to ED any amounts paid at the direction of the Bankruptcy Court on MR-14, Bankruptcy Collections.

Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 bankruptcy.

MR-23 Bankruptcy to Default/LLR

Enter the amounts for Chapter 7, 11, 12 and 13 bankruptcies that are not discharged and return to default or lender-of-last-resort loan (default) claim status.

If the bankruptcy proceedings are concluded and the loan is not discharged, then the agency must refund to ED any additional bankruptcy reinsurance payment received and report it on MR-9, Overstated Claims. The guaranty agency would continue to hold the loan and attempt to collect on it like any other default or lender-of-last-resort loan (default) claim. However, the current change in status must be reported in this Section.

Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 bankruptcy that are not discharged and return to default or lender or lender-of-last-resort loan (default) claim status.

GUARANTY AGENCY FINANCIAL REPORT
INSTRUCTIONS

<u>Agency Accruals</u>

Line items MR-24 through MR-32 are used by ED in conjunction with guaranty agency monthly reporting, to calculate the guaranty agency's Federal receivable balance. The Federal receivable balance outstanding includes amounts for default, exempt and default lender-of-last-resort claims, accrued interest and other charges, on which reinsurance has been requested by or paid to the guaranty agency.

Enter all dollar amounts (positive and negative) to the nearest dollar, do not include decimal points and cents.

Guaranty agencies are encouraged to submit this information monthly, however, they are only <u>required</u> to submit this category at the end of each federal fiscal year quarter (December 31, March 31, June 30 and September 30). This section must be completed and submitted within 60 days after the end of quarter. ~~The entire monthly financial report must be completed for the "Quarter Ending:" December, March, June and September~~. Amounts reported in this section must always be federal fiscal year to date totals.

<u>Principal</u>

The total amount of principal and purchased interest activity during the fiscal year. Principal includes all purchased interest because purchased interest must be capitalized by the guaranty agency.

<u>Accrued Interest</u>

The total amount of accrued interest calculated by the guaranty agency on the loan principal of a claim for collection from the borrower during the fiscal year.

<u>Other Charges</u>

The total amount of fees, penalties, collection charges and any other charges which have accrued for any loan. *No reporting is required for other amounts for line item MR-32 Ending Balance of Defaulted Loans*.

<u>MR-24 Collection Terminations</u>

Enter the dollar amount of the portion of federal receivable balances (i.e. principal, accrued interest, and other charges) on which the agency has decided to terminate collection activities and not to make any further attempt to collect the amount due. All collection terminations must meet agency standards approved by ED.

MR-25 Compromises

Enter the dollar amount of the portion of federal receivable of which the agency has reached an agreement with the borrower to pay part of the amount due and not to make any further attempt to collect the remainder. All compromises must meet agency standards approved by ED. If the agency reaches an agreement with the borrower to pay part of the amount due and terminates collection of the rest, then report the amount on which collection has been compromised in this item.

MR-26 Agency's Accruals

Enter the total amount of interest accrued during the fiscal year. Also report total amounts of additional other charges added to borrowers' accounts through the same period. Include all accrued amounts deemed collectible and to which the Secretary is entitled to an equitable share.

MR-27 Default FFELP Loans Consolidated By Direct Loan Program

Enter the federal receivable amounts of FFELP loans, which were consolidated in the Direct Loan Program during the period being reported.

MR-28 Subrogated Loans

Enter the federal receivable dollar amount for subrogated loans (permanent assignments to ED). Report only on subrogated loans that are accepted by the Debt Collection Service through the reporting period.

MR-29 Default Loans Transferred Out

Enter the net dollar amount of federal receivables transferred to another guaranty agency during the fiscal year. Report only those accounts that have been accepted by another guaranty agency during the period being reported. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school or false certification.

MR-30 Default Loans Transferred In

Enter the net dollar amount for all federal receivables transferred to the agency from another guaranty agency. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school or false certification.

MR-31 Other Transactions Affecting Federal Receivable

Enter the net dollar amount affecting the federal receivable that is not reported elsewhere on this report. Dollar amounts reported in this category can be either positive or negative.

MR-32 Ending Balance of Defaulted Loans

Enter the dollar amount that reflects the agency's total outstanding federal receivable on the accrual basis at month or quarter end. The total of principal and interest should be equal to the sum of MR-33 through MR-40, Delinquency by Debt category. *No reporting is required for other amounts for this line item.*

Delinquency by Debt

These line items report amounts owed to ED on accounts held by the guaranty agency at month or quarter end, including an estimate of the age of these amounts. This information is needed in order to adjust ED's financial records and to comply with federal government financial reporting requirements.

These line items only concern FFEL Program loans on which claims have been paid to lenders and reinsurance has been requested by or paid to the guaranty agency. Report only on accounts held by the guaranty agency on borrowers' loans, whether or not the guaranty agency has a repayment schedule with the borrower.

