MANAGEMENT LOAN SERVICING REPORT 11

LOAN SUMMARY AND HISTORY

(a) The purpose of this report is to provide the State a snapshot picture of the loan status and an itemized record of all actions taken on a loan from the date of disbursement or conversion to the servicing system through the date of report generation, paid-in-full or removal from the servicer's system.

The report must have a section that gives a snapshot of the loan's demographic information, status dates and monetary amounts as of the date of the report separate from the historical actions taken on the account.

The history must include all monetary transactions/adjustments, nonmonetary changes/status changes made to the loan, correspondence received or generated, and a detailed account of every verbal contact made with anyone regarding the loan and identify the person who processed each transaction.

(b) Detail data elements: data elements must include but are not limited to the items below.

Loan Summary - The loan summary must include the current:

- Demographic data - Borrower: name, address, telephone number, prior lender's federal identification number for loans purchased by the State, Social Security Number, account number if applicable, loan number, loan program, fund series, good/bad address indicator, good/bad telephone number indicator, date of the last update; Comaker/Cosigner: Social Security Number, name, address, telephone number; Federal PLUS Loan Student: Social Security Number, name, address, telephone number.

- Loan status - federal school identification number/branch number, separation date, grace end or repayment start date, date of last repayment disclosure sent to the borrower, repayment schedule, daily interest accrual amount, interest rate, new borrower date or indicator, first payment due date, number of payments made, total number of months of forbearance/deferment, next payment due date, deferment/forbearance start date, deferment/forbearance end date, capitalization indicator, interest accrual start date, date of last interest billing, current status, days delinquent, amount delinquent, amount of principal paid, amount of interest paid, current principal amount, late charges due, collection costs due, interest accrual amount, amount of last interest billing, payoff amount, number of months for each forbearance or deferment type, disbursement dates, disbursement amounts, origination fees, guarantee fees, guaranteed amount, refund or cancellation indicator, refund date, cancellation date, refund amount, cancelled amount.

History Report - The history section of the report must be in chronological order and show the effective date (receipt date), the posting date and the entire detailed description of all transactions on the servicer's system of every action taken for the life of the loan. The history must include both the old and new data for all demographic and status changes. All monetary postings or adjustments must show the total transaction amount and the breakdown to principal, interest, late charges and collection costs.

(c) Report Sections

Detail - For each loan regardless whether the servicer's system is loan or account based.

Summary - For each loan and/or by account if the servicer 's system in account based.

(d) The servicer will submit this report to the State upon request and when filing default claims to the guarantor.

(e) If reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: LOAN SUMMARY AND HISTORY
SECTION: LOAN SUMMARY
FUND SERIES:

REPORT PERIOD:
PAGE:
RUN DATE:

DEMOGRAPHIC DATA:

BORROWER:
NAME
ADDRESS
ADDRESS
CITY STATE ZIP
TELEPHONE NUMBER
PRIOR LENDER FED ID#

SS#/ACCT#/LOAN#
LOAN PROGRAM
FUND SERIES
ADDRESS INDICATOR
TELEPHONE INDICATOR
DATE LAST UPDATED

COMAKER/COSIGNER:
SS#
NAME
ADDRESS
ADDRESS
CITY STATE ZIP
TELEPHONE NUMBER

PLUS LOAN STUDENT:
SS#
NAME
ADDRESS
ADDRESS
CITY STATE ZIP
TELEPHONE NUMBER

LOAN STATUS:

SCHOOL CODE
SEPARATION DATE
GRACE END OR REPAYMENT START
DISCLOSURE DATE
REPAYMENT SCHEDULE
____ @ _____
____ @ _____
____ @ _____
DAILY INTEREST ACCRUAL
INTEREST RATE
NEW BORROWER DATE OR INDICATOR

FIRST PAYMENT DATE
NUMBER PAYMENTS PAID
NUMBER MONTHS FORB/DEF
NEXT PAYMENT DUE DATE
FORB/DEF START DATE
FORB/DEF END DATE
INTEREST CAP CODE

INTEREST ACCRUAL DATE
INTEREST BILL DATE

CURRENT STATUS
DAYS DELINQUENT
AMOUNT DELINQUENT
PRINCIPAL PAID
INTEREST PAID
CURRENT PRINCIPAL BALANCE
LATE CHARGE DUE
COLLECTION COSTS DUE
INTEREST ACCRUAL AMOUNT
INTEREST BILLED AMOUNT
PAYOFF AMOUNT

FORBEARANCE TYPE:
ADM REG
MAN

DEFERMENT TYPE:
FT TX
HT TH
GF EH
RH UE
ML IR
NO WM
PC PT
AC HD
TD

DISB DATE	DISB AMT	ORIG FEE	GA FEE	GUAR AMT	REF/CANC INDICATOR	REF/CANC DATE	REF/CANC AMOUNT

A:LOANSUMM.O-F (6/19/95)

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: LOAN SUMMARY AND HISTORY
SECTION: HISTORY REPORT
FUND SERIES:

REPORT PERIOD:
PAGE:
RUN DATE:

SSN: LOAN #: NAME:

EFFECTIVE DATE	POST DATE	DESCRIPTION OF ACTION TAKEN	EMPLOYEE ID

A:LOANHIST.O-F (6/19/95)

MANAGEMENT LOAN SERVICING REPORT 12

LOSS OF GUARANTEE REPORT

(a) The purpose of this report is to provide the State a listing of loans which lost guarantee as a result of either a default claim denial by the guarantor or the servicer discovering a servicing violation which per federal regulations results in the termination of the lender's right to receive interest and special allowance payments on the loan.

Loans must be reported each report period beginning with the receipt date of the claim denial notification from the guarantor or the date on which the servicer discovered the servicing violation through and including the report period in which the servicer receives the loan guarantee reinstatement notification from the guarantor (loan is no longer delinquent), a subsequent default claim (filed after the cure) has been paid, the servicer has reimbursed the State for the loss on the loan, or a State authorized write-off has occurred.

(b) Detail data elements: Social Security Number, loan number, borrower's name, fund series, loan program, outstanding principal balance, guaranty agency claim denial notification date, the date that the servicer received the guarantor's notification or discovered the violation, claim denial reason or violation discovered, cure resolution status, resolution date.

The cure resolution status will include: cure in process, loan current/ reinstatement requested, reinstatement received, claim refiled, claim paid, claim denied again, write-off authorization requested from the State, write-off processed and State reimbursed.

(c) Report Sections

Detail - All fund series/loan programs for total portfolio by loan number within Social Security Number within servicer receipt date/discovery date and double spaced between receipt/discovery dates.

Summary - Number and total outstanding principal balance of loans for which the claim has been denied or which were discovered and submitted for cure resolution during the report period and cumulative for total portfolio.

(d) The servicer will submit this report to the State on a monthly basis.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: LOSS OF GUARANTEE REPORT
SECTION:
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

SSN	LOAN NUMBER	BORROWER NAME	FUND CODE	LOAN PROGRAM	OUTSTANDING PRINCIPAL BALANCE	GUARANTY AGENCY CLAIM DENIAL DATE	SERVICER RECEIPT/ DISCOVERY DATE	DENIAL REASON/ VIOLATION DISCOVERED	CURE - RESOLUTION STATUS	RESOLUTION DATE

NUMBER OF LOAN GUARANTEES LOST THIS MONTH:
TOTAL OUTSTANDING PRINCIPAL BALANCE FOR LOANS WHICH LOST GUARANTEE THIS MONTH: $

CUMULATIVE NUMBER OF LOAN GUARANTEES LOST PENDING RESOLUTION:
TOTAL OUTSTANDING PRINCIPAL BALANCE FOR LOANS WHICH LOST GUARANTEE PENDING RESOLUTION: $

MANAGEMENT LOAN SERVICING REPORT 13

OVERPAYMENT/REFUND REPORT

(a) The purpose of this report is to provide the State a listing of each loan overpaid by an amount as set by the State for which a refund must be made.

Overpayments must be reported each report period beginning with the posting date of the final payment through and including the report period in which the refund is issued. The servicer may allow sufficient time to determine that the final payment on the loan is not returned for insufficient funds before issuing the overpayment refund.

(b) Detail data elements: Social Security Number, loan number, borrower's name, fund series, loan program, date of overpayment, amount of overpayment, source of overpayment (borrower, consolidation lender, default claim, etc.), number of days pending refund, date of refund, amount of refund.

(c) Report Sections

Detail - All fund series/loan programs for total portfolio by loan number within Social Security Number order.

Summary - Number and amount of refunds pending to all sources for total portfolio.

(d) The servicer will submit this report to the State on a monthly basis.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: OVERPAYMENT/REFUND REPORT
SECTION:
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

SSN	LOAN NUMBER	BORROWER NAME	FUND CODE	LOAN PROGRAM	DATE OF OVERPAYMENT	AMOUNT OF OVERPAYMENT	SOURCE OF OVERPAYMENT	NUMBER OF DAYS PENDING REFUND	DATE OF REFUND	AMOUNT OF REFUND

NUMBER OF LOANS OVERPAID PENDING REFUND:

AMOUNT OF LOANS OVERPAID PENDING REFUND:

A:OVERPAY.O-F (6/19/95)

MANAGEMENT LOAN SERVICING REPORT 14

PORTFOLIO ANALYSIS BY INTEREST RATE

(a) The purpose of this report is to provide the State an analysis of the volume and outstanding principal balance for the total portfolio by the current interest rate and loan program for each fund series.

(b) Detail data elements: total number of loans, total outstanding principal balance.

(c) Report Sections

Detail - A separate report page for each fund series within each lender grouping section providing a breakdown of the loans within that series by interest rates and loan programs.

Summary - A totals page for all fund series in each lender grouping within total portfolio and for total portfolio.

(d) The servicer will submit this report to the State on a semi-annual basis, currently 3/31 and 9/30.

(e) If the reporting method is microfiche, hard copy is required.

Task 26

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: PORTFOLIO ANALYSIS BY INTEREST RATE REPORT
SECTION:
FUND SERIES:

REPORT PERIOD:
PAGE:
RUN DATE:

PROGRAM:	SUB STAFFORD		UNSUB STAFFORD		SLS		PLUS		CONSOLIDATION		ALL PROGRAMS	
INTEREST RATE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE	TOTAL NUMBER OF LOANS	OUTSTANDING PRINCIPAL BALANCE
PROGRAM TOTALS												

NUMBER OF LOANS FOR TOTAL PORTFOLIO:
NUMBER OF BORROWERS FOR TOTAL PORTFOLIO:
OUTSTANDING PRINCIPAL BALANCE FOR TOTAL PORTFOLIO: $

MANAGEMENT LOAN SERVICING REPORT 15

PORTFOLIO ANALYSIS BY SCHOOL CODE

(a) The purpose of this report is to provide the State an analysis of the outstanding portfolio by school of origination.

(b) Detail data elements: school name, federal school identification number/branch number, total outstanding principal balance, total number of loans.

(c) Report Sections

Detail - The report will be by school in descending order by outstanding principal balance within lender grouping. Individual loan detail is not required.

Summary - Outstanding principal balance and number of loans for all schools per lender grouping and for total portfolio.

(d) The servicer will submit this report to the State on a semi-annual basis, currently 3/31 and 9/30.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: PORTFOLIO ANALYSIS BY SCHOOL CODE
SECTION:
FUND SERIES:

REPORT PERIOD:
PAGE:
RUN DATE:

SCHOOL NAME	SCHOOL CODE	OUTSTANDING PRINCIPAL BALANCE	NUMBER OF LOANS
	TOTAL:	$	

A:PORTBYSC.O-F (6/19/95)

MANAGEMENT LOAN SERVICING REPORT 16

PORTFOLIO BREAKDOWN - LOAN STATUS BY SCHOOL TYPE

(a) The purpose of this report is to provide the State an analysis of its outstanding portfolio by loan status and type of school. Only totals are required for Federal Consolidation Loans.

(b) Detail data elements: school types - four-year public, four-year private, two-year public, two-year private and proprietary/vocational (as determined by federal regulations), loan statuses in-school, grace, deferment/forbearance, repayment current, repayment delinquent, total number and percentage of borrowers, total outstanding principal amount and percentage of outstanding principal balance.

Percentage figures must be shown to the tenth place and all totals must equal 100%. Dollar amounts must not include cents.

(c) Report Sections:

Detail - There will be two report sections; Number and Percentage of Borrowers and Amount and Percentage of Outstanding Principal Balance. Each fund series must be reported within each lender grouping and for total portfolio for each report section. Each report section must show the breakdown of the number or amount by loan status and for all loan statuses. The percentage of borrowers and percentage of outstanding principal amount will be for all loan statuses within school type within loan program for the categories below and include subtotals following the four-year public/private and two-year public/private school types.

- For each school type and all school types within each loan program.
- For each school type and all school types for all loan programs.

Summary - A total page of all fund series in each lender grouping within total portfolio and for total portfolio.

(d) The servicer will submit this report to the State on a quarterly basis.

(e) If the reporting method is microfiche, hardcopy is required.

SER[illegible]ER: (Company Name)
LEN[illegible]R:
GUARANTOR: MGA
REPORT: PORTFOLIO BREAKDOWN - LOAN STATUS BY SCHOOL TYPE
SECTION:
FUND SERIES:

REPORT PE[illegible] Task 26
MH[illegible]A PAGE
RUN DATE:

LOAN PROGRAM/SCHOOL TYPE	IN-SCHOOL	GRACE	DEFER/FORB	REPAY CURR	REPAY DELINQ	TOTAL	PERCENT
STAFFORD LOANS							
Four-year public							
Four-year private							
Subtotal for four-year							
Two-year public							
Two-year private							
Subtotal for two-year							
Proprietary							
TOTAL FOR STAFFORD LOANS							
SLS LOANS							
Four-year public							
Four-year private							
Subtotal for four-year							
Two-year public							
Two-year private							
Subtotal for two-year							
Proprietary							
TOTAL FOR SLS LOANS							
PLUS LOANS							
Four-year public							
Four-year private							
Subtotal for four-year							
Two-year public							
Two-year private							
Subtotal for two-year							
Proprietary							
TOTAL FOR PLUS LOANS							
TOTAL FOR EACH SCHOOL TYPE							
Four-year public							
Four-year private							
Subtotal for four-year							
Two-year public							
Two-year private							
Subtotal for two-year							
Proprietary							
TOTAL FOR ALL CONSOLIDATION LOANS							
TOTAL FOR ALL LOAN PROGRAMS							

MHESLA 2000 ITB: FFELP

A:PORTBYST.O-F (6/19/95)

MANAGEMENT LOAN SERVICING REPORT 17

SOCIAL SECURITY NUMBER CHANGE

(a) The purpose of this report is to provide the State a listing of each loan which has had a Social Security Number change so that the State will be able to request and obtain Loan Summary and History Reports under the old Social Security Number as needed.

Report must be cumulative.

(b) Detail data elements: new Social Security Number, new loan number, old Social Security Number, old loan number, borrower's name, fund series, loan program, date of change, loan amount, first disbursement date.

(c) Report Sections

Detail - Cumulative for all fund series/loan programs for total portfolio by new loan number within new Social Security Number order.

Summary - None.

(d) The servicer will submit this report to the State on a monthly basis.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: SOCIAL SECURITY NUMBER CHANGE
SECTION: DETAIL
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

NEW SSN	NEW LOAN NUMBER	OLD SSN	OLD LOAN NUMBER	BORROWER NAME	FUND CODE	LOAN PROGRAM	DATE OF CHANGE	FIRST DISBURSEMENT DATE	LOAN AMOUNT

A:SSNCHG.O-F (6/19/95)

MANAGEMENT LOAN SERVICING REPORT 18

WRITE-OFF REPORT

(a) The purpose of this report is to provide the State a listing of each loan which has had an amount written off.

(b) Detail data elements: Social Security Number, loan number(s), borrower's name, fund series, loan program, write-off date, amount written off.

(c) Report Sections

Detail - All fund series/loan programs for total portfolio by loan number within Social Security Number order.

Summary - Number and amount of loans written off for each loan program and for total portfolio.

(d) The servicer will submit this report to the State on a weekly basis.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: WRITE-OFF REPORT
SECTION:
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

Task 26

SSN	LOAN NUMBER	BORROWER NAME	FUND CODE	LOAN PROGRAM	WRITE-OFF DATE	WRITE-OFF AMOUNT

	NUMBER OF LOANS	WRITE-OFF AMOUNT
FEDERAL STAFFORD - SUBSIDIZED:		
FEDERAL STAFFORD - UNSUBSIDIZED:		
FEDERAL SLS:		
FEDERAL PLUS:		
FEDERAL CONSOLIDATION:		
TOTAL PORTFOLIO:		$

MANAGEMENT LOAN SERVICING REPORT 19

TRANSFER IN/OUT DAILY ACTIVITY

(a) The purpose of this report is to provide the State information on accounts which have been automatically scheduled for repayment (disclosure statement) by the system during the week. This report must list accounts in social security number order.

(b) The servicer will submit this report to the State on a weekly basis.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR:
REPORT: TRANSFER IN / OUT DAILY ACTIVITY
SECTION:
FUND SERIES: 825585 – TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

SSN	LOAN NUMBER	BORROWER NAME	FUND CODE	LOAN PROGRAM	FIRST DISBURSEMENT DATE	REPAYMENT START DATE	DISCLOSURE DATE

NUMBER OF LOANS

FEDERAL STAFFORD - SUBSIDIZED:
FEDERAL STAFFORD – UNSUBSIDIZED:
FEDERAL PLUS:

TOTAL: _____

MANAGEMENT LOAN CONSOLIDATION REPORT 1

CONSOLIDATION LOAN - CONVERSION TO SERVICING

(a) The purpose of this report is to provide the State a listing of each new consolidation loan and each loan increase, due to a subsequent disbursement to include an additional loan to the consolidation, so that the State may monitor loans converted to the servicer's servicing system for compliance to federal regulations.

(b) Detail data elements: Social Security Number, loan number, borrower's name, fund series, interest rate, indicator to identify whether a new loan is converting or a loan is being increased, disbursement date, disbursement amount converting, new total loan amount after conversion but prior to principal payments already made, conversion date.

(c) Report Sections

Detail - All fund series for total portfolio by disbursement date within Social Security Number order with page breaks between disbursement dates.

Summary - Number and amount of new loans converted, number and amount of increase adjustments and number and amount of conversions for total portfolio.

(d) The servicer will submit this report to the State on a monthly basis.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: CONSOLIDATION LOAN - CONVERSION TO SERVICING
SECTION: DETAIL
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

SSN	LOAN NUMBER	BORROWER NAME	FUND CODE	INTEREST RATE	NEW LOAN/INCREASE ADJUSTMENT (N/I)	DISBURSEMENT DATE	DISBURSEMENT AMOUNT CONVERTING	TOTAL LOAN AMOUNT AFTER CONVERSION	CONVERSION DATE

	NUMBER	AMOUNT
NEW LOANS CONVERTED:		$
INCREASE ADJUSTMENTS:	_____	$_____
TOTAL LOANS CONVERTED/INCREASED:		$

MANAGEMENT LOAN CONSOLIDATION REPORT 2

CONSOLIDATION LOAN - FUNDS TRANSFER REQUEST

(a) The purpose of this report is to provide the State a listing of the amount and name of each creditor to be paid for loans being consolidated into one loan for which the servicer requests a funds transfer.

(b) Detail data elements: scheduled disbursement date, Social Security Number, borrower's name, original disbursement date for consolidation loans previously made for which an increase to the loan is required, loan program of the loan being consolidated, name of each creditor who will receive a disbursement, payment amount to each creditor, total number of creditors to be paid for each borrower, total scheduled disbursement amount for each borrower.

(c) Report Sections

Detail - Each creditor in alpha order within borrower Social Security Number order for total portfolio.

Summary - Number and amount of disbursements issued for new loans to be disbursed, number and amount of disbursements for existing consolidation loans being increased, and number and amount of all disbursements for total portfolio.

(d) The servicer will submit this report to the State for each funds transfer so that it is received by the State prior to the scheduled disbursement date.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: CONSOLIDATION LOAN - FUNDS TRANSFER REQUEST
SECTION: DETAIL
FUND SERIES: 825585 - TOTAL PORTFOLIO

SCHEDULED DISBURSEMENT DATE:
PAGE:
RUN DATE:

LOANS TO BE CONSOLIDATED:

SSN	BORROWER NAME	IF LOAN ADJUSTMENT - ORIGINAL DISBURSEMENT DATE	LOAN PROGRAM OF LOAN CONSOLIDATED	CREDITOR NAME	PAYMENT AMOUNT TO CREDITOR	TOTAL NUMBER OF CREDITORS PAID PER BORROWER	TOTAL SCHEDULED DISBURSEMENT AMOUNT FOR EACH BORROWER

	NUMBER OF DISBURSEMENTS	FUNDS TRANSFER REQUEST AMOUNT
FOR NEW LOANS:		$
FOR LOANS TO BE INCREASED:	_____	$_____
TOTAL:		$

A:CONSWIRE.O-F (6/19/95)

MANAGEMENT LOAN CONSOLIDATION REPORT 3

LOANS CONSOLIDATED BY ANOTHER LENDER

(a) The purpose of this report is to provide the State statistics regarding loans paid-in-full due to consolidation by another lender.

(b) Detail data elements: Number of borrowers, number of loans, payoff amount.

(c) Report Sections:

Summary - Total of all fund series within loan program and for total portfolio. Individual borrower detail is not required.

(d) The servicer will submit this report to the State on a quarterly basis.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)

REPORT PERIOD:

LENDER: MHESLA - 825585

PAGE:

GUARANTOR:

RUN DATE:

REPORT: LOANS CONSOLIDATED BY ANOTHER LENDER

SECTION: SUMMARY

FUND SERIES: 825585 - TOTAL PORTFOLIO

	LENDER ID NUMBER	NUMBER OF BORROWERS	NUMBER OF LOANS	LOAN PAYOFF AMOUNT
FEDERAL STAFFORD - SUBSIDIZED:				
FEDERAL STAFFORD - UNSUBSIDIZED:				
FEDERAL SLS:				
FEDERAL PLUS:				
FEDERAL CONSOLIDATION:				
TOTAL PORTFOLIO:				

STATE SECONDARY MARKET LOAN MANAGEMENT REPORT 1

LOAN TRANSFER REPORT

(a) The purpose of this report is to provide the State and the seller/purchaser (if a loan is sold back to the original lender) a listing of each borrower's loan(s) purchased/sold by the State in each sale in order to reconcile the balances of loans sold/purchased and for the seller/purchaser to close their loan accounts. The report submitted to the State must be in Social Security Number order, however the report submitted to the seller/purchaser may be in either Social Security Number order or alphabetical order per their request.

