



July 15, 2008

Mr. Brett Lief, President
National Council of Higher
Education Loan Programs, Inc
1100 Connecticut Avenue, NW
Suite 1200
Washington, DC 20036-4110

Dear Mr. Lief:

This letter is in response to the request by the National Council of Higher Education Loan Programs, Inc (NCHELP), on behalf of guaranty agencies and lenders participating in the Federal Family Education Loan (FFEL) program, for the U.S. Department of Education (the Department) to review and approve the Common Claims Initiative (CCI) Post Claim Data Integrity Sampling (PCS) review process as described in an April 28, 2008 email from Mike Balogh to Ann Maria Fusco, the Department's representative on CCI issues.

This letter approves the Post Claim Data Integrity Sampling review process as outlined below. This approval will remain in effect until the Department notifies the guaranty agencies otherwise. The Department intends to monitor this process closely and may require changes to the PCS review process and/or the CCI process to ensure that these processes protect the integrity of the FFEL program and the federal fiscal interest.

Post Claim Data Integrity Sampling Review Process

Each quarter during the fiscal year, each guarantor must review a sample of 29 purchased claims scientifically selected from the universe of the total population of claims purchased during the previous quarter. Each lender/servicer identified in a guarantor's sample must provide to the guarantor, a copy of the complete collection history and complete payment history applicable to each claim to be reviewed. The guaranty agency must compare the collection history and payment history documentation provided by the lender to the data provided in the critical fields on the claim form (or its electronic

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equivalent) originally submitted by the lender. These reviews will ensure that the data provided at claim filing correctly reflects the actual activities.

Additionally, at the end of each Federal Fiscal Year, each guaranty agency must conduct an annual assessment of their claim payment records to determine if each entity that submitted and had a claim paid within the year was included in the population used to select loans for the quarterly review process. The guarantor must then compare their list of entities reviewed and not reviewed with the other guarantors. Based on this comparison, if an entity was not included in the quarterly sampling process conducted by any guarantor, that entity must have up to 29 purchased claims scientifically selected from a universe of the total population of claims purchased by all guaranty agencies during the previous year to be reviewed under the Post Claim Data Integrity Sampling (PCS) review process. If the entity had only 29 or fewer claims purchased during the year, the total population must be reviewed. Each guarantor will review a percentage of the sample commensurate with the percentage of the total population of claims paid by that guarantor to the entity being reviewed.

If no errors are found in the sample, no additional review is required.

If a "fatal error" (i.e., the loan(s) is not eligible for insurance) is discovered during the review, the guarantor must contact the loan holder from which the loan(s) was purchased and require the holder to repurchase the loan(s) (reversal of claim payment.) In these cases, the PCS must be expanded for the lender/servicer with the fatal error in accordance with the next tier of the discovery sampling format. The increased sample is to ensure that there is no more than a 10% error rate for any lender/servicer who has a fatal error on any loans. As necessary, the guarantor must scientifically select the additional paid claims from the lender(s) or servicer(s) whose account(s) contained the fatal error. This process must be followed for each lender/servicer where a fatal error is found.

If a non-fatal error (an error that does not result in loss of insurance but which may impact the claim amount), is discovered during the review, the guaranty agency must contact the loan holder from which the loan(s) was purchased and, if any adjustment needs to be made to the insurance payment (i.e., an interest penalty must be assessed), the loan holder must be required to repay the non-insured amount and an adjustment must be made to reinsurance on Form 2000.

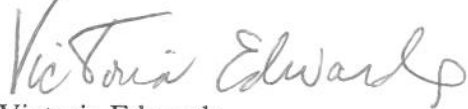
On an annual Federal Fiscal Year basis, guarantors will be required to report information on the Post Claim Data Integrity Sampling process. It is our understanding that NCHLP will work with the Department to create a standardized reporting mechanism that will

include the following information:

- The end date of each quarterly review;
- The number of paid claims reviewed under the sampling plan for each quarter;
- Any deviations from the PCS plan; and,
- The entities included in the scientific sample for each quarter, including:
 - the results of the review
 - adjustments and repurchases that resulted from the review.

If you have any questions, please contact Ann Maria Fusco at (646) 428-2774.

Sincerely,

A handwritten signature in cursive script that reads "Victoria Edwards".

Victoria Edwards
Chief Compliance Officer
Federal Student Aid