Include all loans since the beginning of the agency's FFEL Program participation on which default, exempted and default lender-of-last-resort claims have been paid and on which a balance is outstanding.

Claims permanently assigned to ED are not to be reported because the agency no longer holds the account.

Do not include amounts for repurchased, rehabilitated loans, defaulted loans consolidated under FFEL Program or defaulted loans consolidated under the Federal Direct Loan Program. Also do not include the loans for the following types of claims: bankruptcy, death and disability and closed school or false certification.

Report the outstanding balance only on that portion of an account, which is owed to ED, based upon the account's applicable reinsurance reimbursement rate. Though the guaranty agency may estimate the outstanding balance for each aging category, the sum of the amounts reported must accurately reflect the total Federal Receivable at the agency.

Enter all dollar amounts to the nearest dollar; do not report decimal points or cents.

MR-33 Not Delinquent

If a borrower complies with a repayment schedule, then the account is reported as not delinquent. An account is also reported in this line item if the first scheduled payment is not due by the last day of the quarter covered by this report.

MR-34 1 – 90 Days

through

MR-40 Over 10 Years

Enter the outstanding dollar amount for the number of days that the borrower is delinquent:

- on the repayment schedule established by the lender before the guaranty agency's payment of the lender's claim.
- An amount for accounts that has been scheduled or rescheduled under a repayment agreement, but the borrower is not meeting the repayment agreement.

The first day of delinquency is the day after the due date of the first missed scheduled or rescheduled payment not later made.

Since a claim is usually not paid to a lender until after--

- 180 days of delinquency for loans delinquent before 10/7/98, and
- 270 days for loans delinquent on or after 10/7/98,

ED anticipates that zeros (0's) will usually be entered for items MR-34, 1-90 Days and MR-35, 91-180 Days. An exception could be an exempt claim.

The sum of MR-33 through MR-40 should equal MR-32, Ending Balance on Defaulted Loans on the accrual basis.

MR-41 Ending Balance on Bankruptcies

Enter the dollar amount that reflects the agency's total outstanding federal receivable for bankruptcies on the accrual basis for the fiscal year to date.

MR-42 Bankruptcies Transferred Out

Enter the dollar amount that reflects principal, interest and other charges associated with bankruptcy accounts transferred to another guaranty agency (for example bankruptcy transfers to the Educational Credit Management Corporation (ECMC) or to ED.

V. GUARANTY AGENCY ANNUAL FINANCIAL REPORT

The Annual Report (AR) provides the Department with information on the agency's activities concerning loan guarantees, claims paid to lenders and the agency's financial activities, including activities concerning its Federal Fund, the agency's Operating Fund and the agency's restricted account. Information in this section must reflect activity under all FFEL programs in, or to the end of, the federal fiscal year.

Amounts reported in the Federal Fund, Operating Fund and Restricted Account reflect the annual uniform financial projections for guaranty agencies. Data collected will also provide the Department a basis for--

- financial reviews,
- evaluating the current and projected financial status of guaranty agencies,
- projecting the impact of changes in revenue, and
- managing guaranty agency federal funds held by the agency.

All amounts reported in AR-1 through AR-12 are to be cumulative since the beginning of the agency's participation in the FFEL Program. Line Items AR-13 and AR-14 should reflect the end-of-year status.

The guaranty agency's books of account must support all amounts reported. The amounts reported in this report must be on an accrual basis for, or through, the end of the federal fiscal year. This must be done regardless of the agency's method and period of accounting used for its annual audited financial statements and other financial reports.

Annual Report amounts reported for each line item must include all FFEL program loans (Federal Stafford, PLUS Loans, Federal SLS, Federal Consolidation and Unsubsidized Stafford Loans for Middle-Income Borrowers).

During previous fiscal years several guaranty agencies merged and more agencies may merge or otherwise change structure in the future. In order to maintain a reasonable database with respect to the last quarter of operation of an agency, an AR must be completed and submitted to ED by the merging and succeeding guarantor.

If a merger occurs, the merging and successor guaranty agencies must coordinate to ensure that amounts are not double counted on the Annual Report.

A guaranty agency may voluntarily, or be required by ED, to make adjustments to a given submission. The agency must indicate on the report the year covered by the report and whether it is an original, or an adjustment submission. Prior period adjustments are not to be netted in the current reporting period, they should be reported as an adjustment to the applicable period.

After a guaranty agency's Annual Report passes all edits and is accepted by ED, it is still possible that an error may be discovered and an adjustment will be needed. ED defines an adjustment as a change to an agency's annual report after acceptance.