The servicer must be able to identify on the report whether the loan reported is the first loan the State has purchased for that borrower or it is a subsequent loan purchased for that borrower from the same seller or another seller.

In order for the State to monitor the type, volume and amount of loans being purchased, the servicer must be able to identify loans purchased by the following loan status categories: enrolled, grace, deferred/forbearance, repayment.

(b) Detail data elements: seller's/purchaser's name, seller's/purchaser's federal identification number, Social Security Number, loan number, borrower's name, serial sale flag, loan program, guarantor, guaranteed amount, interest rate, special allowance eligibility code, government interest accrued, fund series, first disbursement date, total disbursement amount, separation date, loan status, beginning interest accrual date, current principal balance, borrower interest accrual amount, late charges due, collection charges due, total paid to seller/received from purchaser for the loan.

(c) Report Sections

Detail - All loans purchased/sold for each borrower by loan status within loan program within Social Security Number within fund series. (Detail header titles may be shown once on the top of each page and need not be included in each loan detail line.)

Detail Subtotals -Current principal balance, borrower interest accrual, late charges due, collection charges due and total paid to seller/received from purchaser for each loan status within each loan program and for each borrower.

Purchase Summary - Number of borrowers, number of loans, current principal balance, borrower interest accrual, late charges due, collection charges due and total paid to seller/received from purchaser for each loan program and all loan programs within each fund series and for total portfolio.

Loan Status Summary - Number of borrowers, number of loans and amount of loans purchased/sold for each loan status within each loan program, for each loan status within

all loan programs, for all loan status' within each loan program within each fund series and for total portfolio.

(d) The servicer will submit this report to the State for each purchase or sale.

(e) If the reporting method is microfiche, hard copy is required.

SERVICER: (Company Name)
PURCHASING LENDER: MHESLA - 825585
SELLING LENDER: (Seller's/Purchaser's Name and Federal ID#)
REPORT: LOAN TRANSFER REPORT
SECTION: LOAN DETAIL
FUND SERIES:

PURCHASE/SALE DATE:
PAGE:
RUN DATE:

SSN	LOAN #	NAME			SERIAL SALE FLAG
LOAN PROGRAM	GUARANTOR	GUARANTEE AMOUNT	INTEREST RATE	SA ELIG CODE	GOV INT ACCRUAL
FUND SERIES	FIRST DISB DATE	TOTAL DISB AMOUNT	SEP DATE		LOAN STATUS
BEGIN INT ACCR DATE	CURR PRINC BALANCE	BOR ACCR INT AMOUNT	LATE CHG DUE	COLL CHG DUE	TOTAL PAID
LOAN STAT SUBTOTAL/LOAN PROGRAM SUBTOTAL/OR BORROWER SUBTOTAL	CURR PRINC BALANCE	BOR ACCR INT AMOUNT	LATE CHG DUE	COLL CHG DUE	TOTAL PAID

A:TRANSLN.O-F (6/19/95)

SERVICER: (Company Name)
PURCHASING LENDER: MHESLA - 825585
SELLING LENDER: (Seller's/Purchaser's Name and Federal ID#)
REPORT: LOAN TRANSFER REPORT
SECTION: LOAN STATUS SUMMARY
FUND SERIES:

PURCHASE/SALE DATE:
PAGE:
RUN DATE:

LOAN PROGRAM	ENROLLED			GRACE			DEFERRED/FORB			REPAYMENT			TOTAL		
	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID
FEDERAL SUBSIDIZED STAFFORD			$			$			$			$			$
FEDERAL UNSUBSIDIZED STAFFORD			$			$			$			$			$
FEDERAL SLS			$			$			$			$			$
FEDERAL PLUS			$			$			$			$			$
FEDERAL CONSOLIDATION			$			$			$			$			$
TOTAL			$			$			$			$			$

A:TRANSTAT.O-F (6/19/95)

SERVICER: (Company Name)
PURCHASING LENDER: MHESLA - 825585
SELLING LENDER: (Seller's/Purchaser's Name and Federal ID#)
REPORT: LOAN TRANSFER REPORT
SECTION: LOAN STATUS SUMMARY
FUND SERIES:

PURCHASE/SALE DATE:
PAGE:
RUN DATE:

LOAN PROGRAM	ENROLLED			GRACE			DEFERRED/FORB			REPAYMENT			TOTAL		
	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID	NUMBER BORROW	NUMBER LOANS	AMT PAID
FEDERAL SUBSIDIZED STAFFORD			$			$			$			$			$
FEDERAL UNSUBSIDIZED STAFFORD			$			$			$			$			$
FEDERAL SLS			$			$			$			$			$
FEDERAL PLUS			$			$			$			$			$
FEDERAL CONSOLIDATION			$			$			$			$			$
TOTAL			$			$			$			$			$

A:TRANSTAT.O-F (6/19/95)

STATE SECONDARY MARKET LOAN MANAGEMENT REPORT 2

LOAN TRANSFER - NOTIFICATION TO GUARANTOR

(a) The purpose of this report is to provide the State a listing of each loan included in the loan transfer notification to the guarantor in order that the State may provide proof of notification in the case of an audit.

(b) Detail data elements: seller's name, seller's federal identification number, purchaser's name, purchaser's federal identification number, Social Security Number, loan number, borrower's name, loan program, first disbursement date, guaranteed loan amount.

(c) Report Sections:

Detail - All fund series/loan programs for total portfolio by loan number within Social Security Number.

Summary - Number of borrowers, number of loans for total portfolio.

(d) The servicer will submit this report to the State on the same schedule as reported to the guarantor.

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: LOAN TRANSFER - NOTIFICATION TO GUARANTOR
SECTION:
FUND SERIES: 825585 - TOTAL PORTFOLIO

REPORT PERIOD:
PAGE:
RUN DATE:

SSN	LOAN NUMBER	BORROWER NAME	LOAN PROGRAM	FIRST DISBURSEMENT DATE	GUARANTEED LOAN AMT	SELLER NAME	SELLER ID #	PURCHASER NAME	PURCHASER ID #

NUMBER OF BORROWERS REPORTED:

NUMBER OF LOANS REPORTED:

STATE SECONDARY MARKET LOAN MANAGEMENT REPORT 3

LOCAL LENDER LOAN PROGRAM

(a) The purpose of these reports is to provide the State with a listing of all loans committed to and disbursed through the Local Lender Loan Program. The servicer must report each loan at the time the commitment to the fund series is made, when the loan is disbursed, and the loan status until sale to the State.

(b) Report Breakdown - Disbursement Summary

Detail data elements: local lender's name and federal identification number, originating lender's name, originating lender's federal identification number, borrower's Social Security Number, borrower's name, guarantee date, guaranteed amount, date of each disbursement, amount of each disbursement, loan program, total for each local lender, total for each originating lender.

Lender Groupings: Alphabetical by local lender's name within the originating lender.

Loan Programs: All.

Detail: Alphabetical by borrower within each local lender.

Format: Local lenders will be listed alphabetically within each originating lender with page breaks between lenders.

Subtotals: Total disbursed for each local lender.

Totals: Total disbursed for each originating lender.

Frequency: Month end.

Report Type: If the reporting method is microfiche, hard copy is required.

(c) Report Breakdown - Servicing Summary

Detail data elements: originating lender's name and federal identification number, borrower's Social Security Number, borrower's name, current principal balance, loan program, loan status.

Lender Grouping: By originating lender name.

Detail: Alphabetical by borrower within each originating lender.
Format: Originating lenders will be listed alphabetically with page breaks between lenders.

Subtotals: Number of loans and total principal balance for each originating lender in the program.

Totals: Summary page for the total number of loans and the total principal balance outstanding.

Frequency: Month end.

Report Type: If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 1

PORTFOLIO RECONCILIATION: SUMMARY

(a) This report is used to reconcile the servicer's records with the State's records and includes a summary of the transaction activity that occurs within an accounting period. This report should provide the following types of transaction activity:

-Loan activity: new loans, loan sales, loan purchases, and transfers
-Cash payment activity: borrower payments, claim payments or repurchases, and refunds or cancellations
-Advice payment activity: borrower payment advice, refunds and cancellations, loan purchase corrections, claim repurchase advice, lender write off or write up
-Servicer generated activity: servicer write off or write up, capitalized interest, guarantee fee refund advice, origination fee refund advice, account adjustment or correction, current accrual, and government interest billed

The report should show the total numbers and balances of the reports, of the system, and any variances, within each of the following reporting areas and be sorted by funding series and guarantor:

-Principal and Capitalized Interest
-Borrower Interest
-Government Interest
-Late Charges
-Number of Borrowers
-Number of Loans

(b) The servicer will submit this report to the State on a monthly basis.

FINANCIAL REPORT 2

PORTFOLIO RECONCILIATION: DETAIL

This report is used to reconcile the servicer's records with the State's records and includes detailed listings of transactions posted to the individual loan records during the posting period. The reported is organized by transaction types and sorted by funding series, and includes:

(a) Account Adjustment/Correction - Repayment redistributions and non-cash adjustments by social security number (SSN), and noting the effective date, the amount, principal, borrower interest, government interest, late charge, and collection charge.

(b) Capitalized Interest - Capitalized interest by SSN and listing borrower name, effective date, principal, and borrower interest capitalized.

(c) Refund/Cancellations Advice - Cancellations by SSN and including borrower name, check number, effective date, principal, borrower interest, number of borrowers, number of loans, and totals for the latter four items.

(d) Cash Refunds/Cancellation - Cash refunds and cancellations by SSN and listing borrower name, effective date, posting date, principal, borrower interest, number of borrowers, number of loans, and totals for the latter four items.

(e) Loans Eligible/Ineligible for Special Allowance - Loans eligible and loans ineligible for special allowance listed by special allowance category, 799 code, interest rate, number of loans, ending principal balance, and average daily balance. The data elements of each special allowance category should be totaled.

(f) Cash Claim Payments - Default claims paid by SSN and including borrower name, effective date, posting date, amount, principal, borrower interest, late charge, collection charge, number of borrowers, and number of loans. Totals of the last seven data elements should be included.

(g) Cash Borrower Payments - Cash borrower payments by SSN and to include borrower name, effective date, posting date, amount, principal, borrower interest, late charge, collection charge, number of borrowers, and number of loans. Totals of the last seven data elements should be included.

FINANCIAL REPORT 3

NET CASH COLLECTION BY FUNDING SERIES

(a) The servicer will immediately deposit all payments in a separate, segregated servicing account. The separate, segregated servicing account shall contain only the payments received by the servicer, and shall not be commingled with any monies owned by the servicer or any person or entity other than MHESLA. All payments are and shall at all times remain the property of MHESLA and shall be held in trust by the servicer solely for the benefit of MHESLA. The servicer will make daily wire transfers of all funds from the servicing accounts to MHESLA's corresponding account with the Trustee. The servicer shall not use any portion of such payments for any purpose other than to make the daily wire transfers. MHESLA shall have the right of access at any time during normal business hours and to review any and all records, statements and other documents pertaining to the servicing account, with or without prior notice to the servicer. The servicer will also provide a breakdown of the transfer amounts showing payments of principal, interest, and late charges by deposit total to each Trust account number for both the trustee and MHESLA. The servicer is responsible for reconciling the servicing bank accounts used in the payment process and forwarding this information to MHESLA.

(b) The servicer will provide this information to MHESLA and the MHESLA's trustee on a daily basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 4

PORTFOLIO RECAP SUMMARY

(a) The purpose of this report is to provide the State an itemization of the State's entire portfolio within each assigned funding series by the number of loans, number of borrowers, and the principal outstanding of those loans per loan program and by loan statuses including interim statuses of in school and grace, and a subtotal of interim statuses; Repayment statuses of current, deferred, forborne, and a subtotal of those, delinquencies of 11-30 days, 31-60 days, 61-90 days, 91-120 days, 121-150 days, 151-180 days, 181-270 days, over 270 days and a subtotal of delinquencies; claims in process 0-30 days, 31-60 days, 61-90 days, 91-180 days, 181-360 days, over 360 days, and a subtotal of claims in process, a total of the loans in repayment status and a grand total of the portfolio.

(b) The servicer will submit this report to the State on a monthly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 5

CHECK /EFT DISBURSEMENT REGISTER

(a) The purpose of this report is to provide the State with a detail listing of all checks and EFT's that have been generated in a disbursement cycle by the servicer. The report is sorted chronologically by check/EFT number and loan type.

(b) The servicer will submit this report to the State on a weekly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 6

DAILY ACCOUNTING DETAIL REPORT SUMMARY

(a) The purpose of this report is to provide the State detailed and summarized accounting information from the loan origination services so the State may calculate the funds to be wired to the servicer for disbursements. The report should provide a breakdown of cancellations, void checks, guarantee fees reissued checks and disbursements by funding series. The data elements include transaction type, guarantor, loan program, interest rate, total loan amount approved, total guarantee fees, total origination fees, and the total amount financed. Totals should be provided for all reductions (cancellations, voids) and additions (disbursements, reissued checks) to the amount owed to the servicer.

(b) This report should include a summary or recap of disbursements by number of disbursements by loan program, number of checks or EFT transfers, loan amounts disbursed, and net amount disbursed.

(c) The servicer will submit this report to the State daily by facsimile.

(d) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 7

DAILY ACCOUNTING REPORT DETAIL

(a) This report is the detail behind the Daily Accounting Detail Report Summary. It provides the disbursement, reissued checks, cancellations, voided checks, and check or EFT disbursement information including loan program, SSN, borrower's name, scheduled disbursement date, loan amount, guarantee fee, origination fee, other deductions, net amount and the funding series. Totals of the loan amount, guarantee fee, origination fee, other deduction and net amount data elements should be included.

(b) The servicer will submit this report to the State on a weekly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 8

QUARTERLY LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (ED 799)

(a) The ED 799 is a quarterly federal report with six (6) parts, identification and certification, loan origination fee, interest benefits, special allowance, changes in guaranteed loan principal for the quarter, and guaranteed loan portfolio analysis for end of quarter, prepared for submission to the Department of Education. The report is a summary of the State's portfolio of loans eligible for federal interest benefits, special allowance, and origination fees applicable for each quarter. This information must be summarized in the format prescribed by the U.S. Department of Education, and must meet federal guidelines.

(b) Information summarizing parts II through IV of the ED 799 by funding series must be provided.

(c) The servicer must meet the conditions required by the U.S. Department of Education.

(d) As primary servicer, the servicer must combine ED 799 reports from other State servicers for one submission to the U.S. Department of Education for the State's lender I.D.

(e) The servicer will submit this report to the State on a quarterly basis within thirty (30) calendar days after the end of the quarter.

(f) If the reporting method is microfiche, two hard copies are required in addition to the microfiche.

FINANCIAL REPORT 9

PRIOR QUARTER INTEREST

(a) The purpose of this report is to provide the State separate interest billing figures for "current quarter" and "prior quarter." Federal regulations require that "prior quarter" interest adjustments as well as adjustments to "prior quarter" interest subsidy be explained on account level. This should be sorted by funding series and a summary by total portfolio.

(b) The servicer must submit this report to the State on a quarterly basis within five (5) days after end of the quarter.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 10

PRIOR QUARTER SPECIAL ALLOWANCE ADJUSTMENT

(a) The purpose of this report is to provide the State with amounts which must be adjusted on the Special Allowance Report. The amounts must be provided according to the quarter in which the actual special allowance adjustment should have occurred and are noted by their respective "quarter-end dates" within their respective interest rates. This should be sorted by funding series and a summary by total portfolio.

(b) The servicer must submit this report to the State on a quarterly basis within five (5) days after the end of the quarter.

(c) If the reporting method is microfiche, two hard copies are required.

FINANCIAL REPORT 11

STATISTICAL INFORMATION

(a) The purpose of this report is to provide the State with statistical information by loan program (1) on loans originated and (2) on Consolidation loans, including loan activity (applications keyed, approved loans), commitment activity (loans approved by guarantor, loans cancelled), and disbursement activity (first disbursements cancelled, first disbursements made).

(b) The servicer will submit this report to the State on a monthly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIALREPORT 12

MONITORING OF COMMITMENTS BY FUNDING SERIES

(a) The purpose of this report is to provide the State with total loans committed to a fund series but not yet completely disbursed to determine cash flow needs. The report is by funding series and should include the total principal amount of loans for which applications were entered, lender approved, guarantor approved disbursed/partially disbursed, loans disbursed for which check has cleared, and loans cancelled/partially cancelled.

(b) The servicer will submit this report to the State on a monthly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 13

SUBSEQUENT DISBURSEMENTS REPORT

(a) The purpose of this report is to provide the State with scheduled disbursement dates by funding series for determining cash flow needs. The report should include the disbursement date and the disbursement dollar amount.

(b) The servicer will submit this report to the State monthly unless requested by the State on a more frequent basis (weekly).

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 14

CURRENT LOAN SERVICING REPORT

(a) The purpose of this report is to provide the State with total number of loans, number of borrowers, and principal balance amounts by loan program, by funding series for use in statistical reporting.

(b) The servicer will submit this report to the State on a monthly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 15

STAFFORD OUTSTANDING LOAN STATISTICS

(a) A report that provides statistics regarding our outstanding Unsubsidized Federal Stafford Loan portfolio and the State's Subsidized Federal Stafford Loan portfolio. It should include the number of borrowers, number of loans and the principal amount of loans separately for both Unsubsidized and Subsidized Federal Stafford Loans.

(b) The servicer will submit this report to the State on a monthly basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 16

LENDER NOTIFICATION OF FUND TRANSFER

(a) A report that confirms funds transferred to the State. The report should identify the ACH transit routing number, account number, federal identification number, posting date, and should include principal amount applied, borrower interest amount applied, collection costs or late charges, and total amount transferred to the State summarized by funding series.

(b) The servicer will submit this report upon each transfer.

FINANCIAL REPORT 17

DEFAULT STATISTICAL INFORMATION

(a) A report that provides summary information about loan defaults. This report should include number and dollar value of claims filed, claim proceeds received, and number and total dollar value of claims rejected and should be sorted by funding series.

(b) The servicer will submit this report to the State on a semi-annual basis.

(c) If the reporting method is microfiche, hard copy is required.

FINANCIAL REPORT 18

PROJECTED LIFE CYCLE MATURITY REPORT

(a) The purpose of this report is to summarize the expected life cycle maturity of loans through the next statuses. The report should include the average number of months for the loans to mature through the next statuses (i.e. in-school, grace, and repayment), the number of borrowers, and the principal they owe for loans that will mature from a given status during a specified time frame. The report must be sorted by funding series.

(b) The report must be submitted quarterly.

FINANCIAL REPORT 19

PORTFOLIO PROJECTIONS BY SCHOOL TYPE

(a) The purpose of this report is to provide the State statistics of loan movement within the State's portfolio by type of school for long range financial projections.

(b) Detail data elements: school types - four-year public, four-year private, two-year public, two-year private and proprietary/vocational (as determined by federal regulations), number of loans and the principal and interest amount of loans by status - originated, purchased, repayment (borrower/consolidation payments applied where the loan continues to have an outstanding balance), paid-in-full (final payments applied which include refunds, cancellations, low balance write-offs, etc.), default (payments applied and default balance write-offs).

(c) Report Sections:

Detail - There will be three report sections; Number of Loans, Loan Amounts and a Net Change Summary. Each report section must show the breakdown of the number or amount for each status within school type within loan program.

Summary - Each status must include subtotals following the four-year public/private and two-year public/private school types, the total for all school types within each loan program and the total of all school types for all loan programs. The Net Change Summary section will show the prior months ending balances plus new originations and purchases minus the repayment, paid-in-full and default activity and the end of month net figures.

(d) The servicer will submit this report to the State on a monthly basis.

(e) If the reporting method is microfiche, hard copy is required.

SEPARATOR: (Company Name)
LENDER:
GUARANTOR: MGA
REPORT: PORTFOLIO PROJECTIONS BY SCHOOL TYPE
SECTION: NUMBER OF LOANS
FUND SERIES:

REPORT PERIOD:
MHESLA PAGE
RUN DATE:
Task 26

LOAN PROGRAM/SCHOOL TYPE	ORIGINATED	PURCHASED	REPAYMENT	PAID-IN-FULL	DEFAULTED
STAFFORD LOANS					
Four-year public					
Four-year private					
Subtotal for four-year					
Two-year public					
Two-year private					
Subtotal for two-year					
Proprietary					
TOTAL FOR STAFFORD LOANS					
SLS LOANS					
Four-year public					
Four-year private					
Subtotal for four-year					
Two-year public					
Two-year private					
Subtotal for two-year					
Proprietary					
TOTAL FOR SLS LOANS					
PLUS LOANS					
Four-year public					
Four-year private					
Subtotal for four-year					
Two-year public					
Two-year private					
Subtotal for two-year					
Proprietary					
TOTAL FOR PLUS LOANS					
TOTAL FOR EACH SCHOOL TYPE					
Four-year public					
Four-year private					
Subtotal for four-year					
Two-year public					
Two-year private					
Subtotal for two-year					
Proprietary					
TOTAL FOR ALL CONSOLIDATION LOANS					
TOTAL FOR ALL LOAN PROGRAMS					

A:PORTPROJ.PG1 (6/19/95)

SERVICER: (Company Name)
LENDER:
GUARANTOR: MGA
REPORT: PORTFOLIO PROJECTIONS BY SCHOOL TYPE
SECTION: LOAN AMOUNTS
FUND SERIES:

REPORT PERIOD:
MHESLA PAGE
RUN DATE:
Task 26

LOAN PROGRAM/SCHOOL TYPE	ORIGINATED		PURCHASED		REPAYMENT		PAID-IN-FULL		DEFAULTED	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
STAFFORD LOANS										
Four-year public										
Four-year private										
Subtotal for four-year										
Two-year public										
Two-year private										
Subtotal for two-year										
Proprietary										
TOTAL FOR STAFFORD LOANS										
SLS LOANS										
Four-year public										
Four-year private										
Subtotal for four-year										
Two-year public										
Two-year private										
Subtotal for two-year										
Proprietary										
TOTAL FOR SLS LOANS										
PLUS LOANS										
Four-year public										
Four-year private										
Subtotal for four-year										
Two-year public										
Two-year private										
Subtotal for two-year										
Proprietary										
TOTAL FOR PLUS LOANS										
TOTAL FOR EACH SCHOOL TYPE										
Four-year public										
Four-year private										
Subtotal for four-year										
Two-year public										
Two-year private										
Subtotal for two-year										
Proprietary										
TOTAL FOR ALL CONSOLIDATION LOANS										
TOTAL FOR ALL LOAN PROGRAMS										

A:PORTPROJ.PG2 (6/19/95)

SERVICER: (Company Name)
LENDER: MHESLA - 825585
GUARANTOR: MGA
REPORT: PORTFOLIO PROJECTIONS BY SCHOOL TYPE
SECTION: NET CHANGE SUMMARY
FUND SERIES:

REPORT PERIOD:
PAGE:
RUN DATE:

TOTAL FOR ALL LOAN PROGRAMS	NUMBER OF LOANS	PRINCIPAL	INTEREST	TOTAL AMOUNT
PRIOR MONTHS ENDING BALANCE:				
ORIGINATED:				
PURCHASED:				
REPAYMENT:				
PAID-IN-FULL:				
DEFAULTED:				
THIS MONTHS ENDING BALANCE:	_____	$ _____	$ _____	$ _____

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SCHOOL REPORT 1

FORECAST REPORT

(a) The purpose of this report is to provide a monthly report to schools reflecting future disbursement information. This report will allow schools to meet the compliance criteria with the Cash Management regulations. Further, schools will be able to cancel disbursements when the student is not eligible to receive loan funds thus reducing funds being returned and reissued.