If the guaranty agency itself identifies errors in the information ED has and believes a correction should be made, it should contact a representative of the Guaranty Agency Reporting team of the Loans Financial Management Division at (202) 708-9776 or fax information to ED at (202) 708-9106.

A guaranty agency can submit only one Annual Report for a year. It is to be completed and submitted within 60 days after the end the fiscal year. It is not necessary for the guaranty agency to submit the Annual Report with its September Monthly Report.

Enter all dollar amounts to the nearest dollar. **Do not** include decimal points and cents. ED always assumes that the last digit in the dollar amount field represents dollars, not cents.

The Annual Report should be completed and submitted for a federal fiscal year of activity after the end of that federal fiscal year. Enter the Guaranty Agency Code, the Guaranty Agency State Name, and the Federal Fiscal Year Ending date. Enter the date as MM/CCYY

AR-1 through AR-14 Loans in Repayment

This section shows the agency's activities concerning loan guarantees and claims paid to lenders. Report on all loans originally guaranteed by the agency under the FFEL Program, even if these loans were later canceled or later lost their insurance or reinsurance.

Information submitted in this section should be consistent with and comparable to relevant information reported to the National Student Loan Data Systems (NSLDS).

AR- 1 Loans Guaranteed (Except Federal Consolidation)

Enter the original principal guaranteed dollar amount of all loans guaranteed. Do not reduce by any cancellation.

Do not include amounts of loan guarantees transferred in from another guaranty agency in this item.

AR- 2 All Loans Canceled (Except Federal Consolidation)

Enter the original principal amount of loans canceled before first disbursement, loans disbursed where the lender's check is returned uncashed, the lender's check remains uncashed 120 days after disbursement, the electronic funds transfer (EFT) is not completed, or the amount of the loan disbursed by EFT is returned within 120 days of the transfer.

If

- an amount is returned to the lender within 120 days after the lender's check is cashed or the EFT is completed, treat it as a cancellation;
- a loan has multiple disbursements, and part is canceled under these conditions, and the rest is never disbursed, include the cancelled part of the loan amount in this item; and
- only part of a loan is canceled under these conditions, include that part of the loan amount here.

AR- 3 Federal Consolidation Loans Guaranteed

Enter the original principal dollar amount of federal consolidation loans guaranteed before any cancellation. Include any interest capitalized by the lender in this item. Also include the borrower interest due on the underlying loans at the time they are consolidated.

Do not include amounts of loan guarantees transferred in from another guaranty agency in this item.

AR- 4 Federal Consolidation All Loans Canceled

Enter the original principal amount of federal consolidated loans canceled before first disbursement; loans disbursed where the lender's check is returned uncashed; the lender's check remains uncashed 120 days after disbursement; the electronic funds transfer (EFT) is not completed; or the amount of the loan disbursed by EFT is returned within 120 days of the transfer.

If:

- an amount is returned to the lender within 120 days after the lender's check is cashed or the EFT is completed, treat it as a cancellation;
- a loan has multiple disbursements, and part is canceled under these conditions, and the rest is never disbursed, include the cancelled part of the loan amount in this item; and
- only part of a loan is canceled under these conditions, include that part of the loan amount here.

<u>AR- 5 Uninsured Loans</u>

Enter the original principal amount of loans, which have lost insurance and are not eligible for cure under ED regulations.

When a loan losses insurance it means the guaranty agency will not pay a claim to a lender, or if it did, the lender refunded the claim amount. Any loan, which loses insurance also, loses eligibility for reinsurance.

Do not include any loan amounts, which were canceled in this item, whether the amount was canceled before or after disbursement. A canceled loan is not considered to be uninsured as these terms are used in the annual report.

<u>AR- 6 Loans Transferred In</u>

Enter the original principal amount of all loan guarantees transferred to this agency from other guaranty agencies (prior to default). Include voluntary and involuntary transfers. A voluntary transfer is at the request of a borrower, lender or guaranty agency to the agencies involved prior to any claim submittal to maintain the borrower records with one agency. Voluntary transfers may also include guarantees transferred in by a merging guaranty agency. An involuntary transfer, often referred to as the "Secretary's Plan" is a transfer directed or requested by the Secretary of Education. The Secretary's Plan protects the interests of the FFEL Program when a guaranty agency faces insolvency or otherwise may not be able to carry out its program responsibilities.

<u>AR- 7 Loans Transferred Out</u>

Enter the original principal amount of all loan guarantees transferred to another guaranty agency (prior to default). Entries must be reported as positive numbers.

AR- 8 Default Claims Paid

Enter the amount of principal paid to lenders for default, exempt, and default lender-of-last-resort loans. A default claim is one on which the borrower failed to make an installment payment when due as defined in regulations.

If the agency receives a payment from a lender or borrower for the loan after an insurance claim was paid, but prior to reinsurance being requested, treat the payment as a refund and subtract the amount of refunded principal from this amount.