(b) This report should meet the data criteria outlined in CommonLine Release 5 that specifically details the Forecast Report process and be CommonLine compliant.

(c) The servicer will submit this report on a request basis to schools.

(d) If the reporting method is microfiche, hard copy is required.

SCHOOL REPORT 2

REPAYMENT REPORT

(a) The purpose of this report is to provide the schools with a monthly report that reflects students that will enter repayment in the future (i.e., request report in January, and receive in January a list of students entering repayment in March). This report will reflect name, social security number, and repayment entry date.

Corresponding mailing labels with the student's name and address must accompany the report so that schools can send communication, if they so choose, outlining repayment options available to the borrower.

(b) This report will reflect borrower name, social security number, and future repayment history.

(c) The servicer will submit this report on a request basis to schools.

(d) If the reporting method is microfiche, hard copy is required.

TASK 27

AUDIT REQUIREMENTS

a. General

The servicer shall make portfolio information, borrower records, and servicer compliance information available for review by the State's auditors as well as federal regulatory agencies' auditors.

b. Borrower Records

The servicer must provide data tapes containing data on all loans in the State's portfolios through the State's fiscal year end to the State's financial auditors. This must be done within fifteen (15) days of the end of the State's fiscal year at no cost to the State. In addition, a written file layout of the tape including reference name, data description, beginning and ending relative positions, length in bytes, picture and type must be provided. Specific information needs as well as timeframes and written permission to release the information will be provided by the State.

c. Servicer Information

Copies of financial and compliance audits of the servicer shall be provided to the State with permission to release that information to the State's auditors or as required by regulatory agencies. In addition, information about the servicer's operations must be provided as requested to be used by the credit enhancers and rating agencies of the State's bond issues or other capital formation activities.

TASK 28

DECONVERSION TO ANOTHER SERVICER

a. General

If the State terminates this contract or in the event the successful bidder of this contract does not receive the contract for a subsequent period (i.e., after 9/30/2005), the servicer awarded this contract (hereafter referred to as the "incumbent servicer") is responsible for converting the State's records to another servicer (hereafter referred to as the "incoming servicer") as instructed by the State. The State reserves the right to choose from among its retained servicers, one or more servicers to service some or all of the State's portfolio.

b. Deconversion Plan

The incoming servicer and the incumbent servicer will jointly be responsible for the development of a complete plan for conversion of all data records, including systems data, hard copy records, unprocessed documentation and microfilm, microfiche, imaging records, etc., to the incoming servicer. This plan must be developed in conjunction with the State and must meet the conversion deadline as established by the State.

c. Incumbent Servicer Support

The incumbent servicer must provide sufficient personnel with appropriate expertise to accomplish the conversion in an orderly and timely fashion by the deadline set by the State. The incumbent servicer must also work closely with both the incoming servicer and the State to finalize outstanding issues/adjustments during the post-conversion period.

d. Data Base Records

The incumbent servicer must transfer all data base records for the State's loans contained on their system to the incoming servicer at the conclusion of the contract. This includes, but is not limited to, the borrower's personal data, account data, loan level data, history records, name cross reference data, etc. The incoming servicer and the incumbent servicer will work together to resolve all conversion/deconversion issues to the satisfaction of the State.

The incoming servicer will be required to accept the records in the layout of the State's incumbent servicer.

e. Hard Copy Documents

The incumbent servicer must ship the borrowers' file folders containing the original promissory note and other documents in social security number order to the incoming servicer. With each batch, the incumbent servicer must include a transmittal, listing by social security number, each folder included and the total number of folders in the batch. A copy of each transmittal must be mailed under

separate cover or faxed to the incoming servicer. The incoming servicer must confirm receipt of each batch and verify each folder listed on the transmittal is included. Exceptions must be noted on the transmittal and it must be signed by the incoming servicer confirming receipt. The incoming servicer must maintain a copy of each verified transmittal and forward the original transmittal to the State.

The incumbent servicer will be responsible for the borrowers' folders until their receipt by the incoming servicer. If any batches are not received by the incoming servicer, the incumbent servicer will be responsible for duplicating the folder contents and forwarding them to the incoming servicer. If the incumbent servicer cannot produce acceptable copies, the incumbent servicer will be held financially liable for the loans involved.

f. Records

The State must have access to microfilmed, microfiched, imaged documentation, etc. through the federally mandated retention period of five (5) years after the loan is paid-in-full or paid by default claim. The incumbent servicer has two options relative to the availability of these records to the State following the termination or expiration of the contract:

(1) Transfer to Incoming Servicer

The incumbent servicer can transfer a copy of the film, microfiche, imaged data, etc. to the incoming servicer. The incumbent servicer must provide sufficient instruction to allow the incoming servicer's retrieval of the documentation. The incoming servicer would be responsible for compatible equipment to allow retrieval from the incumbent's documentation.

(2) Provide Requested Documentation

If the incumbent servicer is unable to provide the film, microfiche, imaged data, etc., the incumbent servicer must provide copies of documents as requested by the State. The State's request cannot exceed the mandatory federal retention period for that loan. Any such requests must be responded to within seven (7) days of the State's request, and all costs associated with retrieving, duplicating and transmitting the documents must be included in the servicer's quoted price for deconversion to another servicer.

g. Deconversion Deadline

The incumbent servicer must convert its data base records and hard copy files to the incoming servicer by the date instructed by the State. A minimum of 90 calendar days will be provided for deconversion purposes.

h. Unprocessed Documents

(1) Received Prior to Contract Termination

It is expected that the incumbent servicer will have received documents/payments which are

unprocessed as of the conclusion of the contract. These documents/payments would have been received in the final days of the contract and sufficient time was not available to process the information.

Using a method which permits tracing, the incumbent servicer must transmit payments and either the original or a legible copy (for documents also used for other customers' loans) of the unprocessed documents, correspondence, guarantor reports, etc. to the incoming servicer within ten (10) days after the effective date of the contract termination.

(2) Received After Contract Termination

For a six-month period after the contract terminates, the incumbent servicer must transmit all incoming mail (correspondence, forms, payments, etc) to the incoming servicer at no cost to the State. This transmittal must occur within three (3) days of receipt.

Any incoming mail received by the incumbent servicer after the six-month period must be returned to the sender with a cover letter which instructs the borrower to contact the State, providing both the State's mailing address and telephone number.

i. Checks Originated by Incumbent Servicer

The incumbent servicer will be disbursing educational loans for the State through 9/30/2005. However, if the incumbent servicer is not awarded the subsequent contract, the incumbent servicer will be responsible for finalizing disbursement issues for disbursements which were originated by the incumbent servicer prior to the contract termination. For example, the incumbent servicer will process returned disbursement checks/EFT transmissions and school refunds received back from schools, will process stop payment requests on its checks, will be required to monitor checks issued for stale-date processing if the checks are not cashed within 120 days from date of issuance, resolve disbursement processing errors, etc.

Because the unit cost for origination processing includes the costs associated with the functions indicated above, the incumbent servicer must perform those services on the disbursements which the incumbent servicer issued at no additional charge to the State.

Should the situation exist after contract termination that the incumbent servicer's disbursement check needs to be reissued (e.g., stop payment placed on check written by incumbent servicer but check needs to be reissued), the incumbent servicer will notify the State. After review and approval, the State will authorize the incoming servicer to issue the replacement disbursement.

The State will provide the incumbent servicer with instructions regarding transfer of any funds received/returned to the State on a case-by-case basis.

In addition, the incumbent servicer must establish a mechanism with the incoming servicer to report weekly all adjustments attributed to these disbursement transactions. These reports must contain the necessary data for proper adjustment to the borrower's loan record. The weekly report must include all adjustments which occurred during that given week and include the supporting documentation.

Copies of these reports must be provided to the State at the State's option.

j. Proof of Delivered Loan Proceeds

The incumbent servicer has contained within its records the proof that the loan proceeds were delivered to the borrower. This is in the form of a copy of the paid check, master check or an EFT disbursement roster.

If, after termination of the contract, the State must have access to such proof, the State will request the documentation from the incumbent servicer. The incumbent servicer must transmit a copy of both sides of the paid check, master check or the EFT disbursement roster within fifteen (15) days of the State's request.

k. Denied Claims

(1) Claim Originally Submitted by Incumbent Servicer

If the guaranty agency denies a default claim which was filed by the incumbent servicer prior to the termination of the contract, the State will return the denied claim to the incumbent servicer for cure. The incumbent servicer will be responsible for cure processing and will be held financially liable, if appropriate, as described in Task 19.

The State will return to the incumbent servicer claims filed by the incumbent servicer which are returned by the guarantor for missing documentation. The incumbent servicer must process returned claims in accordance with Task 18. If the incumbent servicer fails to provide the required documentation which results in a financial loss to the State, the incumbent servicer will be financially liable to reimburse the State to the extent of its loss.

The incumbent servicer will provide the State with a weekly status report for each denied or returned claim described above.

Default claim packages recalled from the guarantor prior to the expiration of this contract by the incumbent servicer must be sent to the incoming servicer with the documentation supporting the recall within three (3) days of receipt by the incumbent servicer. The incumbent servicer will prepare a recalled claim transmittal form to accompany the claim packages forwarded to the incoming servicer and provide the State with a copy of the transmittal.

The incumbent servicer will not process default claim payments received after the termination of the contract but will forward the payment and the report to the State or to the incoming servicer, if so desired by the State.

(2) Servicing Error by Incumbent Servicer on Claim Submitted by Incoming Servicer

If the guaranty agency denies a default claim which was filed by the incoming servicer but the reason for denial is associated with servicing performed by the incumbent servicer, it will

be the option of the incumbent servicer to attempt to cure the violation or have the incoming servicer perform the cure process. Regardless of which servicer performs the cure process, the incumbent servicer will be held financially liable, if appropriate, as described in Task 19. If the incumbent servicer opts to perform the cure processing, the incumbent servicer will provide the State with a weekly status report for each denied claim.

The guarantor will return incomplete claims filed by the incoming servicer to the incoming servicer. If the documentation which is missing was received/held by the incumbent servicer, the incoming servicer will request the required documentation from the incumbent servicer who must provide it within seven (7) days. If the incumbent servicer fails to provide the required documentation which results in a financial loss to the State, the incumbent servicer will be financially liable to reimburse the State to the extent of its loss.

l. Costs for Deconversion to Another Servicer

The pricing sheet for this ITB contains a separate deconversion cost should the successful bidder not retain the State's contract after 9/30/2005 or should the State terminate or cancel the contract before 9/30/2005. Should the successful bidder of this ITB receive the subsequent contract, the costs for conversion to another servicer as quoted by the incumbent servicer and accepted by the State are null and void.

m. Liability

The incumbent servicer is responsible for all borrower data (forms, correspondence, computer history, etc.) concerning the borrowers and their loans that the incumbent servicer had been servicing on behalf of the State. If for any reason, the incumbent servicer is unable to provide borrower data and documents that are required, the incumbent servicer will be liable for any financial loss to the State as a result of the missing data.

TASK 29

PUBLIC AWARENESS

a. General

The intent of this task is to identify the servicer's responsibility for assisting the State in informing the public of the benefits of the State's programs. The scope of this task will include students, their families, postsecondary educational institutions, financial institutions, high schools, etc.

b. Informational/Application Materials

The servicer will create, produce/print, distribute and update informational materials such as brochures, flyers, handouts, posters, etc. to assist the State in informing individuals and institutions of program benefits and administrative procedures. Additionally, the servicer will provide these services for the State's application materials, fact sheets, forbearance forms, checkoff lists, etc. and any other materials required in the processing of FFELP applications. All such materials are subject to approval by the state prior to use by the servicer.

c. Training and Informational Sessions

The servicer will prepare and conduct, with the State's assistance and participation, if appropriate, training sessions regarding the servicer's computer system, internal forms, procedures, etc. as requested by the State. It is the State's option to require the training to be at our location.

d. Borrower Mailings

At the State's request, the servicer will produce and mail letters to current State borrowers or select groups of State borrowers. Such mailings could be for marketing, collection activity from the State, informational, etc.

e. Cost for Public Awareness

The State will reimburse the servicer for cost plus 5% up to $50 for services provided in relation to public awareness activities. However, the total annual cost may not exceed one tenth of a percent of the State's outstanding portfolio. Billings from the servicer must clearly identify the particular service provided. The State will instruct the servicer when their assistance is needed.

TASK 30

FRAUD AND ABUSE

a. General

This task covers the servicer's responsibilities for handling possible fraud and abuse cases.

b. Endorsement Issues

If a borrower claims that he/she did not endorse the check(s), the servicer shall immediately refer the borrower to the State. The servicer must provide the State with copies of any documentation that may be necessary to allow a proper analysis of the borrower's claim.

The State will be responsible for mailing any affidavits to the borrower and any referrals to the Michigan Attorney General's Office, if applicable.

c. Other Issues

The servicer will make contact with the State regarding any other claims of potential fraud and abuse as soon as discovered. The State will instruct the servicer based on the individual circumstances.

II-D. REPORTS

Reports

Specifics regarding the reporting requirements for the ITB are identified in the Tasks.

II-E PRICE PROPOSAL

All prices/rates quoted in bidder's response to this ITB will be firm for the duration of the Contract. No price changes will be permitted.

II-F CONTRACT PAYMENT

The specific payment schedule for any Contract(s) entered into as the result of this ITB will be mutually agreed upon by the State and the Contractor(s). The schedule must show payment amount and reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates, broken down by bond fund series. As a general policy, statements shall be forwarded to the designated representative by the 15th day of the following month.

Conversion

Changing service providers is a high-risk enterprise for the State. If the incoming servicer does not deliver excellent results for the conversion, the State is at significant risk of providing poor service to students, parents and schools. Therefore, business and data conversion activities must be performed with a high degree of quality and with timely results. The transition must be seamless to our customers and the conversion must be managed by the servicer to insure no interruption of service. Risks to the State include: delayed system implementation; the quality of data conversion negatively affecting the accuracy of borrower records; customer dissatisfaction resulting in use of a different FFELP lender for future loans and loss of funds due to borrower nonpayment on existing loans; and the inability to secure further bond financing to fund loans. Because of the risk associated with business and data conversions, the success of the conversion will be measured based on the comparison of FFELP volume for the first twelve months of operation under the servicing contract compared to the lowest volume for any of the three most recently completed fiscal years for both originations in the MDSLP and acquisitions in the SSM. If the State experiences a reduction in loan volume for this period that is not attributable to a change in federal or state statute or regulations, guarantor policy, State policy or an overall decline in the national FFELP market at a percentage consistent with the FFELP decline in volume, the incoming servicer will be charged liquidated damages for the loss of business in accordance with the following tiered structure:

Tier for Lost Volume Damages - Liquidated Damages Formula

3-10% Volume decline	5%	Multiplied by total first year servicing fees
11-20% Volume decline	10%	Multiplied by total first year servicing fees
>20% Volume decline	20%	Multiplied by total first year servicing fees

Operational Service Levels

Disincentives may be assessed due to the servicer's failure to meet the stated service levels as required in this section of the ITB at the discretion of the State. In addition, the servicer will be held liable for any penalties, forfeiture of loan guarantees, loss of loan principal and interest, loss of federal special allowance or interest benefits or any other monetary damages assessed against the State due to the servicer's violation of contracted service levels in accordance with all federal statute and regulations and guarantor requirements.

Any violation of the service levels listed in the ITB may result in a ten percent (10%) holdback of monthly billings until the specified service level is resumed and resolved. Repeated failure to maintain the stated service levels may result in the servicer's forfeiture of the holdback amounts, at the discretion of the State.

The manner by which the servicer will regularly report compliance with these service levels to the State is at the discretion of the servicer (unless specified in the ITB). However, the State reserves the right to on-site inspection of the servicer's operations, at the discretion of the State, to investigate reported problems or otherwise verify servicer compliance with stated service level requirements. The burden of proof is on the servicer for any violation claimed by the State.

SECTION II – MI-LOAN

WORK STATEMENT

II-A. BACKGROUND/PROBLEM STATEMENT

Act 222 of the Public Acts of 1975 created the Michigan Higher Education Student Loan Authority (MHESLA). Its purpose is threefold: (1) to provide loans to eligible students, (2) to provide loans to parents of eligible students, and (3) to acquire loans made to eligible students and parents of eligible students. The MHESLA is a Governor-appointed board that establishes policy and functions as the Board of Directors for the program. The MHESLA is a Division within the Bureau of MHEAA/MHESLA of the Michigan Department of Treasury.

The MHESLA administers the following three programs:

- Michigan Direct Student Loan Program (MDSLP)
- State Secondary Market of Michigan (SSM)
- Michigan Alternative Student Loan (MI-LOAN®) Program

The understatement for the Michigan Direct Student Loan Program and the State Secondary Market of Michigan preceded this work statement for the Michigan Alternative Student Loan (MI-LOAN®) Program.

General information regarding the MI-LOAN Program is provided below:

Michigan Alternative Student Loan (MI-LOAN®) Program

The MI-LOAN Program is offered by the State of Michigan for the exclusive use of students attending Michigan degree-granting colleges and universities. Students and their families can obtain a MI-LOAN to help them meet the cost of their postsecondary education.

The program is intended to provide assistance to those families who do not typically qualify for gift aid and the Subsidized Federal Stafford Loans, but who do not have sufficient cash reserves to meet the costs of a postsecondary education.

The program was specially authorized by Act No. 96 of the Public Acts of 1989 (a copy is provided as Appendix 6), and was implemented in October 1990.

The specific purpose of this ITB is to secure student loan servicing for the State's MI-LOAN Program. The State of Michigan has contracted for servicing of the MI-LOAN Program portfolio since its inception. The servicer chosen must process applications, disburse and service the loans in compliance with federal and state statutes and state regulations and policies. Funding for the MI-LOAN Program is made available through either tax-exempt or taxable financing.

The MHESLA's outstanding MI-LOAN portfolio as of September 30, 1999 was $39,435,423 and involved 6,801 borrowers. The September 1999 monthly report, reflecting program activity, is provided as Appendix 1. Fiscal year figures are fiscal year-to-date. The State's fiscal year is October through September.

II-B. OBJECTIVES

General

The objective of this ITB is to contract with a loan servicer(s) to service the MHESLA's MI-LOAN portfolio in accordance with Federal and State statute and State regulations and policies and the terms specified under Section II-C of this ITB.

The State is interested in having multiple servicers service the MI-LOAN portfolio. The primary servicer will inherit the outstanding MI-LOAN portfolio as of the effective date of the contract. The secondary servicer(s) will be allowed to compete against the primary servicer for new business/accounts. The State will allow borrowers to determine which of the servicers will service their loans. The State will also try to maintain the same servicer for the students by combining their loans when they are being serviced by more than one of the servicers. In this situation, the borrower's loans will be combined with the servicer most recently chosen by the borrower unless the borrower specifies differently.

Servicer(s) refers to both primary and secondary servicer(s) unless otherwise stated.

Specific

Specific objectives are:

1. The servicer will provide comprehensive hardware, software, data processing and operational support for all functions of the MI-LOAN Program from application distribution to payment in full.

2. The servicer must provide MHESLA access to and printing from the servicer's system in a dedicated, on-line environment.

3. All hardware and software needed by MHESLA for access to and printing from the servicer's system will be the responsibility of the servicer.

4. The servicer must provide sufficient toll-free telephone lines to be used by the borrowers.

5. The servicer must safeguard in a secure environment all hard copy documents, including the original promissory note. All promissory notes are and shall remain at all times property of the State. The servicer shall at all times hold all promissory notes in trust for the benefit of the State, subject to the servicer's obligations with respect to the promissory notes as set forth in the other provisions of this contract.

6. The servicer must maintain loan data necessary for proper billing and application of funds, for the completion of reports, and for preparation of MHESLA's financial statements and reports.

7. The servicer must maintain an accounting of funding series at loan level and properly apply any payments accordingly.

8. The servicer must comply with appropriate Federal and State statutory and State regulatory and procedural requirements in all MI-LOAN servicing including origination, disbursement and repayment of the loans. This includes correction of prior servicing errors at the time of discovery.

9. The servicer's failure to comply with State requirements which results in a financial loss to the State will be the financial responsibility of the servicer and may constitute grounds for termination of the contract.

10. If the servicer's failure to meet processing and reporting deadlines as established within this ITB results in a financial loss to the State, it will be the financial responsibility of the servicer to reimburse the State for any such loss. In addition, the servicer's failure to meet processing or reporting deadlines for a 60-day period can result in financial penalties to the servicer and/or termination of this contract.

    Any loss to the State due to the current servicer's failure to perform any requirement under this contract, federal and state statute, or MI-LOAN Program Administrative Rules will be the liability of the current servicer. This includes, but is not limited to, correction of prior servicer or other party errors upon discovery.

II-C. TASKS

The following is a preliminary analysis of the major tasks involved in the servicing of the MI-LOAN Program portfolio. The contractor is not, however, constrained from supplementing these tasks with additional steps, subtasks or elements deemed necessary to permit the development of alternative approaches or the application of proprietary analytical techniques.

TASK 1

MULTIPLE SERVICERS

a. General

The State may contract with more than one servicer to accommodate MI-LOAN servicing needs. In the event of multiple servicers, additional requirements will be necessary for each servicer.

b. Hardware and Software

The primary and secondary servicers will work with the State and/or the State's designee to determine the hardware that satisfies the constraints of working with multiple servicers. It is the State's intent to have a single platform to service the user interface for each of the servicers.