If a lender repurchases a loan previously paid as a default by the agency subtract the amount of repurchased lender principal from this amount.

If a loan is rehabilitated subtract the amount of outstanding principal on the loan at the time the loan is rehabilitated. The principal of a rehabilitated loan would include any purchased interest because purchased interest must be capitalized by the guaranty agency at the time of purchase.

If a defaulted FFEL loan is consolidated under the FFEL Consolidation loan do not subtract the amount of outstanding principal.

If a defaulted FFEL loan is consolidated under a Federal Direct Consolidation Loan, do not subtract any amount from this item. Claims, which lose insurance, must also be subtracted. If ED has paid a default reinsurance claim to the guaranty agency in such a situation, then the claim amount must be reported and refunded to ED using the monthly report.

If the loan loses reinsurance, but not insurance, then leave this amount unchanged.

AR-9 Bankruptcy Claims Paid

Enter the amount of principal paid to lenders for all types of bankruptcy claims (including Chapters 7, 11, 12 and 13).

If the agency receives a payment from a lender for the loan after a bankruptcy insurance claim was paid, treat the payment as a refund and subtract the amount of refunded lender principal from this amount. However, if the agency receives a payment at the direction of the Bankruptcy Court during the course of the bankruptcy proceedings, then treat it as a collection and report it on the monthly report.

If the loan is not discharged by the Bankruptcy Court, then the guaranty agency must arrange for a lender to repurchase it. Subtract the amount of repurchased principal from this amount. If ED has paid a bankruptcy reinsurance claim to the guaranty agency on the loan, then the reinsurance claim amount must be reported and refunded to ED using the monthly report.

If the borrower subsequently defaults after the repurchase, then treat the loan like any other default and report the amount in items AR-8, Default Claims Paid-Amount. A guaranty agency may also file with ED for default reinsurance on the loan using monthly report.

Do not include in this item claims paid as defaults where the borrower files for bankruptcy after the default claim was paid. Report such default claims in item AR-8, Default Claims Paid-Amount.

AR-10 Death and Disability Claims Paid

Enter the amount of principal paid to lenders for death, and for total and permanently disability claims. A death claim is one on which the loan is canceled due to the death of the borrower or a dependent student. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is canceled due to the total and permanent disability of the borrower.

If a lender repurchases a loan which had been previously paid as a death or disability claim by the agency (that is, the agency paid an invalid claim), subtract the amount of repurchased principal from this amount. The lender may also repurchase the loan if a borrower reaffirms a debt previously paid as a disability claim.

AR-11 Closed school or false certification Claims Paid

Enter the amount of principal paid to lenders for closed school and/or false certification claims. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility under the FFEL Program was falsely certified by the eligible institution of higher education.

If a lender repurchases a loan which had been previously paid as a closed school or a false certification claim by the agency (that is, the agency paid an invalid claim), subtract the amount of repurchased principal from this amount.

AR-12 Loans Paid-In-Full

Enter the original principal amount net of cancellations) of all loans that have been paid-in-full.

For loans that were paid through consolidation, report the sum of the original principal amount for each individual loan that was discharged. This includes Federal Stafford (both subsidized and unsubsidized, including Unsubsidized Loans for Middle-Income Borrowers), Federal PLUS Loans and Federal SLS Loans.

Do not include loan amounts in a consolidation due to a Federal Consolidation Loan that were guaranteed by another agencies. If a Federal Consolidation Loan has been paid-in-full report the original principal amount of the Federal Consolidation Loan as well as the underlying loan amounts guaranteed by the agency.

AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans

Enter the principal amounts of all Federal Stafford loans and Unsubsidized Stafford Loans for borrowers who are in school or in their grace period as of the last day of the reporting year.

AR-14 Total Loans in Deferment Prior to First Payment

Enter the original principal amount of all FFEL program loans that entered deferment status before the first payment became due and are in deferment status at the end of the reporting year.

AR-15 through AR-28 - Federal Fund

This section reports all revenues and expenses of the Federal Fund.

AR-15 Beginning Balance *(from 9/30/XX)*

Current Year - Beginning fund balance as reported on financial statements less beginning of the Restricted Account.

Projected Years - Same as of AR-26, Ending Balance for the previous fiscal year.

AR-16 Investment Income

Current Year - Report investment income recognized in the Federal Fund, including net increase (decrease) in fair value of investments. If the agency is required by State law to combine FFEL program funds with other State funds for investment purposes, then the agency must establish a method for allocating a portion of the earnings to the FFEL program and must maintain documentation on the allocation method.

Do not include interest earned on the Restricted Account, it should be reported in item AR-45, Investment Income on the Restricted Account.

Projected Years - Report projected investment income on the Federal Fund.