The servicers must work with the State and/or the State's designee to help design the necessary software interface to allow the State to easily switch between servicers' applications from each terminal/personal computer. The requirement to sign off one servicer's system and sign on to another's is not acceptable. It will be the responsibility of the primary servicer to provide the State with any necessary joint hardware. Software and discrete hardware by servicer will be the responsibility of the appropriate servicer. The primary servicer will be responsible to provide maintenance and trouble-shooting expertise to the State in response to any systems hardware and/or software problems that arise.

c. Consolidated Reporting

The State reserves the right to have the primary servicer produce consolidated financial, operational or statistical reports across all of the servicers. The secondary servicers will be required to provide the primary servicer the necessary information to produce those reports on paper, disk, tape or another method mutually agreed upon. In the event the State does require consolidated reporting, the reporting requirements identified in Task 24 will apply to these reports as well. The State will work with the servicers to determine transmission media for each such report. If this service is desired by the State, a contract change will be made.

d. Computerized Directory of Borrowers

The primary servicer must maintain a computerized directory of all borrowers serviced by each of the State's servicers, primary and secondary. This directory must include at least the following information: borrower name, social security number, loan identifier, and servicer for each loan. The State reserves the right to add to the required directory information as necessary. This information must be accessible on-line by State personnel by name and social security number. Updates to this system must occur at least weekly by both the primary and secondary servicers. The servicers must work with each other and the State to determine the appropriate method of updating the directory. The primary servicer may bill the state for programming required to create and populate the directory.

e. Combining Borrower Accounts

On a monthly basis, the primary servicer will generate a report listing those borrowers that have loans serviced by multiple servicers. See Task 24 for general reporting requirements. The primary servicer will send a copy of this report to the State. The State will instruct the servicers in regard to the loan transfers needed to merge the borrower's loans with a single servicer. Typically, the most recent activity will determine to which servicer the loans will be transferred. The servicers involved must work together to ensure the conversion of the loan(s) takes place within 30 days of the State's instructions. Once the loan transfer is completed, the centralized borrower directory must be updated to reflect the proper servicer.

All materials (forms, correspondence, payments, etc.) received by the prior servicer pertaining to the loan(s) converted must be forwarded to the appropriate servicer within a mutually agreed upon time frame. The prior servicer must work with the servicer that is now servicing the loan(s) in all situations that require action by both servicers, such as stop payment requests, return checks, stale date processing, etc.

The prior servicer must basically comply with the provisions in Task 25 (Deconversion to Another Servicer) and may bill the State at the deconversion rate identified in Year 5 of the pricing sheets.

The new servicer, to whom the loans are being transferred, must confirm the presence of required loan documents and must convert the loans to the servicer's system. The documents to be reviewed are the application/promissory note, and proof of disbursement. The servicer may bill the State at the conversion rate identified in the pricing sheets for the applicable year.

TASK 2

HARDWARE AND SOFTWARE

a. General

The servicer must service the MI-LOAN portfolio in accordance with applicable federal and state laws, regulations and state policy throughout the duration of the contract. During the term of the contract, the servicer is responsible for interfacing the State with the servicer's computer system that will be used to service the MI-LOAN portfolio. All hardware, software and other materials necessary to accomplish this, as well as any installation and maintenance required, are the responsibility of the servicer.

The servicer's system must be adaptable to required changes attributed to Federal statute or State statutory, regulatory or procedural changes. Any systems modifications required as a result of the mandatory changes must be made, tested and in place by the effective date of the change.

The servicer shall provide the State with an outline of their servicing procedures, as they relate to the MI-LOAN portfolio.

b. Hardware and Software to be Used by the State

The servicer must provide the State with the necessary hardware, software, and other materials needed to interface the State with the servicer's system. The servicer is responsible for installation and maintenance of all materials needed for the interface. A one-time fee for the cost of the materials, installation, and maintenance may be identified by the servicer on the first year's pricing sheet.

The servicer shall provide the State with a dedicated data circuit for purposes of on-line inquiry and on-line update. The State's access for either inquiry or update must be on-line in real-time. If agreed to by the State, dial-up access may be permitted in situations of low usage. If a dial-up system is permitted by the State, it must allow the State the same capabilities as on-line access.

At the State's request, the servicer must provide a printer(s) to the State, compatible with the servicer's system, that will allow the State to print materials from their system. Any servicer-provided printer(s) must be acceptable to the State. The servicer may identify a one-time fee that will be charged to the State at the time the printer is provided. This is reflected in the pricing sheet.

All hardware provided to the State must be installed and in service by the date of conversion by the servicer. The servicer must provide trouble shooting help via telephone during the servicer's normal operational hours within eight (8) hours and/or maintenance service to the State within 24 hours of the State's request for assistance.

c. On-line Access

The servicer will provide on-line access to the database for inquiries and updating, if this option is available, by the State. Information access must be available by the social security number, borrower name, and cosigner name. History inquiries will have filters (payments only, forbearance periods only, etc.) available to assist in viewing, as determined by the State.

Some of the items for which on-line update capabilities would be beneficial to both the State and the servicer are identified below:

1. Borrower address and telephone number.
2. Reference names, addresses and telephone numbers.
3. Cosigner address and telephone number, if applicable.
4. History notations (both free form and automated).

With regard to inquiries into the system, the State requires access to those data elements the State considers critical. The servicer will determine the format for display purposes. The required statuses and data elements are provided in Appendix 4.

d. System Up-Time and Response Time

The servicer's on-line system will meet, at a minimum, the following standards:

(1) The system must be available 95% or more of the total time, as determined by a weekly average of five days, between the hours of 7:30 a.m. and 5:00 p.m. (EST) on weekdays (excluding State of Michigan holidays).

(2) The access and response time must be maintained 90% of the time in a range between one (1) and five (5) seconds from the time the enter key or its equivalent is depressed until the requested information appears on the screen.

e. Servicer-Initiated Modifications and Enhancements

The servicer is free to modify or enhance its system without prior notification to the State, unless the change affects the servicer's manner of doing business with the State's borrowers or affects the remote-access information provided to the State. In these situations, the State must be notified prior to implementation of the change and be provided a full understanding of the change. Because the servicer is responsible for compliance to Federal and State laws, regulations and policies, the servicer will be financially liable should such modifications fail to comply with said requirements.

f. Backup and Recovery

The servicer must develop, document and perform daily data file backup procedures for data entry and transaction files, master files, as well as systems and application software libraries. Secure, off-site backups are mandatory for data entry, transaction, master and application software files.

Demonstrated ability to restore all files is required. Backup copies of system documentation, user manuals, and system operations manuals must also be stored offsite.

Documentation of the above must be available to the State upon request.

g. Security

The servicer must secure both its system and its facilities to protect the State's records. This includes access to all computer and record facilities so that only authorized persons are permitted entry into the facilities and controls that prevent the unauthorized access, entry or deletion of data into and from the database. The State reserves the right to require the servicer's modification of its authorization levels if it is deemed appropriate. The servicer must be able to identify the person who entered each change made to the borrower's record.

h. Record Retention of Account Data

After an account has been cancelled, denied, or paid-in-full the servicer must be able to provide a complete history of the account including account detail data (on-line and hard copy) for the record retention period required by the State.

i. Disaster Plan

The servicer must have a fully documented data center disaster recovery plan in place that identifies backup resources and/or facilities that can continue to service the State's portfolio in the event of a disaster. Backup processing/facilities must be operational within 48 hours of the loss of the main processing facilities.

The servicer's processing facilities must also be protected from fire, power loss, flood, earthquake, vandalism, sabotage, and other physical or electrical damage to the extent possible with current data center construction and physical security techniques.

Documentation of, and the demonstrated ability to meet, the disaster recovery plan must be made available upon request by the State.

TASK 3

SOFTWARE MAINTENANCE AND ENHANCEMENT

a. General

This task covers the software maintenance and enhancements performed by the servicer over the duration of the contract.

b. State Requested Changes

If the State requests the servicer to perform software maintenance and enhancements, the State will be responsible for payment of same, unless those enhancements are deemed necessary by the State in order to meet contract requirements or Federal or State statutory, regulatory or procedural changes.

The procedure to be followed is described below:

(1) The State will identify the requested changes.

(2) Within 30 days of the State's request, the servicer will provide an estimate of the costs to the State and the timetable for implementation. The servicer will absorb the cost of preparing such an estimate.

(3) If acceptable, the State will approve the requested change(s) in writing and instruct the servicer to proceed.

(4) If not acceptable, the State will discuss the servicer's estimate to determine what alterations may be made that would allow approval by the State.

c. Payment of State Requested Changes

On the pricing sheet, the servicer will provide a fixed hourly rate for such services. This hourly rate must include all costs associated with the changes as requested by the State.

After written approval by the State and the servicer's completion of the project, the servicer will bill the State for the entire amount of the project via its regular monthly invoice. However, the invoice must clearly relate the charge to the State's authorization and cannot exceed the estimate as previously identified by the servicer and as approved by the State.

TASK 4

GENERAL SYSTEMS AND OPERATIONAL REQUIREMENTS

a. General

The intent of this task is to identify overall systems and operational requirements. Reference to days refers to business days unless specified otherwise. Time frame requirements must be adhered to. The State does recognize there will be individual borrower instances when adherence to a particular time frame will not be possible. However, the State will only tolerate this on an exception basis.

b. Compliance

The servicer's system and operation must comply with Federal and State statutory, regulatory and procedural requirements.

c. Program Reviews and Audits

The servicer must cooperate fully with respect to program reviews and audits conducted on the State's portfolio. The review/audit may be performed at the servicer's site or offsite. The servicer must provide the reviewers/auditors with access to the servicer's system, either through on-line inquiry or paper copies of screens, whichever method is preferred by the reviewer/auditor. The servicer must provide all loan data and documentation requested by the reviewers/auditors including the borrower's physical file. The servicer cannot charge the State for its internal costs associated with a program review or audit such as staff time, audit tapes, computer usage, copies made, etc. However, the servicer may charge the State for external audit fees for auditor costs.

d. History

The servicer's system must record **ALL** activity and interaction, whether financial or non-financial, automated or manual, regarding a borrower's loan/account via a history system. This includes, but is not limited to, written correspondence to and from the borrower, oral conversations with the borrower, school, parents, etc., application approval/disapproval, the reason(s) for the disapproval, repayment due diligence, receipt of forbearance forms, approved forbearance periods, rejected forbearances and the reason(s) for the rejection and specific collection promises or reasons why payments were not made.

History entries must be made within one (1) day of the activity or interaction, be complete and easily interpreted and identify loans affected. The use of automated or canned messages is acceptable; however, the servicer's system must also allow free form messages by either the servicer or the State. To ensure the integrity of the State's accounts, the servicer's system must not allow history entries for the State's borrowers to be revised or deleted. All necessary changes must be done through an additional history entry that identifies and corrects the error. All history data must be transferred to the State or transferred to a subsequent servicer per the State's instructions at the termination of the contract.

e. Bond Fund Series Identification

Loans are financed through multiple funding series identified by a three to five digit alpha/numeric code (13A, 14A, 17A, OOF, OOV, 17B&C). The servicer's system must be able to accommodate existing codes and new codes as necessary. Bond fund series identification is necessary for accounting purposes and is a required sort for many reports. The codes apply to each individual loan and must be visible on the system for the State's use.

Bond fund codes will be provided to the servicer along with instructions as to their use. Generally, they are entered in the system's loan record at the time of application entry. However, they may be assigned to a particular loan or group of loans when a fund series refinancing takes place or through some other manner.

f. Audit Trail

It is imperative that the servicer's history system provide a complete and accurate audit trail of all transactions affecting the loan data records. The transaction history/audit trail must be maintained in chronological order and by account and/or loan, as appropriate. At a minimum, the servicer's system must identify the user identification code, the date the transaction was processed, the document receipt date (effective date), if appropriate, and "change from" and "change to" information for each transaction. This information is necessary to promote the integrity of the database and to facilitate efforts to analyze and audit accounts.

Audit trail data must be returned to the State or transferred to a subsequent servicer per the State's instruction at the end of the contract.

g. Status Codes

The servicer must utilize a series of status codes, viewable to the State, that identify the status of the loan, such as repayment, forbearance, bankruptcy, death, disability, delinquency and default. When appropriate, the servicer will update the status code on the loan as part of the activity performed. The loan status codes currently used are listed in Appendix 4.

h. Telephone Contacts

The servicer must provide sufficient toll-free telephone lines to ensure at least a monthly average of 95% of the incoming calls received daily from 8:00 a.m. to 5:00 p.m. (EST/EDT) are answered without obstruction or delay. Upon request by the State, the servicer must provide statistical data regarding the toll-free lines such as incoming calls attempted that did not get through because all lines were being used, callers that did get through but were put on hold and hung up prior to receiving assistance and the average length of time callers remain on hold prior to being assisted. If the servicer uses an automated voice response system, the system must always allow the caller access to a servicer employee in case they need to talk directly to a person and it must be able to accommodate callers from rotary dial telephones.

The servicer's staff, whether responding to incoming calls or placing outgoing calls, must be sufficiently trained and have access to the data files necessary to resolve complex issues and questions so that a majority of the time, a second call will not be needed. Telephone inquiries that cannot be satisfactorily handled during the call must be researched and a return call made within the same day, if possible, but no later than the next day. If contact cannot be made within that time frame, the servicer must prepare a written reply within five (5) days of receipt of the call.

If the servicer receives calls that are within the control and responsibility of the State, the servicer must immediately refer the caller to the State. The State will provide the servicer guidance with respect to the type of calls that are within the State's responsibility.

i. Written Correspondence and Document Processing

The servicer must train and maintain sufficient staff to handle issues, problems and questions of a complex nature within the time frames required by the State.

Written correspondence and documents (e.g. forbearance forms) received must be responded to by the servicer within ten (10) days of receipt. A copy of the materials received and the servicer's response, if applicable, must be maintained.

Borrower requests for forms must be processed within five (5) days of the request.

If the servicer receives written correspondence or documentation that is within the control and responsibility of the State, the servicer must refer the materials to the State within five (5) days of receipt.

j. Borrower Mailings

The servicer must mail required notices and disclosures to borrowers within five (5) days of the transaction/activity.

k. Response to the State

If the State requests information from the servicer, the servicer must respond within three (3) days. This includes, but is not limited to, verbal responses as well as copies of account materials and documents or the borrower's file.

l. Legislative/News Media Contacts

The servicer must use all reasonable efforts to notify the State within 24 hours after receipt of verbal or written inquiries received from a United States Congressman, State Legislator or their staff members related to services under this contract. Prior to responding to such an inquiry, the servicer must make the State aware of the inquiry and obtain the State's approval of the proposed response. The response must then be provided within one (1) day of the State's clearance.

The servicer must immediately refer any verbal or written inquiries received from the news media related to services under this contract to the State.

m. Hard Copy Document Retention

The servicer must retain the original application, addendum, if appropriate, and promissory note in a secure, fire resistant environment. These documents must be maintained as long as required by Federal or State statute, regulations or policy. Prior to the destruction of these documents, the servicer must secure the State's written approval.

At the State's request, the servicer must be able to provide either the original or an acceptable copy of all other documents or correspondence related to a borrower's account.

n. Copying of Materials

The servicer must copy all incoming and outgoing materials and the borrower's file contents by microfilm, microfiche, imaging or other format acceptable to the State. The servicer must retrieve and make available legible copies as requested by the State.

o. Facsimile and E-Mail Capabilities

The servicer must have facsimile and e-mail capabilities to enable the State and MI-LOAN participants to contact the servicer and to send to or receive documents from the servicer. Costs for facsimile transmittals or e-mails generated by the servicer will be the responsibility of the servicer.

p. Social Security Number Changes

If the borrower reports a correction to their social security number, the servicer must first obtain a copy of the borrower's social security card for verification of the correct number. The servicer must process social security number changes monthly without loss of account history. The servicer will enter an item in the borrower's account history that states the correction was done and identify the incorrect number. In addition, the servicer will notify the State of the change.

q. Name Changes

The servicer will update the demographic file to reflect all last name changes for the borrower and record the documenting source and prior name in the account history file.

r. Good and Bad Address Flag

The servicer must have a method to identify for the State if the borrower's address on the servicer's system is good or bad. In addition, the servicer's system must trigger mailings addressed to the borrower in care of the cosigner, if applicable, if the borrower's address is flagged as a bad address.

s. Forms and Materials

The servicer shall be responsible for the cost, printing, and distribution of the following forms and materials:

(1) Any computer generated notifications.
(2) All other forms needed that are not provided by the State.

Any revisions needed in the forms or brochures provided by the servicer as a result of State changes are the financial responsibility of the servicer.

The composition and format of all forms, letters and materials must be coordinated with, and approved by, the State prior to use or dissemination. The servicer must at all times maintain an adequate supply of forms and materials.

t. Overnight Delivery of Mail

If the State requests the servicer to mail materials for overnight delivery, the State will absorb the costs of such mailing. Contact the State for instructions regarding the mailing. The State will provide instructions regarding billing.

u. Court Ordered Documentation

The servicer must provide originals, if required, or copies of any documentation that is mandated as a result of a court order. The servicer may charge the State for such copies, not to exceed $.25 per sheet. The State will provide instructions regarding billing.

v. Expert Witness and Testimony

The servicer, if necessary, must provide experts to serve as witnesses and provide testimony on behalf of the State. Such services will be provided at the request of the State and may require the servicer's appearance in court, at hearings or at any other circumstances deemed as necessary by the State. Any costs incurred by the servicer will be reimbursed by the State.

w. Training

The servicer is responsible, at no additional charge to the State, to thoroughly train the State in the use of its systems and an understanding of the servicer's operational procedures. Upon request, the servicer must provide the State with copies of its operational procedures. If deemed necessary by the State, training must be provided at the State's location. The servicer is liable for any such training in the event of modifications and enhancements to its existing system. Such training must be provided prior to the implementation of the modifications/enhancements. If the State desires training for subsequent modifications/enhancements to be at the State's location, the servicer will be reimbursed for travel and training costs. The State will provide instructions regarding billing.

x. Enhancements

The State is interested in enhancements that will facilitate the State's ability to use and interact with the servicer's system. Such enhancements could include, but are not limited to, the ability to access and print imaged file materials/documents through the State's terminals on site.

y. Portfolio Analysis

Periodically, the State will need to review its portfolio for various analyses. Upon request, the servicer must provide a master file record on magnetic tape or other medium identified by the State. File layout information including reference name, data description, beginning and ending relative positions, length in bytes, picture and type must be provided. The servicer may bill the State for these tapes at the price identified in the pricing sheets.

z. State Records Held by a Third Party

Certain account materials for some of the State's borrowers are maintained by Image Express Inc., a records storage company located in St. Paul, Minnesota. These materials correspond to servicing that was provided prior to January , 1998, by previous servicers that went out of business. It is the responsibility of the servicer to interact with Image Express to obtain documents as needed to properly service borrower's accounts. Costs assessed by Image Express for the MI-LOAN portfolio may be passed on to the State through the monthly billing.

If account materials are needed for activities that occurred prior to January, 1998, and they are not among the servicer's file materials, Image Express is a source that may be contacted regarding the missing materials. However, as there is a cost incurred when requesting materials from Image Express, it is expected that when time frames allow, the servicer will first contact other sources before contacting Image Express. These contacts would include the State, school, guarantor and, if the loans were purchased through the State Secondary Market, the prior lender. In addition, it is expected that the servicer will service loans in a timely manner which will allow sufficient time for contacting other sources prior to contacting Image Express.

The servicer must provide the State with a list identifying contacts made with Image Express. The list must include information such as the borrower's name, SSN, date of request, materials requested, date of receipt, account/loan number. This information is necessary for the State to reconcile costs charged by Image Express and to inform the State when a particular item has been requested. The request and receipt of the document or its unavailability must be noted in the servicing history.

TASK 5

CONVERSION TO SERVICER

a. General

This task is relevant if the current servicer for the MI-LOAN portfolio is not the subsequent servicer determined through this ITB. In that situation, it will be necessary for the two servicers to work together in the transfer of the MI-LOAN portfolio from the current servicer's computer system to the new servicer's system.

b. Current Servicer

The State's educational loan portfolio is currently serviced by UNIPAC located in St Paul, Minnesota, Denver, Colorado and Lincoln, Nebraska.

The servicer that is awarded this contract can expect to use database files of the existing loan data base (in the State's existing servicer's format) to convert the existing system's data to the file structure required by the servicer's system.

c. Conversion Deadline

The servicer that is awarded this contract must be ready to begin working on the conversion by October 1, 2000.

d. Work Plan

Within 30 days of contract signing, the servicer must submit a comprehensive conversion work plan for approval by the State that would permit full conversion and operation within 90 days.

Being operational specifically means the servicer's ability to process all activities included in and required by this contract. The planning, scheduling, testing, evaluating and implementing of the takeover in conversion must have been completed by that date.

e. General Requirements

The servicer will be responsible for and must provide all resources required for conversion planning and implementation activities, including, but not limited to:

(1) Overall takeover/conversion project planning and management.

(2) Conducting an on-site analysis of UNIPAC, if necessary, to identify and/or document takeover activities and requirements.

(3) Defining specifications, coding, testing, implementation, and verification of all file and data conversion programs.

(4) Implementing the system, including required hardware, software, modems and circuit lines, etc.

(5) Providing documentation of procedures and on-site training of State staff for the understanding and utilization of the servicer's system, to be made available and performed within 7 days of the data conversion.

(6) Sending an introductory letter to all borrowers, within ten (10) days of conversion, that includes the servicer's address and toll-free telephone number and an account statement. This letter must be approved by the State. For borrowers with loans already in repayment, the servicer must also immediately provide a coupon book/billing statement and payment instructions.

f. Testing

The servicer must develop and implement a comprehensive systems test of the conversion to confirm that the servicer's system is operating correctly and accurately to the specifications defined within this ITB. Final acceptance testing, including evidence of correctness of all systems transactions, reports and overall system balancing, must be performed to the satisfaction of the State prior to implementation. The State must accept the testing results as complete and acceptable in writing before implementation can proceed.

g. Progress Reports

Progress reports must be prepared by the servicer and submitted every two weeks to the State identifying the status of the conversion including any problems encountered, the next steps and other information necessary for the success of the conversion.

h. State Involvement

The servicer must work closely with the State in the development and implementation of the conversion of its data files from UNIPAC. This is necessary so that the State agrees with and understands interpretations made for the conversion.

i. Conversion Completion

The servicer will be required to verify receipt of the existing database from the current servicer with appropriate control totals and to provide a report to the State of the converted database. The State will evaluate the sample conversion, determine the acceptability of the control totals and approve the loading of the database and files into the servicer's system.

j. Hardcopy Documents

The servicer is responsible for the safekeeping of the original legal notes signed by the borrowers. Conversion, therefore, will be required of not only the database file but also borrowers' folders which contain the original, signed promissory note and other loan documents.

Within 90 calendar days of the completed conversion of the database, the new servicer must have completed an audit of the borrowers' notes to the converted database. A written report of exceptions must be provided to the State within seven (7) days following that period. The new servicer will be financially liable for any loans for which the original, signed promissory note cannot be subsequently located if the loan was not listed as an exception to the State following the servicer's audit.

k. Notification

The incoming servicer will notify all current borrowers and eligible schools that there has been a change in the servicer for MHESLA's student loan portfolio. The notifications will include a letter from the incoming servicer introducing their company as the new servicer and a letter on MHESLA's letterhead that confirms the change in servicer. In addition, the incoming servicer must provide informational materials to the schools that is directed at current and future applicants explaining the change in servicer and MHESLA's role in the student loan process. The letters and all informational materials must include information on how the borrower or school can contact the incoming servicer. These materials must be approved by MHESLA before use. For all letters sent to borrowers, an entry must be made in the borrower's account history that identifies the letters and when they were sent. The notifications must be completed within 60 days after the incoming servicer is in receipt of the electronic database of all MHESLA's borrowers.

l. Costs for Conversion

The bidder's loan servicing unit price must include up-front conversion costs. The new servicer cannot bill unit servicing costs until the conversion is completed.

TASK 6

ORIGINATION

a. General

This task identifies MI-LOAN origination requirements that are the responsibility of the servicer. Origination includes providing information and application materials to perspective borrowers through approval/disapproval and disbursement, if appropriate.

b. Processing Manual

Appendix 5 is a copy of the Processing Manual, which provides a thorough description of the MI-LOAN process until the point at which the loan is disbursed.

The servicer is responsible for the information, functions, and responsibilities contained in this manual. The manual may be revised during the period of this contract as the MI-LOAN Program evolves. The servicer must adhere to all future changes to the manual.

c. Application Requests

The servicer must provide applicants with all necessary MI-LOAN application materials in response to requests. Application materials are also available from eligible MI-LOAN schools.

d. MI-LOAN Supplies

The servicer is responsible for maintaining a supply of applications and related MI-LOAN materials. All MI-LOAN materials must be approved by the State prior to dissemination to the public.

e. Application Entry

The servicer must have a computer system on which to enter applications. The system must allow entry, and review of, all data elements required; and must disclose the status of the application as it progresses through the entry/approval/disapproval/disbursement process. In addition, a three to five-digit alphanumeric field, viewable by the State, must be available for the designated fund series code.

f. Tracking of Applications

The servicer's system must be able to track the status of the applications following initial entry. A list of the currently required status codes can be found in Appendix 4.

The servicer's system must update the status of the application each time an activity occurs.

g. Cosigners

Most MI-LOANs have a cosigner(s). The servicer's system must be capable of cross-referencing cosigners and borrowers. This process must identify the loans and borrowers that the cosigners are associated with. MI-LOAN borrowers are not required to maintain the same cosigners on additional MI-LOANs. If, on subsequent loans, the applicant can meet the creditworthy standards on their own, a cosigner(s) would not be required.

h. Application Review

The servicer is responsible for reviewing loan applications for accuracy and completeness, and to ensure that all required forms/documentation have been provided. A complete application must include the MI-LOAN Application and Promissory Note and Credit Evaluation Information sheet and the required income documentation. If an application is deficient in any way, it is the servicer's responsibility to obtain any additional information or documentation and/or make needed corrections before proceeding with processing. Chapters V through VIII in the Processing Manual (Appendix 5) provide more information regarding application review.

A complete review includes assessment of the information provided on the application materials and the applicant's ability to meet the credit standards.

i. Credit Standards

The MI-LOAN Program is a credit based student loan program. Currently, there is only one set of credit standards, which require an applicant to have a good established credit history. However, a second set of credit standards is being developed, and will be based on an applicant being "credit ready" versus already having an established credit history. Credit ready standards will be restricted to applicants attending specific postsecondary institutions that meet certain criteria, such as a low cohort default rate in the Federal Family Education Loan Program, high placement rates for graduates and high graduation rates for its students.

The servicer is responsible for securing a credit report on the applicant or cosigner(s), as appropriate, and reviewing it to determine whether the required credit standards have been met. The credit report must be housed in the loan folder. The current "Creditworthy Standards and Requirements" are included in the Processing Manual.

j. Disapproval

If incomplete/illegible information has been provided or the applicant fails to meet MI-LOAN eligibility requirements, the servicer must disapprove the loan and send a disapproval letter to the applicant and, if appropriate, to the cosigner(s). In the case of multiple disapproval reasons, the system and the disapproval letter must reflect **ALL** of the disapproval reasons. The servicer must copy by microfilm, microfiche, imaging, or other format acceptable to the State, the borrower's disapproved loan file contents. After a mutually agreed upon time frame, the servicer may then destroy the original file.

The applicant has the right to appeal the disapproval action within 60 days of the date on the disapproval letter. If the applicant does appeal within 60 days and after assessment of the appeal, the applicant meets all MI-LOAN eligibility requirements, the servicer will proceed with approval. Appeals received after the 60-day period will not be considered.

k. Approval

The servicer must determine if the applicant meets all MI-LOAN eligibility requirements and, if so, approve the application. Approval notification must be provided to the applicant, the school, and, if appropriate, the cosigner(s).

l. Loan Amount

The loan amount for an approved loan is generally the amount of eligibility as certified by the school (costs less financial aid), the amount requested by the applicant, or (if approved under appeal) the creditworthy amount as determined in accordance with the State's "Creditworthy Standards and Requirements", whichever is less. In determining the loan amount the servicer must also verify an applicant's eligibility regarding annual and aggregate loan amounts.

m. Disbursement

The servicer will disburse the funds with the following requirements:

- The reserve fee, as established by the Authority, will be deducted from the loan proceeds.
- The funds will be disbursed by a check payable to the student borrower.
- The check will be mailed to the student borrower's billing (home) address.

In the future, disbursement requirements may change, perhaps to allow disbursement directly to the school, funds payable to both the student borrower and school, or disbursement by electronic funds transfer. The servicer must accommodate disbursement process changes as requested by the State.

n. Check Stock

It is the servicer's responsibility to design and present the proposed check and check stub to the State for approval. After the State's approval, it will be the servicer's responsibility to maintain a sufficient supply.

(1) Check Information

In addition to traditional check information, the face of the check must contain the State's name (Michigan Higher Education Student Loan Authority) as the lender of the loan, the social security number of the borrower, and the name and address of the servicer.

(2) Check Stub Information

The check stub must include the State's name (Michigan Higher Education Student Loan Authority) as the lender of the loan, the name and social security number of the borrower, the total loan amount, the reserve fee, the net check amount, the three to five-digit alpha-numeric fund series code, and the name and address of the servicer.

o. Prior Loan Delinquency Review

Prior to disbursement, the servicer must check to see if the borrower and cosigner(s), if appropriate, have prior MI-LOANs that are delinquent. The servicer must hold disbursement for those borrowers who do have delinquent loans. The borrower must be notified of the disbursement hold status and of the reason for the hold. Upon resolution of the delinquent status, the servicer may proceed with the disbursement process. If the delinquent status is not resolved within 45 days, the loan is to be cancelled. The borrower notification must include the reason for cancellation. The State must approve the content of both of these notifications.

p. Timeliness of Disbursement

The servicer cannot disburse loans more than 30 days prior to the loan period beginning date. Once the loan has been approved, the servicer must disburse the loan in the next scheduled disbursement cycle after taking into consideration the 30-day restriction.

q. Frequency of Disbursement

The State currently requires loans to be disbursed twice a week. However, the State reserves the right to require daily disbursement.

r. Loan Maintenance

The servicer must record disbursement of the loan on the system by performing the necessary loan maintenance. The update must include a loan status code that identifies the loan was disbursed, the disbursement date, total disbursement amount, reserve fee amount, net disbursement amount, and the check number. If future disbursements are by electronic funds transfer, the account must identify this.

s. Disclosure

The MI-LOAN Program must conform to the federal Truth In Lending Act. It is the servicer's responsibility to complete a loan disclosure that conforms to requirements of the Truth in Lending Act. The servicer must send the disclosure to the borrower at either his/her permanent or billing address, as determined by the State, and, if appropriate, a copy to the cosigner(s). A hardcopy of the disclosure must be maintained in the borrower's loan file.

t. Returned Checks

It is the servicer's responsibility to receive and void returned checks, and to reissue the check(s), if appropriate. If the check is reissued, the servicer must make the necessary adjustments to the loan record to reflect the new data. The servicer must record the reissuance in the loan history.

u. Stop Payments

It is the servicer's responsibility to issue stop payments as requested or necessary. After confirmation that the stop payment is in effect, the servicer will reissue the check, if appropriate. If the check is reissued, the servicer must make the necessary adjustments to the loan record to reflect the new data. The servicer must record the reissuance in the loan history.

v. Reissued Checks

The servicer must reissue checks within ten (10) days of the determination that the check is to be reissued. The servicer must make the necessary adjustments to the loan record to reflect the new data and record the reissuance in the loan history.

w. Costs for "Origination"

The unit cost per application for "Origination" includes providing applications to prospective applicants, approval/disapproval processing, appeal processing, disbursement and associated processing.

x. Copying of Materials

The servicer is required to copy the loan documents and related materials by microfilm, microfiche, imaging or other format acceptable to the State prior to placing them in a secured area for safekeeping.

y. MI-LOAN Application Referral Program

The State will be developing a MI-LOAN Application Referral Program through which Michigan financial institutions will act as outlets for MI-LOAN Program applications and materials. Applications distributed in this manner must be coded to identify the financial institution through which they were provided. In turn, the servicer must be able to track these applications and provide the State with a report identifying the financial institutions corresponding to the applications. The financial institutions involved will be paid a nominal fee for their assistance and the report will provide the information needed for the State to do this.

The servicer must be able to support this initiative when the State is ready to proceed with implementation.

z. Origination Screens

The format of the origination screens is the servicer's option. However, the State requires the screens to include the data elements considered by the state to be critical to the program. A list of those elements is included as Appendix 4. The State reserves the right to add data elements to this list as needed. The servicer may bill the State for development of new data elements at the programming fee specified in the pricing schedule.

aa. Liability

If the servicer improperly disburses the State's loans, which results in a loss to the State, the servicer is financially liable to reimburse the State to the extent of its loss.

TASK 7

LOAN SERVICING: CANCELLATIONS

a. General

The servicer is responsible for canceling borrower's loans when appropriate.

b. Return Checks

A MI-LOAN may be cancelled if the uncashed loan check is returned to the State or the servicer within 30 days of the date the check was issued. The reserve fee and accrued interest will be forgiven. However, if the uncashed check is returned more than 30 days after issuance, it will be treated as a payment on the loan, resulting in the borrower's liability for payment of the reserve fee and accrued interest.

c. Cancellation Status

The servicer's system must contain a status code to identify loans that have been cancelled. See Appendix 4 for a list of currently required status codes.

d. Account Maintenance

The servicer must enter a comment in the loan history identifying the reason for cancellation, update the loan to cancellation status and perform any other necessary loan maintenance. Cancellation of the loan must occur within ten (10) days of receipt of the cancellation notification.

e. File Processing

The servicer will copy by microfilm, microfiche, imaging, or other format acceptable to the State, the cancelled file contents. After a mutually agreed upon time frame, the servicer may destroy the original file.

f. Note Processing

The servicer must notify the borrower of the cancellation.

TASK 8

LOAN SERVICING: LOAN ADJUSTMENTS

a. General

Adjustments refer to modifications made to the loan data after approval of the loan. Adjustments include increases or decreases in the loan amount, changes to the loan period, changes to the cost or financial aid amounts, etc. The servicer is responsible for making adjustments to loans in accordance with State policy.

b. Loan Amount

The State allows the original amount of a MI-LOAN to be adjusted prior to check issuance or upon return of the uncashed MI-LOAN disbursement check. The original loan amount plus or minus the adjustment amount must still conform to program requirements. The maximum loan amount per academic year shall not exceed the amount of financial need as certified by the school (cost minus financial aid), the borrower's requested loan amount, or (if approved under appeal) the creditworthy amount as determined in accordance with the State's "Creditworthy Standards and Requirements", whichever is lower. The total of all of the borrower's loans combined may not exceed the maximum aggregate amount for the MI-LOAN Program. The current MI-LOAN Program aggregate amount is $125,000. This amount may change during the period of this contract.

c. Processing

The servicer will update the loan record as necessary upon receipt of the adjustment request and supporting documentation, if required. An entry must be made in the loan history identifying the adjustment and the date it was effective. If the adjustment is to the loan amount, the loan history must identify the original loan amount and the adjustment.

TASK 9

LOAN SERVICING: LOAN TERMS

a. General

This task identifies the terms of the loans.

b. Interest Rate

Interest rates will be assigned by the State and may be fixed or variable. If variable, the servicer is responsible for notifying the borrower when the interest rate changes and making all system adjustments necessary to accommodate the revised rate. Currently, the MI-LOAN variable interest rate changes yearly. However, the State reserves the right to alter this schedule.

The servicer must record the interest rate change for each variable rate loan in the servicing history. The history comment must identify both the old and new interest rates.

c. Interest Accrual

Interest begins to accrue as of the date of disbursement.

d. Monthly Payments

Monthly payments are required for MI-LOANS. At this time, quarterly payments are not an option. However, this may change by mutual consent of both parties.

e. First Payment Date

The first payment must be scheduled in compliance with State rules.

f. Minimum Payment Amount

The minimum monthly payment amount is $50 per borrower, but may be higher based on the borrower's total amount of outstanding MI-LOANs or lower if the borrower has been approved for interest forbearance. However, when multiple loans are combined for billing, the payment amount for each individual loan may be lower than $50.

g. Repayment Length

The loan must be paid in full within the maximum repayment term authorized by the State and identified in the promissory note. Currently, the MI-LOAN Program has 15- and 25-year maximum repayment terms, depending on the promissory note. The maximum repayment term includes any authorized periods of forbearance.

h. Graduated Payments

The servicer must be able to offer multi-level graduated payments to borrowers to facilitate repayment of the loans. However, the graduated payment schedule must comply with the maximum repayment term.

i. Forbearance

The MI-LOAN Program allows for a maximum of five (5) years of forbearance to assist borrowers who are having difficulty making their monthly payments. Depending on the promissory note, forbearance may be of either principal or principal and interest amounts and is approved in increments of up to 12 consecutive months. All forbearance months are included in the maximum repayment term. Refer to Task 12.

TASK 10

LOAN SERVICING: BILLING BORROWER

a. General

The servicer is responsible for billing the borrower for repayment of their loan(s).

b. Monthly Billing Statement

The State elects to utilize a monthly billing statement to bill its borrowers. The servicer must bill the borrower for all loans in one billing statement. For convenience in remitting the payment, the servicer must provide a pre-addressed return envelope or a return address label with each statement.

The State reserves the right to elect to use other billing methods at some point in the future.

c. Method of Payment

The State allows borrowers to make their payments by check/money order and through an electronic debit process where their payment is automatically withdrawn from their bank account. The State may choose to allow borrowers to make their payments through other methods such as by credit card. The servicer must be able to accommodate the methods of payment currently used by the State's borrowers and other methods as requested by the State.

d. Amount of Payment

The minimum payment amount per borrower is $50. As additional loans for a borrower are added to the system, the payment amount due on each loan may be reduced to the lowest amount possible which will still repay the loan within the maximum repayment period allowed for that loan. The reduced payment amount for each loan is based on the outstanding loan principal to the total outstanding loan principal of all loans combined.

e. Timing of Billing

The first billing statement must be sent to the borrower approximately 30 days prior to the first scheduled payment. Subsequently, the monthly billing statement must be sent no later than 14 days before the next payment is due.

TASK 11

LOAN SERVICING: APPLICATION OF PAYMENTS

a. General

The servicer must record and apply all payments received to the borrower's loans. Those payments that are received by the State will be forwarded to the servicer for application to the borrower's loans.

b. Payments Received

Each business day, all payments and accompanying materials are to be microfilmed or imaged. The payments must be deposited on the date of their receipt.

c. Payment Review/Borrower Notification

The servicer must either (1) review the payment document to determine if it contains any qualifying language that would restrict the State's enforcement of the promissory note and applicable Federal law and regulations or (2) in accordance with federal statute, notify the borrower where communications concerning disputed debts are to be sent. If a notification regarding disputed debts is not provided to the borrower, payment documents containing qualifying language must not be accepted and must be returned to the payee with a cover letter explaining the reason for return.

The servicer is responsible for reviewing any correspondence received with the payment for directions from the payee as to the application of the payment and/or for questions the payee may have included with the payment.

d. Date of Payments

The servicer must apply the payments effective with the date of receipt. Payments must be applied to the loan record within five (5) days of the servicer's receipt of the payment.

e. Application of Borrower Payments

(1) Payment Application

Payments are to be applied first to accrued interest, then to the principal balance. If the payment equals the scheduled payment amount, the servicer will advance the next payment due date by one month. If the payment does not equal the scheduled payment amount, refer to paragraph "f".

(2) Multiple Loans

Payments must be proportionately applied to the outstanding loans contained within the account unless specified otherwise by the payee.

(3) Funding Source

Payments must be deposited in the appropriate bond fund accounts based on the proportionate amount applied to the loan(s).

f. Partial Payments

In the case of partial payments (less than the scheduled payment amount), the servicer will not advance the next payment date except as authorized by the State. When additional payment is received from the borrower which, when added to the partial payment, equals a scheduled payment amount, the servicer will advance the next payment date.

g. Payments Received by the State

The servicer will devise and make available a transmittal form, which the State will use, in transmitting payments received by the State. The transmittal form must allow for individual loan identification, the type of payment (regular payment, forbearance payment) and the date the payment was received by the State. All payments received by the State are to be processed with an effective date as of the date that the State received the payment. The servicer must post payments received from the State to the borrower's loan within five (5) days of receipt of the State's transmittal.

Payments received by the State, but made payable to the servicer, will be forwarded to the servicer for processing.

h. Late Charges

The State currently does not assess a late charge if the borrower is late in making payments. However, the State reserves the right to implement late charges through the duration of this contract. If the State should take such action, the State will notify the servicer 90 calendar days prior to implementation.

i. Nonsufficient Funds Check (NSF)

If a check is returned as NSF, within 24 hours of receipt of the returned check, the servicer must resubmit the check for payment. The payment need not be reversed off of the account at that time. If the check is accepted for payment after the second submission, there is no further processing required by the servicer. If the check is refused the second time, the servicer reverse the payment off of the account and resume due diligence as though the payment had not been received. This maintenance must occur within three (3) days of the servicer's receipt of the second refusal. The servicer must return the refused check to the borrower and request replacement of the payment.

j. Overpayments

If the account is overpaid, the servicer will wait 30 days from the date that the last payment is received (to make sure that the check clears the bank), and will then return the overpayment to the borrower. The refund check must be mailed as soon as possible, but no longer than 60 days from the date that the last payment was received. The servicer must complete paid-in-full processing within five (5) days from the date that the refund is mailed. The Servicer is financially liable for any refunds that they make in error. In the future, the State may, at their discretion, assume processing of these refunds.

k. Remaining Balance

The servicer must write off the balance remaining on an account thirty (30) days after the final billing statement has been sent if the balance is equal to or less than an amount as determined by the State. Once the write off is completed, the servicer will proceed with paid-in-full processing. The State must be notified of each account that is written off.

l. Default Payments

The servicer must apply payments that are received for defaulted loans. This includes payments received by the servicer directly from the borrower and those transferred to the servicer from the State. However, the due date (delinquent date) must not be changed when the payments are applied. The due date on a defaulted loan is frozen as of the point of default and may not be changed. Payments received by the servicer directly from borrowers must be reported to the State.

Loans may be not removed from default status unless specifically authorized by the State.

TASK 12

LOAN SERVICING: FORBEARANCE

a. General

Forbearance is available as a temporary measure for borrowers unable to make their regularly scheduled payments. It allows all or part of the monthly payment to be forborne.

b. Forbearance Type

There are two types of forbearance; forbearance of "principal only" or of "principal and interest." Only those loans disbursed on or after July 5, 1999 qualify for forbearance of principal and interest, while all loans qualify for forbearance of principal only. A "principal only" forbearance allows the borrower to pay only the amount of accrued interest each month. However, a principal and interest forbearance does not require the borrower to make payments during the forbearance period. The interest that accrues will be added to the principal balance (capitalized) at the end of the forbearance.

c. Repayment Tool

It is the right of either the borrower or cosigner to request forbearance. Justification for the request is not required. The servicer will promote use of forbearance to help cure a delinquent account.

d. Status Code

The servicer must have separate status codes to identify loans in each type of forbearance. It will be necessary for certain accounting reports to separate report data by type of forbearance. (See Appendix 4 for a list of currently required status codes.)

e. Forbearance Length

The servicer cannot approve forbearance for more than 12-month segments. Periods of less than 12 months can be approved if requested by the borrower or cosigner.

f. Requests for Forbearance

To receive forbearance, the borrower or cosigner must provide a written request asking for forbearance that identifies which type of forbearance they are requesting (principal only or principal and interest). The written forbearance request does not need to be specific as to the period covered or the amount of interest affected. If the request does not identify which type of forbearance is being requested, the servicer must obtain confirmation from the borrower/cosigner of the type of forbearance, unless the loan only qualifies for one type of forbearance. This confirmation may be in writing, over the telephone, by email or by fax. The confirmation information must be recorded in the loan history file at the time it is received.

g. Processing

Upon receipt of a forbearance request, the servicer must process the request and, if approved, notify the borrower and update the borrower's loan record. The servicer should construe each forbearance request as a request for a 12-month period, unless specified otherwise by the requesting party. If the loan is delinquent, the forbearance must begin with the first day of delinquency. The forbearance type and the beginning and ending dates of the forbearance period must be entered in the loan history on the date that the maintenance occurs.

For a principal only forbearance on a delinquent loan, the servicer may reapply the prior payment which had been applied to principal and interest to the new forbearance period, thus, assisting the borrower in meeting the interest payment requirement for the newly processed forbearance.

h. Forbearance Accumulator

Each loan is allowed a maximum of 60 months of forbearance (both types combined). The servicer's system must include a forbearance accumulator field, viewable by the State, that identifies the total number of forbearance months approved for each loan. It is the servicer's responsibility to ensure that no loan receives more than 60 months of forbearance.

i. Denial

The servicer cannot honor a forbearance request if the loan is 120 days delinquent, without prior approval from the State, or if the loan has already received 60 months of forbearance. If a forbearance request is denied, the servicer must notify the requesting party of the reason for denial. An entry must be made in the loan history of the denied forbearance request and the servicer's denial notification.

j. Documentation

The servicer must maintain a copy of the written forbearance request and, if appropriate, written confirmation of forbearance type, in hardcopy, microfilm, microfiche, imaging, or other format acceptable to the State.