AR-17 Reinsurance from ED

Current Year - Report Federal reinsurance from ED, net of refunds, overpayments and repurchases, for defaults, bankruptcies, death, disability, closed school or false certification.

Projected Years - Defaults on loans originated prior to FFY94 receive maximum 100% reinsurance. Defaults on loans originated on or after

FFY94 receive a maximum 98% reinsurance. And defaults on loans originated on or after FFY98 receive a maximum of 95% reinsurance. Multiply line item AR-21 by the weighted reinsurance “percentage”.

AR-18 Collections of Defaulted Loans – Reinsurance Complement

Current Year - Report the reinsurance compliment recognized on collections of defaulted loans. Guarantors are required to transfer the complement of the reinsurance rate, which was not reimbursed to the guarantors by the Department on collections of defaulted loans to the Federal Fund. **(NOTE: See Attachment A for Example)**

Projected Years - Report projected amount of reinsurance complement from defaulted collections.

AR-19 Insurance Premiums

Current Year - Report insurance premiums (guarantee fees) recognized. Add or subtract, as appropriate, insurance premiums transferred at the time loan guarantees were transferred to/from guaranty agencies as well as premium refunds.

Projected Years – Enter the amount of projected revenue to be recognized. Typically computed through multiplication of the Agency's insurance rate by projected guarantee volume.

AR-20 Other Revenues

Current Year - Report other revenues included in the Federal Fund not reported elsewhere in this section. **(NOTE: See Attachment B - Itemize entries to support data submitted).**

Projected Years - Report projected revenues included in the Federal Fund not reported elsewhere in this section. **(NOTE: See Attachment B - Itemize entries to support data submitted).**

GUARANTY AGENCY FINANCIAL REPORT
INSTRUCTIONS

AR-21 Claims Expensed to Lenders

Current Year - Report default, exempted, bankruptcy, death and disability, closed schools and false certification and lender-of-last-resort default insurance claims expensed during the FFY, net of refunds, overpayments and repurchases for all FFEL program loans.

Include amounts on which claims have been paid to lenders, but on which reinsurance has not yet been received from ED. Also include amounts which are eligible for insurance from the guaranty agency, but which are not eligible for reinsurance from ED as well as provision for future claims, as applicable.

Subtract from this, amounts for refunds, repurchases or overpayments returned by lenders. Do not subtract the amounts for rehabilitated loans or defaulted loans consolidated under FFEL program.

Do not subtract the amounts for defaulted FFEL program loans consolidated under the Federal Direct Loan Program.

Projected Years - Report projected amount of total claims expensed. Provide methodology for this estimate.

AR-22 Recall of Federal Funds to the Restricted Account

Current Year - Report the Agency's required share of the reserve fund recall recognized fiscal year.

Projected Years - Report projected reserve fund recall amounts to be recognized.

AR-23 Transfer to Operating Fund for Default Aversion

Current Year – Report Default Aversion expense recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized under the Department's regulations and guidance. Amount should agree or be reconcilable to line AR-32.

Projected Years - Project Default Aversion expense to be recognized for delinquent loans for which agencies receive lender requests for assistance and for which payment is authorized under the Department's regulation and guidance. Amount should agree or be reconcilable to line AR-32.

AR-24 Transfer to Operating Fund for Account Maintenance Fee

Current Year – As applicable, report the transfer from Federal Fund for account maintenance fee if payments exceed the caps for a specific FFY.

AR-25 Other Expenses (if applicable)

Current Year - Report other expenses, which are not reported elsewhere in the Federal Fund section. **(NOTE: See Attachment B - Itemize entries to support data submitted.)**

Projected Years - Report projected other expenses, which are not reported elsewhere in the Federal Fund section. **(NOTE: See Attachment B - Itemize entries to support data submitted.)**

AR-26 Ending Balance

Current Year - The ending balance must equal the sum of AR-15 through AR-20 minus AR-21 through AR-25.

Projected Years - The projected ending balance must equal the sum of AR-15 through AR-20 minus AR-21 through AR-25.

Supplemental Information

AR-27 Amount transferred from Federal Fund to Operating Fund for Operating Expenses (Repayable)

Current Year - Money transferred from Federal Fund for operating expenses.

Projected Years - Projected amount to be transferred from Federal Fund for operating expenses*.*

AR-28 Amount received from Operating Fund to Repay Advance for Operating Expenses

Current Year - Repayment of amounts transferred in AR-27, Transfer to Operating Fund for Operating Expenses (Repayable).

Projected Years - Projected amounts to be transferred from AR-27, Transfer to Operating Fund for Operating Expenses (Repayable).

AR-29 through AR-42 Operating Fund

This section reports all revenues and expenses of the Operating Fund.

AR-29 Beginning Balance *(from 9/30/XX)*

Current Year - Report beginning balance as reported in the Agency's financial statements.