TASK 13

LOAN SERVICING: DUE DILIGENCE

a. General

Due diligence must be performed on all loans which become delinquent in repayment. It is the servicer's responsibility to perform the required due diligence as directed. Adjustments to the due diligence schedule may be made with the State's authorization.

b. Due Diligence Requirements

The servicer must perform due diligence according to the following schedule.

Days Delinquent	Contact Type	Recipient
15	Written Notice	Borrower and Cosigner(s)
25	Telephone Call	Borrower
30	Written Notice	Borrower and Cosigner(s)
45	Telephone Call	Borrower
45	"Urgent" Notice	Cosigner(s)
60	"Urgent" Notice	Borrower
60	Telephone Call	Cosigner(s)
75	Telephone Call	Borrower and Cosigner(s)
90	Default "Warning"	Borrower and Cosigner(s)
110	Telephone Call	Borrower and Cosigner(s)

In regard to telephone calls, the following applies to each required contact.

(1) The servicer must allow the telephone to ring a minimum of six (6) times before determining that the call is a "No Answer".

(2) If the servicer is unable to reach the borrower or cosigner(s), if applicable, on the first attempt, the servicer must make two additional attempts at different times of the day on different days to satisfy that telephone call contact requirement.

The servicer will have complied with the above due diligence if the required telephone calls are made, and the required delinquent notices are sent, within seven (7) days of the noted days delinquent.

The State will develop all written notices for use by the servicer.

c. Due Diligence During Bankruptcy

The servicer is responsible for continuing due diligence on a MI-LOAN to the extent possible in compliance with applicable bankruptcy laws. Currently, bankruptcy statute requires that contact with all parties to a loan be discontinued for a Chapter 13 bankruptcy. However, for other bankruptcies, if the bankruptcy does not include all of the parties to the MI-LOAN, limited due diligence is still possible. For example, if the borrower files bankruptcy but the cosigner(s) is not included in the bankruptcy, the servicer must discontinue all due diligence on the borrower but must continue due diligence on the cosigner(s). Correspondingly, if the cosigner(s) files bankruptcy but the borrower is not included, due diligence must continue on the borrower but not on the cosigner(s).

d. Service History Comments

The account history must reflect all due diligence contacts, both notices and calls. In addition, the history comments must be in words and result in a message that is clear, complete and easily understood by the State. Codes that must be converted to be understood are not acceptable.

TASK 14

LOAN SERVICING: SKIP TRACING

a. General

The servicer is responsible for skip tracing in the event the borrower's/cosigner's mail is returned as undeliverable or they are aware the telephone number is not accurate.

b. Requirements

Within five (5) days of the servicer's receipt of information indicating the borrower's and/or cosigner(s) address or telephone number is not accurate, the servicer shall diligently attempt to locate the borrower and/or cosigner(s) or an accurate telephone number.

c. Skip Tracing Techniques

The servicer is to use normal, commercial skip tracing techniques including checking available FFELP databases. These techniques include, but are not limited to, contacting every reference listed on each of the borrower's loan applications (including applications for loans that are not delinquent), relatives, the school, and any other individuals and entities identified in the borrower's loan file.

In addition, the servicer must make inquiry into credit bureau records to determine the most current address or telephone number on record.

d. Skip Tracing is Unsuccessful

If the servicer is unable to locate the borrower and/or cosigner(s) or secure an accurate telephone number, the servicer must request skip tracing assistance from the State. The State will work with the servicer to devise a method whereby the servicer will notify the State if the skip tracing is unsuccessful within ten (10) days of the servicer's commencement of skip tracing activities.

e. Skip Tracing is Successful

When the servicer locates the borrower and/or cosigner(s) or secures an accurate telephone number, the servicer must appropriately update the borrower's account with the correct address and telephone number(s).

TASK 15

LOAN SERVICING: DEFAULT

a. General

Default on a MI-LOAN will occur if the loan becomes 120 days delinquent. It is the servicer's responsibility to monitor loan delinquency and process the loan as a default if it becomes 120 days delinquent.

b. Status Code

The servicer's system must contain status codes viewable by the State that identify loans in default. (See Appendix 4 for a list of currently required status codes.) The servicer must be able to identify the type of default (delinquency or bankruptcy) and whether the loan has been transferred to the Michigan Department of Treasury Collections. The bankruptcy status codes must identify the type of bankruptcy that was filed (Chapter 7, Chapter 13, etc.).

c. Default Processing

If a loan reaches 120 days delinquent, the servicer's system must automatically update the status of the loan to default status and update the loan history that the default occurred and the date of the default.

The servicer must retain the defaulted loan on the system for statistical and reporting purposes, and to apply payments and accrue interest. Refer to Task 11 for payment application. Task 24 identifies the default reporting requirements.

d. File Processing

The State may instruct the servicer to transmit the loan folder to the State. The servicer is responsible for maintaining a copy of the file in its entirety.

e. State Review

The State will review loans at default to confirm the servicer complied with the due diligence requirements contained in Task 13.

If there is loss to the State and this loss arises out of the servicer's failure to comply with the MI-LOAN servicing requirements, the servicer must reimburse the State to the extent of the State's loss. The servicer must provide such reimbursement within 60 days of the State's request.

TASK 16

LOAN SERVICING: CREDIT BUREAU REPORTS

a. Membership Costs

The servicer is responsible for the acquisition and cost for membership in one or more of the national credit bureaus, which is required to meet the servicing requirements of the State's portfolio. The State must approve the selection of the credit bureau(s) that the servicer plans to utilize in reporting the State's portfolio.

b. Monthly Reporting to Credit Bureau(s)

On a monthly basis, the servicer will report loan information for all borrowers and cosigners to at least one (1) national credit bureau in the manner designated by the credit bureau.

The initial report must be made in the next reporting cycle after disbursement of the loan. Monthly updates on the loan will be required until the loan is no longer outstanding. The final report to the credit bureau will reflect the reason for the zero balance due (death, disability, paid in full, paid in full default, etc.).

Negative, past due reporting will be reflected once the loan reaches 60 days delinquent. Prior to 60 days delinquent, the loan will be reported as current. In the case of bankruptcy, credit bureau reports must reflect the type of bankruptcy, if required, and the appropriate status of both the borrower and the cosigner(s).

The servicer must include costs associated with the monthly credit bureau reports in the unit price.

c. Disputes

The servicer will be responsible for handling credit bureau disputes filed by borrowers as a result of the servicer's reporting of the State's loans to the credit bureau(s). The servicer must respond to such disputes within five (5) days of the servicer's receipt of the dispute notice.

d. Corrections

If, as a result of either a dispute investigation or direct contact by the borrower or cosigner, it is determined that an incorrect report was submitted to the credit bureau(s), the servicer must submit a correction within three (3) days of the servicer's confirmation that a correction is in order.

e. Due Diligence

The State performs additional due diligence as a supplement to that performed by the servicer. To do this, there are times when updated demographic information is needed. To assist the State, the servicer will obtain a credit bureau report on borrowers and/or cosigner(s) identified by the State.

Once obtained, the credit bureau report must be faxed to the State.

f. Credit Verification Inquiries

Borrowers seeking additional credit may authorize the State to release verification of credit status to the potential creditor. Most credit inquiries request the borrower's beginning balance and date that the account was opened, current balance, monthly payment amount, next payment amount, terms, any past due amount and a rating. It is the servicer's responsibility to respond to authorized credit inquiries and provide the data requested on behalf of the State.

TASK 17

LOAN SERVICING: BANKRUPTCY

a. General

The servicer is responsible for notifying the State immediately upon receipt of bankruptcy notification.

b. Status Code

The servicer's system must contain status codes viewable to the State that identify loans in bankruptcy (See Appendix 4 for a list of currently required status codes), and which also identify the type of bankruptcy that was filed (Chapter 7, Chapter 13, etc.).

c. Account Maintenance

The servicer must update the loan record to the appropriate bankruptcy status, and record in the loan history the date that the bankruptcy papers were received, the date the bankruptcy was filed, and the date the papers were faxed or overnight expressed to the State.

The servicer must retain loans that are in a bankruptcy status on the system.

d. Processing of Bankruptcy Documents

Upon receipt of a notification that a borrower and/or cosigner(s) have filed bankruptcy, and receipt of further bankruptcy documents, the servicer must immediately FAX and overnight express the original bankruptcy notice to the State. Prior to doing this, a copy of the bankruptcy notice must be placed in the borrower's folder.

e. Due Diligence

The servicer must immediately cease collection activity on the party to the loan that is named in the bankruptcy documents. As cited in Task 13, the servicer is responsible for performing due diligence, if appropriate, on parties to the MI-LOAN that were not included in the bankruptcy.

f. State Instructions

The State will instruct the servicer relative to further actions on the loan(s). In addition, the State will handle the bankruptcy notice and follow through with the courts on any loan for which it is necessary.

TASK 18

LOAN SERVICING: PERMANENTLY AND TOTALLY DISABLED

a. General

For borrowers who become permanently and totally disabled, the MI-LOAN Program will cancel the outstanding loan balance. The servicer is responsible for processing borrower requests for loan cancellation for this reason.

b. Loan Status

The servicer must have a status code viewable to the State that identifies loans cancelled due to permanent and total disability (See Appendix 4 for a lit of currently required status codes.).

c. Notification

Upon receipt of information that a borrower is permanently and totally disabled, the servicer will refer the correspondence/caller to the State. If documentation was received, the servicer will copy the materials by microfilm or imaging prior to forwarding the materials to the State.

d. State Review

The State will review the disability documentation and notify the servicer if the borrower's loan(s) are to be cancelled due to permanent and total disability.

e. Processing

Upon instructions from the State, the servicer will update the borrower's loan(s) to disability cancellation status, enter a history comment that the loan(s) was cancelled due to permanent and total disability and the date of the cancellation.

Payments received after the date the State determines the borrower to be permanently and totally disabled must be returned to the sender. Those payments may have been received from someone other than the borrower. In order for the servicer to determine the party to which the funds must be returned, the original payment document must be pulled and provided to the State.

The servicer must retain loans cancelled due to a permanent and total disabled status on the system for future reporting purposes.

f. File Processing

The servicer will copy by microfilm, microfiche, imaging, or other format acceptable to the State, the borrower’s loan file contents. After a mutually agreed upon time frame, the servicer may then destroy the original file.

TASK 19

LOAN SERVICING: DEATH

a. General

The MI-LOAN Program allows for loan cancellation in the event of the borrower's death. The servicer is responsible for processing requests for loan cancellation for this reason.

Cancellation is not available due to the death of the cosigner(s).

b. Account Status

The servicer must have a loan status code viewable to the State that identifies loans cancelled due to death. (See Appendix 4 for a list of currently required status codes.)

c. Notification

The determination of death may be made on the basis of a death certificate or other proof acceptable to the State. If documentation other than a death certificate is received, the servicer must receive the State's authorization for its use.

d. Processing

Upon receipt of the borrower's death certificate, or confirmation from the State regarding the acceptability of other documentation, the servicer must immediately cease collection on the borrower's loan(s). The servicer will update the borrower's loan(s) to death cancellation status, enter a history comment that the loan(s) was cancelled due to the borrower's death and the date of the cancellation.

Payments received from the estate or paid on the borrower's behalf after the date of the borrower's death must be returned to the sender. Those payments may have been received from someone other than the borrower. In order for the servicer to determine the party to which the funds must be returned, the original payment document must be pulled and provided to the State.

The servicer must retain any loans cancelled due to death of the borrower on the system for future reporting purposes.

e. File Processing

The servicer will copy by microfilm, microfiche, imaging, or other format acceptable to the State, the borrower's loan file contents. After a mutually agreed upon time frame, the servicer may then destroy the original file.

f. Note Processing

The servicer will notify the cosigner(s) of the loan cancellation, if there is a cosigner(s) on the loan.

TASK 20

LOAN SERVICING: PAID-IN-FULL PROCESSING

a. General

The servicer will perform paid-in-full processing when the borrower's payment or payment~~s~~ made on behalf of the borrower results in the loan being paid-in-full.

b. Status Code

The servicer's system must have a status code to identify loans that are paid-in-full (See Appendix 4 for a list of currently required status codes). The data fields pertaining to the paid in full loan(s) are not to be changed, except to update the current principal balance field when processing a refund, write-off or write-up, or if the final payment must be reversed due to non-sufficient funds. The interest rate field must reflect the interest rate at the time that the loan status changed to paid in full.

c. Processing Time

The servicer must hold any paid-in-full action for 30 calendar days to insure that the check is accepted for payment. After the 30-day period has expired, the servicer must process the account as a paid-in-full within 15 days.

d. Note Processing

Two options exist:

(1) The servicer will mark the original promissory note(s) as "Paid" and return it to the borrower. A copy of the promissory note(s) marked "Paid" must be retained in the borrower's file.

OR

(2) The servicer will inform the borrower that the "paid" note is available upon request when notifying the borrower of the paid-in-full status.

The State must approve the written notices used by the servicer.

e. File Processing

The servicer will copy by microfilm, microfiche, imaging, or other format acceptable to the State, the paid-in-full file contents. After a mutually agreed upon time frame, the servicer may then destroy the original file.

f. Liability

If the servicer returns the promissory note(s) to the borrower in error for a loan(s) which is still outstanding, the servicer must reimburse the State within 60 calendar days the amount of the outstanding balance of the loan on which the error occurred, inasmuch as the State no longer has a valid promissory note.

TASK 21

AUDIT REQUIREMENTS

a. General

The servicer shall make portfolio information, borrower records, and servicer compliance information available for review by the State's auditors.

b. Borrower Records

The servicer must provide data tapes of all borrowers' records on file to the State's financial auditors as of the end of the State's fiscal year or other period as requested by the State. In addition, a written file layout of the tape including reference name, data description, beginning and ending relative positions, length in bytes, picture and type must be provided. Specific information needs, as well as timeframes and written permission to release the information, will be provided by the State.

c. Servicer Information

Copies of financial and compliance audits of the servicer shall be provided to the State with permission to release that information to the State's auditors. In addition, information about the servicer's operations must be provided as requested, to be used by the credit enhancers and rating agencies of the State's bond issues or other capital formation activities.

TASK 22

PUBLIC AWARENESS

a. General

The intent of this task is to identify the servicer's responsibility for assisting the State in informing the public of the benefits of the State's programs. The scope of this task will include students, their families, postsecondary educational institutions, financial institutions, high schools, etc.

b. Informational/Application Materials

The servicer will create, produce/print, distribute, and update informational materials such as brochures, flyers, handouts, posters, etc. to assist the State in informing individuals and institutions of program benefits and administrative procedures. Additionally, the servicer will provide these services for the State's application materials, fact sheets, forbearance forms, checkoff lists, etc. and any other materials required in the processing of MI-LOANS. Prior to use by the servicer, the servicer must receive the State's written approval of materials developed by the servicer.

c. Training and Informational Sessions

The servicer will prepare and conduct, with the State's assistance and participation, if appropriate, training sessions regarding the servicer's computer system, internal forms, procedures, etc. as requested by the State. It is the State's option to require the training to be at the State's location.

d. Borrower Mailings

At the State's request, the servicer will produce and mail letters to State borrowers or select groups of State borrowers. Such mailings could be for informational purposes, marketing, collection activity from the State, etc.

e. Cost for Public Awareness

The State will reimburse the servicer for the cost of the service provided in relation to public awareness activities, plus 5%, up to $50. However, the total annual cost for public awareness may not exceed 1% of the State's outstanding portfolio. Billings from the servicer must clearly identify the particular service provided and the charge for that service. The State will instruct the servicer when their assistance is needed.

TASK 23

FRAUD AND ABUSE

a. General

This task covers the servicer's responsibilities regarding possible fraud and abuse cases.

b. Signature/Endorsement Issues

If a borrower claims that he/she did not sign the application or endorse the check(s), the servicer must refer the borrower to the State. Upon request by the State, the servicer must provide the State with the borrower's file folder. If the borrower also has federal student loans with the State that are serviced by the servicer, the State may request materials from those loans as well. Originals of all materials are required if available. If originals are not available, clear copies are needed. The State currently uses the services of the Michigan State Police to analyze the borrower's claim and they have requested we provide original materials. The servicer must copy all materials forwarded as the servicer is responsible for maintaining the borrower files for all loans serviced for the State.

The State will be responsible for mailing affidavits to the borrower and referrals to the Michigan State Police.

c. Other Issues

The servicer will make contact with the State regarding any other claims of potential fraud and abuse. The State will instruct the servicer based on the individual circumstances.

TASK 24

FINANCIAL AND REPORT REQUIREMENTS

a. General

The servicer must provide the State with reports that will be used to account for its loan portfolio and to publish an annual report, which is required by the Michigan legislature, at the close of each fiscal year (10/01 through 09/30). Statistical information required for inclusion in the annual report must be made available to the State no later than 30 calendar days following the expiration of the fiscal year. The servicer must prepare reports and reconciliations of all transactions affecting the student loan accounts.

Transaction categories that the servicer's system must contain include, but are not limited to, cash payments, non-cash payments, loan disbursements, loan increases, loan reductions, loan cancellations, write-offs, write-ups, and assignment of loans to a different bond fund series (bond fund) resulting in a bond fund code change. The servicer is responsible for preparing any other accounting reports which the State deems are necessary to reconcile servicer and State accounting records, at no additional cost to the State.

The servicer must maintain appropriate records to support the reporting needs of the State, and other funding transaction participants to whom the State must provide portfolio data.

b. Bond Fund Series Listing

MI-LOANs are funded through the sale of bonds. The list below identifies the various bond fund series in the State's current portfolio. Following the bond fund series number is the corresponding bond fund code utilized in the computer system record. The bond fund code for each loan must be viewable to the State in the servicer's system.

--Series XIII A (13A)
--Series XIV A (14A)
--Series XVII A (17A)
--Series XVII B (17B&C)
--Authority Funds (00V)

c. Servicer Financial Statements

The servicer will provide the State with their financial statements at the servicer's fiscal year end or upon request by the State. The financial statements must include an income statement, balance sheet, and statement of cash flow.

d. Reporting Method

The State would like to receive reports through an electronic method, such as e-mail, the Internet, or computer disk, that would allow for electronic storage and would work with the servicer to accomplish this. However, if an electronic method is not possible, the State will accept reports on microfiche.

If microfiche is the reporting method used, the servicer must provide two (2) microfiche copies of each report, unless otherwise agreed to by the State, that are compatible with the State's microfiche reader-printer equipment which is currently a Minolta RP 600Z. The microfiche header label must identify the data as being MI-LOAN reports. All reports within each bond fund may be grouped together for the report period on separate microfiche reports sheets. In addition to the microfiche, the servicer will be required to provide the State with a hard copy when so requested. All hard copy reports must be printed single-sided.

e. Timeliness

The servicer must submit required reports to the State within seven (7) calendar days of the report period close date (daily, weekly, monthly, quarterly, etc.) unless otherwise agreed to by the State.

f. Report Formats

The State will specify the data elements required in each report; however, **the format of the reports will be at the servicer's option**. A list of the currently required data elements and loan statuses is included in Appendix 4.

All reports must be sectioned by bond fund, unless specified otherwise in the individual report descriptions. Each page of each report must contain the header data below unless otherwise agreed to by the State. All dates must be shown in month, day, century/year format (MM/DD/CCYY).

1) Servicer's name
2) Report number, if the servicer utilizes report numbers
3) "MHESLA"
4) "MI-LOAN Program"
5) Report title as stated in the report description
6) Report period covered as stated in the report description
7) Report section as stated in the report description
8) Report subsection as stated in the report description
9) Report print date
10) Page number

For each report, the servicer must submit a summary page stating "No Activity" when there is no activity during the report period, so the State may be assured that all reports are received. The

header of the summary page, for reports for which no activity occurred, must include all header information required above. The dollar amounts for all statistical reports are rounded to the nearest dollar.

There may be times when **the State requires a change to the format** or content of one or more of the State's reports. In these situations, the servicer must accommodate the State's needs. The State will provide written notification to the servicer of required changes.

g. Ad Hoc Reports

There will be times when the State requires a one-time report or wishes to receive a new report on a regular basis. In these situations, the servicer must accommodate the State's needs. The State will provide the servicer with a sample report format and the report parameters, such as data elements, sort, reporting period, frequency, etc. The servicer may bill the State for these reports at the price identified on the pricing sheet.

The servicer is required to provide the State with the ability to create and print out customized reports at the State's site using the loan data from the servicer's system. Materials, including software, necessary to accomplish this along with required training must be provided by the servicer at no additional cost to the State. This will allow the State to create one-time reports at will, without servicer involvement, when specific information or statistical data is needed.

h. Reports

There are five types of reports required: 1) origination management reports, 2) origination statistical reports, 3) servicing operational reports, 4) servicing statistical report, and 5) financial reports. The following pages outline the currently required MI-LOAN reports:

ORIGINATION MANAGEMENT REPORT 1

MI-LOAN APPLICATIONS RECEIVED

(a) **PURPOSE:** The purpose of this report is to provide a listing and the current status of applications received.

(b) **DETAIL DATA ELEMENTS:** 1) Applicant's requested interest type ("Fixed" or "Variable"), 2) application received date, 3) social security number, 4) loan identifier, 5) borrower name, 6) application/loan status.

(C) **REPORT SECTIONS:**

Spacing:
- Line break between each interest type within detail, and a
- Line break between the detail and summary.

Detail:
- Social security number/loan identifier order within interest type.

Summary:
- Total number of fixed interest rate applications received,
- Total number of variable interest rate applications received,
- And the total number of all applications received.

(d) **FREQUENCY:** The servicer must submit this report to the State on a week-end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 2

MI-LOAN APPLICATIONS PENDING

(a) **PURPOSE:** The purpose of this report is to identify applications that have been received, but have not been approved or denied as of the report date. This is a cumulative report.

(b) **DETAIL DATA ELEMENTS:** 1) Number of days pending (number of days from received date to date of report), 2) application received date, 3) social security number, 4) loan identifier, 5) borrower name, 6) edit reason(s).

(c) **REPORT SECTIONS:**

Spacing:
- Line break between application received dates, and a
- Line break before the summary.

Detail:
- Social security number/loan identifier order within application received date.

Summary:
- Total number of applications pending.

(d) **FREQUENCY:** The servicer must submit this report to the State on a month end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 3

MI-LOAN APPROVAL ROSTER

(a) **PURPOSE:** The purpose of this report is to identify applications that are approved for disbursement, or the loan increase amount approved for an application previously approved (new total loan amount approved minus loan amount previously approved).

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 4) loan amount approved, 5) loan increase amount approved, 6) loan reduction reason, 7) school code.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between each bond fund, and a
- Line break between the detail and summary.