Projected Years - Same as of AR-40, Ending Balance for the previous fiscal year.

AR-30 Default Aversion Fee Revenue

Current Year – Report DAF revenue recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized by Department’s regulations and guidance. Amount would likely agree or be reconcilable to line AR-23.

Projected Years – Report projected DAF revenue to be recognized for delinquent loans for which agencies receive lender requests for assistance and for which payment is authorized by the Department’s regulations and guidance. Amount would likely agree or be reconcilable to line AR-23.

AR-31 Loan Processing and Issuance Fee Revenue

Current Year - Report loan processing and issuance fee revenue recognized.

Projected Years - Report projected loan processing and issuance fee recognized.

AR-32 Account Maintenance Fee Revenue Received from ED

Current Year - Report account maintenance fees recognized from the Department.

Projected Years - Report projected account maintenance fees recognized from the Department.

AR-33 Transfer from Federal Fund for Account Maintenance Fee

Current Year - Report account maintenance fees recognized subject to Federal Fund settlement (AR-24) when amount exceeds ED's budgetary cap.

AR-34 Collections of Defaulted Loans less Reinsurance Complement

Current Year - Report collections revenues recognized from payments to guaranty agencies by defaulted borrowers. Amount reported should not include AR-18 (Reinsurance Complement). This amount includes the Secretary's Equitable Share and your share of collections. Include receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFELP.

Projected Years - Projected collection revenues recognized from payments to guaranty agencies by defaulted borrowers. Amount reported should not include AR-18 (Reinsurance Complement). This amount includes the Secretary's Equitable Share and your share of collections. Include receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFELP.

AR-35 Investment Income

Current Year - Enter the amount of all investment income recognized in the Operating Fund including net increase (decrease) in fair value of investments

Do not include interest earned on the Restricted Account, it should be reported in item AR-45, Investment Income on the Restricted Account.

Projected Years - Report projected earnings on the Operating Fund investments.

AR-36 Other Revenue (FFEL and Non-FFEL)

Current Year - Report other revenues that are FFEL and non-FFEL not already reported elsewhere in this section. **(NOTE: See Attachment C - Itemize on separate sheet of paper to support data submitted).**

Project Year - Report projected other revenues that are FFEL and non-FFEL not already reported elsewhere in this section. **(NOTE: See Attachment C - Itemize on separate sheet of paper to support data submitted).**

AR-37 Collections of Defaulted Loans *(Secretary Equitable Share)*

Current Year - Report the Secretary's equitable share on all collections including consolidations, rehabilitated loans and consolidations amounts recognized in FFY.

Projected Years - Report the Secretary's equitable share of projected collections.

AR-38 Operating Expenses

Current Year - Report expenses associated with guaranty agency related activities, including application processing, loan disbursement, enrollment and repayment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities and compliance monitoring.

Projected Years - Projected expenses associated with guaranty agency related application processing, loan disbursement, enrollment and repayment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities and compliance monitoring.

AR-39 Other Expenditures (FFEL and Non-FFEL)

Current Year - Report other FFEL and Non-FFEL expenses not reported elsewhere in this section. **(NOTE: See Attachment C - Itemize entries to support data submitted.)**

Project Year - Report projected FFEL and Non-FFEL expenses not reported elsewhere in this section. (NOTE: See Attachment C - Itemize on entries to support data submitted.)

AR-40 Ending Balance

Current Year - The ending balance must equal the sum of AR-29 through AR-36 minus AR-37 through AR-39 = AR-40.

Projected Years - The projected ending balance must equal the sum of AR-29 through AR-36 minus AR-37 through AR-39 = AR-40.

Supplemental Information

AR-41 Amount Received from Federal Fund for Operating Expenses (Repayable)

Current Year - Money received from Federal Fund (AR-27) for operating expenses.

Projected Years - Projected amount to be received from Federal Fund (AR-27) for operating expenses.

AR-42 Amount Repaid to Federal Fund for Operating Expenses

Current Year - Payment made to Federal Fund for amounts transferred in AR-41.

Projected Year - Projected payment made to Federal Fund for amounts transferred.

Restricted Account

This section reports all revenues and expenses of the restricted account.

AR-43 Beginning Balance *(from 9/30/XX)*

Current Year - Report balance of restricted account at end of previous FFY.

Projected Years - Same as (AR-47) ending balance of the previous year.

AR-44 Recall of Federal Funds from Federal Fund

Current Year - Enter the amount of your agency's required share of the fund recall which has been deposited in a restricted account during the current fiscal year, based on the Agency's reserve funds held as of September 30, 1996, as mandated by the Secretary.

Projected Years - Report future Reserve recalls in the period to be recognized.