Detail:
- Social security number/loan identifier order within bond fund.

Summary:
- Totals for new loan amounts approved and for loan increase amounts approved for each bond fund, and for all bond funds combined.
- Total of new loan amounts approved plus loan increase amounts approved for each bond fund, and for all bond funds combined.
- Total number of new loans and number of loan increases approved for each bond fund, and all bond funds combined.

(d) **FREQUENCY:** Report is to be on an approval date basis, but the servicer may hold the reports generated for each approval date and mail them to the State at the end of the week.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 4

MI-LOAN DENIAL ROSTER

(a) **PURPOSE:** The purpose of this report is to identify applications that are denied during the report period, and the reason for the denial.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number*, 2) social security number, 3) loan identifier, 4) borrower name, 5) denial date, 6) applicant's requested loan amount denied, 7) denial reason (if denied for multiple reasons, all reasons must be listed on report), 8) school code.

***Note:** If the denied application does not include the information necessary to assign a bond fund, group these applications together and label them as having "No Bond Fund."

(c) **REPORT SECTIONS:**

Spacing:
- Line break between each bond fund, and a
- Line break between the detail and summary.

Detail:
- Social security number/loan identifier order within bond fund.

Summary:
- Total for the requested amount denied, and for the number of loan applications denied for each bond fund, and for all bond funds combined.

(d) **FREQUENCY:** The servicer must submit this report to the State on a week end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 5

MI-LOAN DISBURSEMENT ROSTER

(a) **PURPOSE:** The purpose of this report is to provide data on disbursed loans.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) actual gross disbursed amount, 6) reserve fee amount, 7) net disbursement amount (actual gross disbursed amount minus reserve fee amount), 8) check number or equivalent, 9) applicant's requested interest type ("Fixed" or "Variable"), 10) interest rate.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between each bond fund, and a
- Line break between the detail and summary.

Detail:
- Social security number/loan identifier order within bond fund.

Summary:
- Totals for actual gross disbursed amount, reserve fee amount, net disbursed amount, and number of checks for each bond fund, and for all bond funds combined.

(d) **FREQUENCY:** The servicer must submit this report to the State on a check run basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 6

MI-LOAN DISBURSEMENT CREDIT REGISTER

(a) **PURPOSE:** The purpose of this report is to identify loans that were "Cancelled" because the funds were returned to the State or the servicer within 30 days of disbursement, the disbursement check was voided, or a stop payment was placed on the disbursement check.

(b) **DETAIL DATA ELEMENTS:** 1) Check number, 2) social security number, 3) loan identifier, 4) borrower name, 5) "Cancelled" status effective date (date funds are received, check is voided, or stop payment date), 6) actual gross disbursed amount, 7) reserve fee amount, 8) net disbursed amount (actual gross disbursed amount minus reserve fee amount), 9) bond fund number.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between detail and summary.

Detail:
- Check number order.

Summary:
- Totals for actual gross disbursed amount, reserve fee amount, net disbursement amount, and number of checks for each bond fund, and for all bond funds combined.

(d) **FREQUENCY:** The servicer must submit this report to the State for each date of occurrence.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 7

MI-LOAN SCHOOL FEE ROSTER

(a) **PURPOSE:** The purpose of this report is to identify the fees due to the schools that have certified an application so that payment may be made. The school receives a set fee amount for each loan that is disbursed. The current fee amount per loan disbursed is $10.

(b) **DETAIL DATA ELEMENTS:** 1) School name, 2) school address, 3) school code, 4) social security number, 5) loan identifier, 6) borrower name, 7) actual gross disbursed amount, 8) actual disbursement date, 9) school certified loan period start date (mm/dd/ccyy), 10) school certified loan period end date (mm/dd/ccyy), 11) bond fund number, 12) school fees to be paid ($10 times number of loans).

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary totals for each school code,
- Page break following each school code's summary totals, and
- Page break between the school detail pages and summary roster.

Detail:
- Social security number/loan identifier order within school code.

Summary:
Summary for each school code following the school detail for:
- Total number of loans disbursed.
- Total amount of fees to be paid ($10 x number of loans disbursed).

Summary roster for all school codes:
- Total number of loans and total amount of fees ($10 x number of loans) for each school code (list schools in alphabetical order by school name), and for all school codes combined,
- Total number of loans and total amount of fees ($10 x number of loans) for each bond fund, and for all bond funds combined.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION MANAGEMENT REPORT 8

MI-LOAN DENIED/CANCELLED/DELETED ROSTER

(a) **PURPOSE:** The purpose of this report is to identify for schools those applications, certified by that school, that have been denied, have been cancelled prior to disbursement, or have had the disbursement check voided.

(b) **DETAIL DATA ELEMENTS:** 1) School name, 2) school address, 3) school code, 4) social security number, 5) loan identifier, 6) borrower name, 7) applicant's requested loan amount, 8) application/loan status ("Denied", "Cancelled" or "Deleted"), 9) loan status effective date, 10) school certified loan period start date (mm/dd/ccyy), 11) school certified loan period end date (mm/dd/ccyy).

(c) **REPORT SECTIONS:**

Spacing:
- Page break between each school code, and a
- Page break between the detail and summary.

Detail:
- Social security number/loan identifier order within each school code.

Summary:
- All applications in social security number/loan identifier order for all schools.
- Totals for number of applications denied ("Denied" status), number of applications cancelled prior to disbursement ("Deleted" status), and number of checks voided ("Cancelled" status) for all schools.
- Total number of applications processed for all schools combined.

(d) **FREQUENCY:** The servicer must submit this report to the State on a week end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 1

STATISTICS: APPLICATION PROCESSING TIME TO APPROVAL

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the time it takes to process MI-LOAN applications from the date the application is received until the date the loan is approved. This report includes applications which were approved within the report period that may be in the following statuses as of the report period end date: approved (but not yet disbursed), cancelled (cancelled after disbursement), deleted (cancelled prior to disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA/repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7, 11, 12, 13), death cancellation, disability cancellation, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The report is separated into two application approval groups so that the overall processing time average does not appear inflated. The application approval group sections are:

- Immediate Approval - Applications that are thoroughly and accurately completed and that need no further information or materials to be approved. These applications are received and approved without pending action.
- Delayed Approval - Applications that are incomplete or inaccurately completed and require a return to the borrower or other actions in order to approve the loan.

(b) **DETAIL DATA ELEMENTS:** 1) Social security number, 2) loan identifier, 3) borrower name, 4) loan amount approved, 5) application received date, 6) application approval date, 7) number of days from the application received date to the application approval date.

(c) **REPORT SECTIONS:**

Spacing:

- Line break between subsections, and a
- Line break between the detail and summary.

Detail:

- Applications in social security number/loan identifier order within the Immediate Approval section.
- Applications in social security number/loan identifier order within the Delayed Approval section.

Summary:

- Average number of days to process Immediate Approval applications.
- Average number of days to process Delayed Approval applications.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 2

STATISTICS: AGE OF BORROWER

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the ages of borrowers cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (cancelled after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The age groups are:

- No date of birth
- Under 24 years old
- 24 to 29 years old
- 30 to 39 years old
- 40 to 49 years old
- 50 years old or older

(b) **DETAIL DATA ELEMENTS:** 1) Age groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans and total loan amounts approved for each age group cumulative from program inception in ascending order by age.

Summary:
- Total number of loans and total loan amounts approved for all age groups cumulative from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORGINATION STATISTICAL REPORT 3

STATISTICS: BORROWER ACCOUNTS - DISBURSED AMOUNT

(a) **PURPOSE:** The purpose of this report is to provide statistical information on actual gross disbursed amounts for the loans in the MI-LOAN portfolio cumulative from program inception (10/1990). This report includes loans in the following statuses: disbursed, cancelled (cancelled after disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7, 11, 12, 13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status, in an approved but not yet disbursed status, canceled prior to disbursement status ("deleted"), and in denied status are not included in the report. The actual gross disbursement amount groups are:

- Up to $2,500
- $2,501 to $5,000
- $5,001 to $10,000
- $10,001 to $15,000
- $15,001 to $20,000
- $20,001 to $25,000
- $25,001 to $30,000
- $30,001 to $35,000
- $35,001 to $40,000
- $40,001 to $45,000
- $45,001 to $50,000
- $50,001 to $75,000
- $75,001 to $100,000
- $100,001 to $125,000

(b) **DETAIL DATA ELEMENTS:** 1) Actual gross disbursed amount groups, 2) number of loans, 3) total actual gross disbursed amounts.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total actual gross disbursed amounts for each actual gross disbursed amount group cumulative from program inception in ascending order by actual gross disbursed amount.

Summary:
- Total number of loans, and total actual gross disbursed amounts for all actual gross disbursed amount groups combined cumulative from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 4

STATISTICS: COSIGNER STATUS

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the cosigner statuses for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (cancelled after disbursement), deleted (cancelled prior to disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7, 11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The cosigner status groups are:

- No Cosigner
- Cosigner

(b) **DETAIL DATA ELEMENTS:** 1) Cosigner status groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each cosigner status group for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all cosigner status groups for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 5

STATISTICS: DENIED STATUS

(a) PURPOSE: The purpose of this report is to provide statistical information on the reasons for denial for the loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report only includes loans that are in denied status. The denial reasons are:

- Already borrowed maximum yearly amount
- Below minimum loan amount
- Borrower ineligible per school
- Charge-off(s)
- Collection account
- Cosigner unacceptable
- Cosigners must have same address
- Debt-to-income ratio
- Delinquent credit obligations
- Delinquent more than twice
- Insufficient credit references
- Insufficient income
- Irregular employment
- Judgement
- Length of employment insufficient
- Loan period cited more that 12 months
- Missing information
- Not 18 years old
- Previous loan in default
- Prior delinquent MI-LOAN
- Prior MI-LOAN 60 days past due
- Repossession
- School not eligible for MI-LOAN
- Unable to verify employment
- Unable to verify income
- Other

(b) DETAIL DATA ELEMENTS: 1) Denial reasons, 2) number of applications, 3) applicant's requested loan amount.

(c) REPORT SECTIONS:

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of applications denied, and total of applicants' requested loan amounts for each denial reason in alpha order by denial reason for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of applications denied, and total of applicants' requested loan amounts for all denial reasons combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) FREQUENCY: The servicer must submit this report to the State on a quarter end basis.

(e) REPORTING METHOD: If microfiche, hard copy is required

ORIGINATION STATISTICAL REPORT 6

STATISTICS: ENROLLMENT STATUS

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the student's enrollment level for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The enrollment level groups are:

- Full time
- Half time
- Less than half time

(b) **DETAIL DATA ELEMENTS:** 1) Enrollment level groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each enrollment level group in descending order by loan amount for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all enrollment level groups combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 7

STATISTICS: GRADE LEVEL

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the student's grade level for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The grade level groups are:

- No grade level
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

(b) **DETAIL DATA ELEMENTS:** 1) Grade level groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each grade level group in ascending order by grade level for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all grade level groups combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 8

STATISTICS: INCOME LEVEL

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the income level of creditworthy applicants for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The income level groups are:

- $0 to $25,000
- $25,001 to $35,000
- $35,001 to $45,000
- $45,001 to $55,000
- $55,001 to $65,000
- More than $65,000

(b) **DETAIL DATA ELEMENTS:** 1) Income level groups, 2) number of loans, 3) loan amounts approved, 4) average income level.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary, and a
- Line break between the summary and the average income level.

Detail:
- Total number of loans, and total loan amounts approved for each income level group in ascending order by income level for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all income level groups combined for the current fiscal quarter, fiscal year-to-date, and from program inception.
- The average borrower income level.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 9

STATISTICS: LOAN AMOUNT

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the loan amounts approved for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (cancelled after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The loan amount groups are:

- Less than $500
- $ 500 to $ 1,500
- $ 1,501 to $ 2,500
- $ 2,501 to $ 3,500
- $ 3,501 to $ 4,500
- $ 4,501 to $ 5,500
- $ 5,501 to $ 7,000
- $ 7,001 to $10,000
- $10,001 to $15,000
- $15,001 to $20,000
- $20,001 to $25,000
- $25,001 to $30,000
- $30,001 to $40,000
- $40,001 to $50,000
- More than $50,000

(b) **DETAIL DATA ELEMENTS:** 1) Loan amount groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each loan amount group in ascending order by loan amount for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all loan amount groups combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 10

STATISTICS: LOAN VOLUME BY DEBT-TO-INCOME RATIO

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the debt-to-income ratios of the creditworthy borrowers for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (cancelled after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The debt-to-income ratio groups are:

- Up to 15.0%
- 15.1% to 20.0%
- 20.1% to 25.0%
- 25.1% to 30.0%
- 30.1% to 35.0%
- 35.1% to 40.0%
- 40.1% to 45.0%
- More than 45.0%

(b) **DETAIL DATA ELEMENTS:** 1) Debt-to-income ratio groups, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each debt-to-income ratio group in ascending order by ratio for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all debt-to-income ratio groups combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 11

STATISTICS: LOAN VOLUME BY SCHOOL

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the loan volume, by school, for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report.

(b) **DETAIL DATA ELEMENTS:** 1) School code, 2) school name, 3) number of loans, 4) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and the summary.

Detail:
- Total number of loans, and total loan amounts approved for each school in ascending order by school code for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all school codes combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

ORIGINATION STATISTICAL REPORT 12

STATISTICS: SCHOOL TYPE

(a) **PURPOSE:** The purpose of this report is to provide statistical information on the school types for loans in the MI-LOAN portfolio for the current fiscal quarter, the current fiscal year-to-date, and cumulative from program inception (10/1990). This report includes applications/loans in the following statuses: approved (but not yet disbursed), cancelled (after disbursement), deleted (cancelled before disbursement), repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, bankruptcy (Chapter 7,11,12,13), death cancellation, disability cancellation, default, collection, prepaid-in-full, and paid-in-full. Applications in a pending approval/denial status and in denied status are not included in the report. The school type groups are:

- Unknown school type
- 2-year private
- 2-year public
- 4-year private
- 4-year public

(b) **DETAIL DATA ELEMENTS:** 1) School type, 2) number of loans, 3) loan amounts approved.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between the detail and summary.

Detail:
- Total number of loans, and total loan amounts approved for each school type for the current fiscal quarter, fiscal year-to-date, and from program inception.

Summary:
- Total number of loans, and total loan amounts approved for all school types combined for the current fiscal quarter, fiscal year-to-date, and from program inception.

(d) **FREQUENCY:** The servicer must submit this report to the State on a quarter end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 1

NEW DEFAULTED LOANS

(a) **PURPOSE:** The purpose of this report is to identify loans entering default status. Default occurs when the borrower/cosigner fail to make a payment for 120 days after the payment due date.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower's name, 5) cosigner's name, 6) "default" status effective date (day 120), 7) actual gross disbursed amount, 8) actual disbursement date, 9) principal balance at day 121*, 10) accrued unpaid interest at day 121*, 11) total amount due (total current principal balance plus accrued unpaid interest at day 121), 12) daily interest accrual amount (extended to four decimal places).

***Note:** The amount of principal and interest outstanding must be shown as of the actual day of default not as of the end of the report period. If this cannot be accommodated by running the report as a weekly report, then the report should be run daily.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between default dates within each bond fund,
- Line break before the summary at the end of each bond fund, and a
- Line break between bond funds.

Detail:
- All loans by Social Security Number/loan identifier order within default date, within bond fund.

Summary:
- Totals by bond fund for the number of borrowers, number of loans, actual gross disbursed amount, principal balance at day 121, accrued unpaid interest at day 121, and the total amount due (total current principal balance plus accrued unpaid interest at day 121).

(d) **FREQUENCY:** The servicer will provide this report to the State on a week end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 2

LOAN DELINQUENCY STATUS REPORT

(a) **PURPOSE:** The purpose of this report is to track the number of loans that are delinquent on payments (regular repayment or interest only), and to provide the data necessary for MHESLA collection activities. This report should include, but is not limited to, all loans in the following statuses: repayment, principal only forbearance, principal and interest forbearance, SSRA repayment, SSRA principal only forbearance, SSRA principal and interest forbearance, default, collection, and bankruptcy (Chapter 7,11,12,13). Loans in the following statuses would not be included in this report: received, approved, disbursed, cancelled, deleted, death cancellation, disability cancellation, denied, pre-paid in full, and paid in full.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) actual gross disbursed amount, 6) interest rate, 7) current principal balance, 8) amount of unpaid accrued interest, 9) interest accrued through date, 10) monthly payment amount, 11) payment due date (due date of oldest outstanding payment), 12) number of days loan is delinquent, 13) amount delinquent, 14) last payment amount received, 15) last payment received date, 16) first time in a delinquent category indicator.

(c) **REPORT SECTIONS:**

Spacing:

- Line breaks between statuses,
- Line breaks between the delinquency categories, and a
- Line break before the summary.

Detail:

- By social security number/loan identifier order, within the following delinquent categories:
  - ✓ 0 Days,
  - ✓ 1-14 days,
  - ✓ 15-29 days,
  - ✓ 30-59 days,
  - ✓ 60-89 days,
  - ✓ 90-119 days,
  - ✓ and 120+ days,
- Within each bond fund,
- Within each status.

Servicing Operational Report 2
Loan Delinquency Status Report
Page 2

Summary:

- Total number of loans by status for:
  - ✓ each delinquent category for each bond fund,
  - ✓ all delinquent categories for each bond fund,
  - ✓ each delinquent category for all bond funds, and
  - ✓ all delinquent categories for all bond funds.
- Total number of loans by bond fund for each delinquent category, and all delinquent categories.
- Total number of loans for all statuses, all bond funds for each delinquent category.
- Total number of loans for all statuses, all bond funds, all delinquent categories.

(d) FREQUENCY: The servicer will submit this report to the State on a week end basis.

(e) REPORTING METHOD: If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 3

COLLECTION AGENCY INVENTORY

(a) **PURPOSE:** The purpose of this report is to track loans that default (payment becomes 120-days delinquent), to track defaulted loans that are placed with Treasury collections, to monitor loans which must be removed from default, and to monitor loan balances. Loans are placed on this report if they are in either "Default" or "Collection" status as of the effective ending date of the period that the report covers.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) actual gross disbursed amount, 6) current principal balance, 7) amount of unpaid accrued interest, 8) interest accrued through date, 9) monthly payment amount, 10) payment due date (due date of oldest outstanding payment), 11) number of days loan is delinquent, 12) amount delinquent, 13) last payment amount received, 14) last payment received date, 15) current principal balance at day 121(default), 16) total amount of payments received after default (after day 121).

(c) **REPORT SECTIONS:**

Spacing:

- Line break between each bond fund, and a
- Line break before the summary.

Detail:

- Social security number/loan identifier order within bond fund.

Summary:

- Totals by bond fund for:
  - ✓ Number of loans,
  - ✓ Number of borrowers,
  - ✓ Actual gross disbursed amount,
  - ✓ Current principal balance,
  - ✓ Principal balance at day 121(default),
  - ✓ Total amount of payments received after default (after day 121).

- Grand totals for all bond funds for:
  - ✓ Number of borrowers,
  - ✓ Number of loans,
  - ✓ Actual gross disbursed amount,
  - ✓ Current principal balance,
  - ✓ Principal balance at day 121(default),
  - ✓ Total amount of payments received after default (after day 121).

(d) **FREQUENCY:** The servicer will submit this report to the State on a week end basis.

(e) **REPORTING METHOD**: If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 4

CREDIT BALANCE LOANS

(a) **PURPOSE:** The purpose of this report is to provide a listing of each loan that has an amount that needs to be refunded to the borrower, and to provide the data necessary to monitor that refund.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) actual gross disbursed amount, 6) credit balance amount (current principal balance), 7) last payment amount received, 8) last payment received date, 9) last payment process date, 10) loan status.

(c) **REPORT SECTIONS:**

Spacing:
- Line break between bond funds, and a
- Line break before the summary.

Detail:
- Social security number/loan identifier order within bond fund.

Summary:
- Totals by bond fund for the number of loans, number of borrowers, actual gross disbursed amount, and the credit balance amount (current principal balance).
- Totals for all bond funds combined for the number of borrowers, number of loans, actual gross disbursed amount, and the credit balance amount (current principal balance).

(d) **FREQUENCY:** The servicer will submit this report to the State on a week end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 5

PAID-IN-FULL LOANS

(a) **PURPOSE:** The purpose of this report is to provide a listing of all loans that have been paid-in-full during the report period. The report must include, but not necessarily be limited to, those loans paid in full by payment; cancellation due to bankruptcy, death or disability; overpayment refund; overpayment write-up; and underpayment write-off. The servicer must allow sufficient time to ensure that the final payment has not been returned for insufficient funds before reporting to the State.

(b) **DETAIL DATA ELEMENTS:** 1) Social security number, 2) loan identifier, 3) bond fund number, 4) applicant's requested interest type ("Fixed" or "Variable"), 5) borrower name, 6) actual gross disbursed amount, 7) credit balance amount (current principal balance), 8) last payment amount received, 9) last payment received date, 10) last payment process date**.**

(c) **REPORT SECTIONS:**

Spacing:
- Line break before the summary.

Detail:
- By social security number/loan identifier order.

Summary:
- Totals of all fixed rate loans for the number of borrowers, number of loans, and the actual gross disbursed amount.
- Totals of all variable rate loans for the number of borrowers, number of loans, and the actual gross disbursed amount.
- Totals for all fixed and variable rate loans combined for the number of borrowers, number of loans, and the actual gross disbursed amount.

(d) **FREQUENCY:** The servicer will submit this report to the State on a month end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

SERVICING OPERATIONAL REPORT 6

WRITE-OFFS

(a) **PURPOSE:** The purpose of this report is to provide a listing of each loan that has had an amount written-off.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) actual gross disbursed amount, 6) last payment received date (effective date), 7) last payment process date, 8) last payment amount received, 9) write-off amount.

(c) **REPORT SECTIONS:**

Spacing:
- Line breaks between bond funds, and a
- Line break before the summary.

Detail:
- Social security number/loan identifier order within bond fund.

Summary:
- Totals for each bond fund for the number of borrowers, number of loans, actual gross disbursed amount, and write-off amount.
- Totals for all fixed and variable rate loans for the number of borrowers, number of loans, actual gross disbursed amount, and write-off amount.
- Totals for all fixed and variable rate loans combined for the number of borrowers, number of loans, actual gross disbursed amount, and write-off amount.

(d) **FREQUENCY:** The servicer will submit this report to the State on a month end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

SERVICING STATISTICAL REPORT 1

STATUS SUMMARY

(a) **PURPOSE:** The purpose of this report is to provide portfolio data for each loan status by number of borrowers and by number of loans for each bond fund.