AR-45 Investment Income on Restricted Account

Current Year - Enter the cumulative amount of interest earned on your agencies Restricted Account.

Projected Years - Report projected amount of interest earned on agency's restricted reserve account.

AR-46 Investment Income on Restricted Account Expensed for Default Prevention

Current Year - Enter the cumulative amount of earnings from the Restricted Reserve Account expensed for activities to reduce student loan defaults as specified in Dear Guaranty Agency letter dated 10-23-97.

Projected Years - Report projected expenses from the Restricted Account for default prevention.

AR-47 Ending Balance

Current Year - The ending balance must equal this formula: sum of AR-43 through AR-45 minus AR-46.

Projected Balance - The projected ending balance must equal this formula: sum of AR-43 through AR-45 minus AR-46.

Federal Fund Balance Sheet Section

(As of the end of the current Federal fiscal year 9/30/XX, on the accrual basis of accounting)

AR-48 Cash, Cash Equivalents and Investments

Report cash, cash equivalents and investment balances. Investments should be reported in accordance with GAAP.

AR-49 Restricted Account Cash, Cash Equivalents and Investments

Report cash, cash equivalents and investment balances. Investments should be reported in accordance with GAAP.

AR-50 Net Investment in Property, Plant, Equipment and Inventory

Report balances of property, plant, equipment and inventory here less accumulated depreciation and amortization.

AR-51 Accounts Receivable from the ED

Report amounts owed the Agency by ED (i.e. reinsurance and other payments), on an accrual basis.

AR-52 Other Assets

Current Year - Report asset accounts that are not reported in other line items. Including the receivable for funds temporarily transferred to the Operating Fund (if any) to meet operating expenses.

AR-53 Accounts Payable, Accrued Expenses and Other Current Liabilities

Current Year - Report liabilities for expenses due others than ED, on an accrual basis.

AR-54 Accounts Payable to ED

Current Year - Report liabilities for expenses due ED, on an accrual basis.

AR-55 Other Liabilities

Current Year - Report other liabilities that are not reported in other line items, including outstanding federal advances due to ED, and the remaining Restricted Account reserve return obligation, on an accrual basis.

AR-56 Allowances and Other Non-Cash Charges to Federal Fund

Current Year - Report loan loss and other allowances, such as deferred (unearned) guarantee fees, as well as other obligations of the Federal Fund, on an accrual basis.

AR-57 Federal Fund Balance

Current Year - The Federal Fund balance on an accrual basis for the fiscal year being reported is calculated by adding line items AR-48 through AR-52 and subtracting line items AR-53 through AR- 56.

Example for Line Items: AR-18, AR-34, and AR-37

Example: A guaranty agency receives a collection from a borrower on a defaulted loan for $100. The guaranty agency was paid 98 percent reinsurance reimbursement on the loan.

The "Secretary's equitable share" of collections is calculated as follows:

Amount Collected	$100
Less Complement of Reinsurance not paid (100% - 98%)	- 2
Less 24% collection retention	- 24
Secretary's equitable share	$ 74

Report "complement of reinsurance not paid" in Line AR-18
Report "amount collected" less "complement of reinsurance not paid" in Line AR-34
Report "Secretary's equitable share" in line AR-37

APPENDIX: Guaranty Agency List

This is a list of the guaranty agencies that currently or previously received payments from ED under the Federal Family Education Loan Program. Some of these agencies no longer issue loan guarantees or have closed or merged with other agencies.

Listed below for each guaranty agency (GA) is its guaranty agency code, its guaranty agency State name, its guaranty agency abbreviation and its full legal name. For brevity and automatic data processing purposes, ED refers to a guaranty agency by a three-digit code (GA code) or by the name of the principal State in which it does business (GA State name). ED sometimes also refers to a guaranty agency by a two-letter abbreviation (GA abbreviation) based on the guaranty agency State name. **Agencies that no longer guarantee loans or have closed or merged with other agencies are noted with an asterisk.**

The Roman numerals in parentheses in some guaranty agency State names are used to distinguish between agencies in States which have more than one guaranty agency involved in the Federal Family Education Loan Program. The numerals are assigned from low to high in the order in which the guaranty agencies signed insurance agreements with the Secretary of Education. This list is in alphabetical order by GA State name.

Code; GA State Name, GA Abbreviation; Legal Name:

701* Alabama, AL
Alabama Commission on Higher Education
804* Arizona, AZ
Arizona Education Loan Program
705 Arkansas, AR
Student Loan Guarantee Foundation of Arkansas
706 California, CA
California Student Aid Commission
708 Colorado, CO
Colorado Guaranteed Student Loan Program
709 Connecticut, CT
Connecticut Student Loan Foundation
710* Delaware, DE
Delaware Postsecondary Education Commission

Code; GA State Name, GA Abbreviation; Legal Name:

711* District of Columbia (I), DG
District of Columbia Student Loan Insurance Program
611* District of Columbia (II), DC
Higher Education Assistance Foundation - District of Columbia Region
712 Florida, FL
Florida Student Financial Assistance Foundation
713 Georgia, GA
Georgia Higher Education Assistance Corporation
815* Hawaii, HI
Hawaii Education Loan Program
716* Idaho, ID
Student Loan Fund of Idaho, Inc.
717 Illinois, IL
Illinois Student Assistance Commission
718* Indiana, IN
State Student Assistance Commission of Indiana
719 Iowa, IA
Iowa College Aid Commission
620* Kansas, KS
Higher Education Assistance Foundation - Kansas Region
721 Kentucky, KY
Kentucky, Higher Education Assistance Authority
722 Louisiana, LA
Governor's Special Commission of Education Services
723 Maine, ME
Finance Authority of Maine
724* Maryland, MD
Maryland Higher Education Loan Corporation
725 Massachusetts, MA
Massachusetts Higher Education Assistance Corporation
726 Michigan, MI
Michigan Higher Education Assistance Authority
627* Minnesota (I), MN
Higher Education Assistance Foundation
727* Minnesota (II), MM
Norstar Guarantee, Inc.
728* Mississippi, MS
Mississippi Guaranteed Student Loan Agency
729 Missouri, MO
Coordinating Board for Higher Education

Code; GA State Name, GA Abbreviation; Legal Name:

730 Montana, MT
Guarantee Student Loan Program
631* Nebraska (I), NB
Higher Education Assistance Foundation - Nebraska Region
731 Nebraska (II), NE
Nebraska Student Loan Program
733 New Hampshire, NH
New Hampshire Higher Education Assistance Foundation
734 New Jersey, NJ
New Jersey Higher Education Assistance Authority
735 New Mexico, NM
Student Loan Guarantee Corporation
736 New York, NY
New York State Higher Education Services Corporation
737 North Carolina, NC
North Carolina State Education Assistance Authority
738 North Dakota, ND
North Dakota Guaranteed Student Loan Program
739* Ohio, OH
Ohio Student Loan Commission
740 Oklahoma, OK
Oklahoma Guaranteed Student Loan Program
741 Oregon, OR
Oregon State Scholarship Commission
742 Pennsylvania, PA
Pennsylvania Higher Education Assistance Agency
772* Puerto Rico, PR
Puerto Rico Higher Education Assistance Corporation
744 Rhode Island, RI
Rhode Island Higher Education Assistance Authority
745 South Carolina, SC
South Carolina Loan Corporation
746 South Dakota, SD
Education Assistance Corporation
747 Tennessee, TN
Tennessee Student Assistance Corporation
948* Texas (I), TC
Texas Higher Education Coordinating Board
748 Texas (II), TX
Texas Guaranteed Student Loan Corporation

Code: GA State Name, GA Abbreviation; Legal Name:

800 USA Funds, UF

United Student Aid Funds, Inc.
749 Utah, UT
Utah Higher Education Assistance Authority
750 Vermont, VT
Vermont Student Assistance Corporation
778* Virgin Islands, VI
Virgin Islands Joint Boards of Education
751* Virginia, VA
Virginia State Education Assistance Authority
753 Washington, WA
Northwest Education Loan Association
654* West Virginia, WV
Higher Education Assistance Foundation - West Virginia - Region
755 Wisconsin, WI
Great Lakes Higher Education Corporation
656* Wyoming, WY
Higher Education Assistance Foundation - Wyoming Region
927 Minnesota, MB
Education Credit Management Corporation I
951 Minnesota, MV
Educational Credit Management Corporation II

FEDERAL FUND
SCHEDULE OF ITEMIZED LINE ITEMS

ITEM NO.	CATEGORY	AMT./ CY ACTUAL	CY + 1 PROJ.	CY +2 PROJ.	CY +3 PROJ.	CY + 4 PROJ.	CY + 5 PROJ.	EXPLANATION
AR-20	OTHER REVENUES:							
AR-25	OTHER EXPENSES:							

GUARANTY AGENCY FINANCIAL REPORT
INSTRUCTIONS

ATTACHMENT C

OPERATING FUND
SCHEDULE OF ITEMIZED LINE ITEMS

ITEM NO.	CATEGORY	AMT./ CY ACTUAL	CY + 1 PROJ.	CY +2 PROJ.	CY +3 PROJ.	CY +4 PROJ.	CY + 5 PROJ.	EXPLANATION
AR-36	OTHER REVENUES:							
	FFEL:							
	NON-FFEL:							
AR-39	OTHER EXPENDITURES:							
	FFEL:							
	NON-FFEL:							
	1. Other Student Financial Aid related expenditures for the benefit of students							