(b) **DETAIL DATA ELEMENTS:** 1) Bond fund number, 2) Loan status (description and, if applicable, code), 3) number of borrowers, 4) number of loans, 5) actual gross disbursed amount, 6) current principal balance, 7) amount of unpaid accrued interest, 8) total payoff balance (total of 6 and 7), 9) current amount due, 10) delinquent amount due, 11) late fees due, 12) total amount due (total of 9, 10 and 11), 13) number of unduplicated borrowers (necessary because a borrower may have multiple loans in multiple statuses and, therefore, the actual borrower count will be an inflated figure).

(c) **REPORT SECTIONS:**

Spacing:
- Line break between loan status lines and before the summary.
- Page breaks between bond funds.

Detail:
- Loan status order (numerically or chronologically) based on the life cycle of the loan, within bond fund.

Summary:
- Totals by bond fund for number of borrowers, number of loans, actual gross disbursed amount, current principal balance, amount of unpaid accrued interest, total payoff balance, current amount due, delinquent amount due, late fees due, total amount due, and number of unduplicated borrowers.
- Totals for all bond funds combined for number of borrowers, number of loans, actual gross disbursed amount, current principal balance, amount of unpaid accrued interest, total payoff balance, current amount due, delinquent amount due, late fees due, total amount due, and number of unduplicated borrowers.

(d) **FREQUENCY:** The servicer will submit this report to the State on a month end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

FINANCIAL REPORT 1

ACCOUNTING REPORT: TRANSACTION SUMMARY

(a) **PURPOSE:** The purpose of this report is to provide the State summarized information regarding accounting entries resulting from activity processed by the servicer during the reporting period, in order to reconcile the State's general ledger with the servicer's portfolio totals.

(b) **DETAIL DATA ELEMENTS:** Summaries of the following transaction types: new loans; receipts; loan adds; regular payments; payments reapplied; refunds; adjustments; write-offs; and capitalized interest, identified as to cash or non-cash transactions. Totals should include 1) Bond fund number, 2) transaction date, 3) transaction type, 4) total transaction amount, 5) transaction amount applied to principal, 6) transaction amount applied to interest.

(C) **REPORT SECTIONS:**

Spacing:
- Page break between each bond fund.

Detail:
- Transaction type within transaction date, within bond fund.

Summary:
- Totals by bond fund for:
  - ✓ Total transaction amount,
  - ✓ Transaction amount applied to principal,
  - ✓ Transaction amount applied to interest,
  - ✓ Prior month's ending balance,
  - ✓ And current month's ending balance after the adjustments.
- Totals for all bond funds combined for:
  - ✓ Total transaction amount,
  - ✓ Transaction amount applied to principal,
  - ✓ Transaction amount applied to interest,
  - ✓ Prior month's ending balance,
  - ✓ And current month's ending balance after the adjustments.

(d) **FREQUENCY:** The servicer will submit this report to the State on a daily and month end basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

FINANCIAL REPORT 2

ACCOUNTING REPORT: TRANSACTION DETAIL

(a) **PURPOSE:** The purpose of this report is to provide the State detailed information regarding accounting entries resulting from activity processed by the servicer during the reporting period, in order to reconcile the State's general ledger with the servicer's portfolio totals.

(c) **DETAIL DATA ELEMENTS:** Details of the following transaction types: new loans; receipts; loan adds; regular payments; payments reapplied; refunds; adjustments; write-offs; and capitalized interest, identified as to cash or non-cash transactions. Details should include 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) transaction date, 6) transaction type, 7) total transaction amount, 8) transaction amount applied to principal, 9) transaction amount applied to interest.

(c) **REPORT SECTIONS:**

Spacing:
- Page break between each bond fund.

Detail:
- Social security/loan identifier order within bond fund.

(d) **FREQUENCY:** The servicer will submit this report to the State on a daily basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

FINANCIAL REPORT 3

CASH ACTIVITY

(a) **PURPOSE:** The purpose of this report is to list all cash activities that affect the lender's cash account.

(b) **DETAIL DATA ELEMENTS:** A listing of all cash activities, including cancellations. Details should include 1) Bond fund number, 2) social security number, 3) loan identifier, 4) borrower name, 5) total payment amount received/adjusted/cancelled, 6) payment amount applied to principal, and 7) payment amount applied to interest.

(c) **REPORT SECTIONS:**

Spacing:
- Page break between detail and summary.

Detail:
- Social security number/loan identifier order.

Summary:
- Totals by bond fund for the total payment amount received/adjusted/cancelled, the payment amount applied to principal, and the payment amount applied to interest.

(d) **FREQUENCY:** The servicer will submit this report to the State on a daily basis.

(e) **REPORTING METHOD:** If microfiche, hard copy is required.

Task 24

TASK 25

DECONVERSION TO ANOTHER SERVICER

a. General

If the State cancels this contract, or in the event the successful bidder of this contract does not receive the contract for a subsequent period (i.e., after 09/30/2005), the servicer is responsible for deconverting the State's records to another servicer as instructed by the State.

b. Deconversion Plan

The incumbent servicer will be responsible for the development of a complete plan for deconversion of all data records, including hard copy, microfilm, microfiche, imaging records, etc. to the new, incoming servicer. This plan must be developed in conjunction with the State and the incoming servicer. The plan must meet the deconversion deadline as established by the State.

c. Servicer Support

The incumbent servicer must provide sufficient personnel with appropriate expertise to accomplish the deconversion in an orderly and timely fashion. The incumbent servicer must work closely with both the incoming servicer and the State.

d. Database Records

The servicer must transfer all database records for those loans on the servicer's system at the conclusion of the contract to the new, incoming servicer. This includes, but is not limited to, the borrowers' personal data, account data, loan level data, history records, name cross reference data, etc. Account data that is not filed in the borrowers' loan folders or is not contained in the individual borrowers' computer records must be available to the State for five (5) years from paid-in-full or default date. Examples of such loan data are correspondence, forms, payments, etc. that are microfilmed, imaged or otherwise copied, but are not part of the borrowers' computer records or loan folders.

The incoming servicer will be required to accept the records in the layout of the State's incumbent servicer.

e. Loan Folders

The incumbent servicer must ship the student borrowers' loan folders, which contain the original promissory note, by batch in social security number order to the incoming servicer. Each batch must include a transmittal that lists, in social security number order, the folders included in that batch and identifies the number of folders included. A copy of each transmittal must be mailed under separate cover or faxed to the new servicer and to the State.

The incumbent servicer will be responsible for duplication of any documents lost in shipment to the incoming servicer. If any duplicated documents are not accepted by the State, the incumbent servicer will be held financially liable for the loans involved.

f. Records

The State must have access to microfilmed, microfiched, imaged or otherwise copied materials through the retention period of five (5) years after the loan is paid in full or defaulted. The incumbent servicer has two options relative to the availability of these records to the State following the cancellation or expiration of the contract:

(1) Transfer to New Servicer

The incumbent servicer can transfer the microfilm, microfiche, imaged or otherwise copied data to the new servicer. If this option is chosen, the incumbent servicer must provide sufficient training to the new servicer so they have the ability to retrieve materials. The new servicer would be responsible for compatible equipment to allow retrieval of the incumbent's data.

(2) Provide Requested Documentation

If the incumbent servicer is unable to provide the microfilm, microfiche, imaged or otherwise copied data, the incumbent servicer must provide copies of materials as requested by the State. The State's request cannot exceed the retention period cited above. Any such requests must be responded to within seven (7) days of the State's request, and all costs associated with retrieving, duplicating and transmitting the documents must be included in the servicer's quoted price for deconversion to another servicer.

g. Deconversion Deadline

The incumbent servicer must deconvert its database records and the borrower's loan folders to the incoming servicer by the date instructed by the State. A minimum of three (3) and a maximum of six (6) months will be provided for deconversion purposes.

h. Unprocessed Documents

(1) Received Prior to Contract Cancellation

It is expected that the incumbent servicer will have unprocessed materials as of the conclusion of the contract. These materials would have been received in the final days of the contract when sufficient time was not available to process them. The incumbent servicer must transmit the unprocessed materials to the incoming servicer within three (3) days after the effective date of the contract cancellation.

(2) Received After Contract Cancellation

For a six-month period after the contract cancellation, the incumbent servicer must transmit all incoming mail (correspondence, forms, payments, etc) to the incoming servicer at no cost to the State. This transmittal must occur within three (3) days of receipt.

Any incoming mail received by the incumbent servicer after the six-month period must be returned to the sender with instructions to contact the State for resubmission instructions.

i. Disbursement by the Incumbent Servicer

The cost for all activities associated with origination and disbursement were included in the fees already paid by the State to the incumbent servicer. Therefore, the incumbent servicer must perform all subsequent actions needed for disbursements they originated, that cannot be performed by the incoming servicer, at no additional charge to the State. An example would be the need to place a stop payment on a disbursement check.

The incumbent servicer must notify the State of all such instances that would require their involvement.

j. Documentation of Delivered Loan Proceeds

The incumbent servicer must be able to provide the State with documentation that the loan proceeds were delivered to the borrower. If this is necessary, the documentation must be provided within 15 days of the State's request. If disbursement was by check, a legible copy of both sides of the check is required. The State may be billed for this service by the incumbent servicer at a rate not to exceed $10 per disbursement.

k. Costs for Deconversion to Another Servicer

The pricing proposal for this ITB contains a separate deconversion cost that will be paid to the servicer should the State cancel the contract before 09/30/2005 or the successful bidder not retain the State's contract after 09/30/2005. However, if the successful bidder of this ITB receives the subsequent contract or if it is necessary for the State to cancel the contract due to the servicer's inability to meet the terms and conditions of the contract, the deconversion costs as quoted by the servicer and accepted by the State are null and void.

l. Liability

The incumbent servicer is responsible for all borrower data (forms, correspondence, computer history, etc.) concerning the borrowers and their loans that the servicer had been servicing on behalf of the State. If, for any reason, the incumbent servicer is unable to provide borrower data that is required, the incumbent servicer will be liable for any financial loss to the State as a result of the missing data.

II-D. REPORTS

Reports

Specifics regarding the reporting requirements for the ITB are identified in the Tasks.

II-E. PRICE PROPOSAL

All prices/rates quoted in bidder's response to this ITB will be firm for the duration of the Contract. No price changes will be permitted.

II-F. CONTRACT PAYMENT

The specific payment schedule for any Contract(s) entered into as the result of this ITB will be mutually agreed upon by the State and the Contractor(s). The schedule must show payment amount and reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates, broken down by bond fund series. As a general policy, statements shall be forwarded to the designated representative by the 15th day of the following month.

Conversion

Changing service providers is a high-risk enterprise for the State. If the servicer does not deliver excellent results for the conversion, the State is at significant risk of providing poor service to students, parents and schools. Therefore, business and data conversion activities must be performed with a high degree of quality and with timely results. The transition must be seamless to our customers and the conversion must be managed by the servicer to insure no interruption of service. Risks to the State include: delayed system implementation; the quality of data conversion negatively affecting the accuracy of borrower records; customer dissatisfaction resulting in use of a different alternative student loan lender for future loans and loss of funds due to borrower nonpayment on existing loans; and the inability to secure further bond financing to fund loans. Because of the risk associated with business and data conversions, the success of the conversion will be measured based on the comparison of MI-LOAN volume for the first 12 months of operation under the servicing contract compared to the prior year. If the State experiences a reduction in loan volume for this period that is not attributable to federal or state statute, a change in MI-LOAN policy, or an overall decline in the national alternative student loan market at a percentage consistent with the MI-LOAN decline in volume, the servicer will be charged liquidated damages for the loss of business in accordance with the following tiered structure:

Tier for Lost Volume Damages - Liquidated Damages Formula

3-10% Volume decline	5% Multiplied by total first year servicing fees
11-20% Volume decline	10% Multiplied by total first year servicing fees
>20% Volume decline	20% Multiplied by total first year servicing fees

Operational Service Levels

Disincentives may be assessed due to the contractor's failure to meet the stated service levels as required in this section of the ITB at the discretion of the State.

Any violation of the service levels listed in the ITB may result in a ten percent (10%) holdback of monthly billings until the specified service level is resumed and resolved. Repeated failure to maintain the stated service levels may result in the contractor's forfeiture of the holdback amounts, at the discretion of the State.

The manner by which the contractor will regularly report compliance with these service levels to the State is at the discretion of the contractor (unless specified in the ITB). However, the State reserves the right to on-site inspection of the contractor's operations, at the discretion of the State, to investigate reported problems or otherwise verify contractor compliance with stated service level requirements. The burden of proof is on the contractor for violation claimed by the State.

SECTION II-G

APPENDICES

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MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY
MICHIGAN DIRECT STUDENT LOAN PROGRAM

COMBINED MONTHLY LOAN REPORT

SEPTEMBER 1999

	SEPTEMBER 1999	SEPTEMBER 1998	FISCAL YEAR 1998-99	FISCAL YEAR 1997-98	CUMULATIVE SINCE INCEPTION (1976)
I. LOAN ACTIVITY					
Total Loans Processed	2,288	1,900	13,053	8,261	350,260
Loans Recommended for Guarantee	2,290	726	12,572	6,606	292,251
Amount Recommended for Guarantee	$7,408,278	$5,842,078	$52,582,784	$32,383,501	$724,109,975
II. COMMITMENT ACTIVITY					
Loans Approved	2,288	1,749	12,502	7,609	284,227
Loans Cancelled	(119)	(47)	(1,186)	(411)	(32,865)
Net Loans Committed	2,169	1,702	11,316	7,198	251,362
Amount Approved	$8,220,416	$5,878,732	$53,375,758	$32,327,966	$698,977,771
Amount Cancelled	($300,906)	($138,004)	($2,594,074)	($1,262,906)	($71,429,439)
Net Amount Adjusted	$0	$0	$0	$42,598	($3,408,538)
Net Amount Committed	$7,919,510	$5,740,728	$50,781,684	$31,107,658	$624,139,794
Average Approved Loan Amount	$3,593	$3,361	$4,269	$4,249	$2,459
III. DISBURSEMENT ACTIVITY					
Net Loan Checks Disbursed	2,415	2,268	19,281	8,917	374,101
Net Loans Disbursed	2,110	1,805	10,917	5,093	242,267
Net Amount Disbursed	$4,823,101	$3,744,280	$45,419,136	$23,009,221	$602,501,794
IV. CURRENT LOAN SERVICING ACTIVITY					
Loans	51,792	47,951	N/A	N/A	N/A
Borrowers	38,592	36,416	N/A	N/A	N/A
Amount Outstanding	$181,458,323	$158,200,278	N/A	N/A	N/A

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY
MICHIGAN DIRECT STUDENT LOAN PROGRAM

SUBSIDIZED STAFFORD (GSL) MONTHLY LOAN REPORT

SEPTEMBER 1999

	SEPTEMBER 1999	SEPTEMBER 1998	FISCAL YEAR 1998-99	FISCAL YEAR 1997-98	CUMULATIVE SINCE INCEPTION (1976)
I. LOAN ACTIVITY					
Total Loans Processed	1,437	1,137	7,651	4,596	312,229
Loans Recommended for Guarantee	1,433	433	7,279	3,876	257,828
Amount Recommended for Guarantee	$3,699,365	$2,924,269	$17,367,020	$11,924,521	$536,570,914
II. COMMITMENT ACTIVITY					
Loans Approved by the Guaranty Agency	1,431	1,137	7,205	4,579	252,107
Loans Cancelled	(68)	(29)	(780)	(268)	(30,432)
Net Committed Loans	1,363	1,108	6,425	4,311	221,675
Amount Approved by the Guaranty Agency	$3,701,003	$2,922,215	$17,349,689	$11,886,677	$516,046,181
Amount Cancelled	($174,864)	($88,579)	($1,676,191)	($786,353)	($63,356,603)
Net Amount Adjusted	$0	$0	$0	$0	($3,960,347)
Net Committed Dollars	$3,526,139	$2,833,636	$15,673,498	$11,100,324	$448,729,231
Average Approved Loan Amount	$2,586	$2,570	$2,408	$2,596	$2,047
III. DISBURSEMENT ACTIVITY					
Loan Checks Disbursed (Net)	1,395	1,439	10,616	2,988	327,058
Loans Disbursed (Net)	1,243	1,117	6,219	1,233	214,305
Dollars Disbursed (Net)	$1,447,629	$1,510,606	$12,827,229	$3,655,870	$439,698,732
IV. CURRENT LOAN SERVICING ACTIVITY					
Loans	34,007	33,826	N/A	N/A	N/A
Amount Outstanding	$61,424,690	$61,178,015	N/A	N/A	N/A
*V. 1997 COHORT RATE (DOLLAR %)**	N/A	N/A	N/A	N/A	20.5%

* Percentage is based on Stafford and SLS loans

MICHIGAN HIGHER EDUCATI(STUDENT LOAN AUTHORITY
MICHIGAN DIRECT STUDENT LOAN PROGRAM

UNSUBSIDIZED STAFFORD (GSL) MONTHLY LOAN REPORT

SEPTEMBER 1999

	SEPTEMBER 1999	SEPTEMBER 1998	FISCAL YEAR 1998-99	FISCAL YEAR 1997-98	CUMULATIVE SINCE INCEPTION (12/92)
I. LOAN ACTIVITY					
Total Loans Processed	701	515	3,910	2,216	13,300
Loans Recommended for Guarantee	697	222	3,906	1,926	12,617
Amount Recommended for Guarantee	$1,991,460	$1,486,982	$10,259,199	$6,327,204	$32,222,571
II. COMMITMENT ACTIVITY					
Loans Approved by the Guaranty Agency	699	515	3,907	2,220	12,810
Loans Cancelled	(46)	(13)	(371)	(132)	(1,124)
Net Committed Loans	653	502	3,536	2,088	11,686
Amount Approved by the Guaranty Agency	$2,002,593	$1,483,392	$10,258,840	$6,315,497	$32,852,336
Amount Cancelled	($114,810)	($38,972)	($798,724)	($428,041)	($3,318,315)
Net Amount Adjusted	$0	$0	$0	$0	$0
Net Committed Dollars	$1,887,783	$1,444,420	$9,460,116	$5,887,456	$29,534,021
Average Approved Loan Amount	$2,865	$2,880	$2,626	$2,845	$2,565
III. DISBURSEMENT ACTIVITY					
Loan Checks Disbursed (Net)	764	686	6,206	2,733	18,069
Loans Disbursed (Net)	683	568	3,356	1,574	10,665
Dollars Disbursed (Net)	$962,987	$830,125	$7,154,907	$3,550,343	$23,624,702
IV. CURRENT LOAN SERVICING ACTIVITY					
Loans	8,992	6,263	N/A	N/A	N/A
Amount Outstanding	$17,997,294	$12,235,468	N/A	N/A	N/A
V. 1997 COHORT RATE (DOLLAR %)*	N/A	N/A	N/A	N/A	20.5%

* Percentage is based on Stafford and SLS loans

MICHIGAN HIGHER EDUCATI STUDENT LOAN AUTHORITY
MICHIGAN DIRECT STUDENT LOAN PROGRAM

SLS MONTHLY LOAN REPORT

SEPTEMBER 1999

	SEPTEMBER * 1999	SEPTEMBER 1998	FISCAL YEAR 1998-99	FISCAL YEAR 1997-98	CUMULATIVE SINCE INCEPTION 9/87
I. LOAN ACTIVITY					
Total Loans Processed	0	0	0	0	11,882
Loans Recommended for Guarantee	0	0	0	0	10,741
Amount Recommended for Guarantee	$0	$0	$0	$0	$26,253,939
II. COMMITMENT ACTIVITY					
Loans Approved by the Guaranty Agency	0	0	0	0	9,079
Loans Cancelled	0	0	0	0	(996)
Net Committed Loans	0	0	0	0	8,083
Amount Approved by the Guaranty Agency	$0	$0	$0	$0	$22,857,202
Amount Cancelled	$0	$0	$0	$0	($3,521,564)
Net Amount Adjusted	$0	$0	$0	$0	($90,609)
Net Committed Dollars	$0	$0	$0	$0	$19,245,029
Average Approved Loan Amount	$0	$0	$0	$0	$2,518
III. DISBURSEMENT ACTIVITY					
Loan Checks Disbursed (Net)	0	0	0	0	13,859
Loans Disbursed (Net)	0	0	0	0	8,004
Dollars Disbursed (Net)	$0	$0	$0	$0	$19,229,322
IV. CURRENT LOAN SERVICING ACTIVITY					
Loans	1,414	1,853	N/A	N/A	N/A
Amount Outstanding	$4,241,601	$5,456,503	N/A	N/A	N/A
*V. 1997 COHORT RATE (DOLLAR %)***	N/A	N/A	N/A	N/A	20.5%

* The Federal SLS Loan Program was eliminated effective 7/1/94.
** Percentage is based on Stafford and SLS loans

MICHIGAN HIGHER EDUCA N STUDENT LOAN AUTHORITY
MICHIGAN DIRECT STUDENT LOAN PROGRAM

PLUS MONTHLY LOAN REPORT

SEPTEMBER 1999

	SEPTEMBER 1999	SEPTEMBER 1998	FISCAL YEAR 1998-99	FISCAL YEAR 1997-98	CUMULATIVE SINCE INCEPTION (8/88)
I. LOAN ACTIVITY					
Total Loans Processed	65	68	373	248	5,192
Loans Recommended for Guarantee	65	15	371	189	4,279
Amount Recommended for Guarantee	$218,917	$98,894	$1,210,598	$634,891	$13,375,480
II. COMMITMENT ACTIVITY					
Loans Approved by the Guaranty Agency	65	41	376	195	3,447
Loans Cancelled	(5)	(5)	(35)	(10)	(292)
Net Committed Loans	60	36	341	185	3,155
Amount Approved by the Guaranty Agency	$218,917	$141,192	$1,221,895	$628,907	$10,735,614
Amount Cancelled	($11,232)	($10,453)	($119,159)	($24,521)	($943,115)
Net Amount Adjusted	$0	$0	$0	$0	($7,428)
Net Committed Dollars	$207,685	$130,739	$1,102,736	$604,386	$9,785,071
Average Approved Loan Amount	$3,368	$3,444	$3,250	$3,225	$3,114
III. DISBURSEMENT ACTIVITY					
Loan Checks Disbursed (Net)	91	54	720	197	3,953
Loans Disbursed (Net)	91	64	322	155	3,074
Dollars Disbursed (Net)	$114,582	$71,616	$855,977	$286,864	$9,200,943
IV. CURRENT LOAN SERVICING ACTIVITY					
Loans	1,374	1,296	N/A	N/A	N/A
Amount Outstanding	$2,867,448	$2,774,690	N/A	N/A	N/A