

LOAN PURCHASE PROGRAMS ELECTRONIC ANNOUNCEMENT #86

Date: May 20, 2010

To: FFEL Program Community

From: James W. Runcie, Deputy Chief Operating Officer
Federal Student Aid

Subject: 2009-2010 Loan Purchase Programs Closing Dates

This Electronic Announcement provides important information on the ending dates for the 2009-2010 Loan Purchase Programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA). The ECASLA loan purchase programs are the Loan Purchase Commitment Program (the 2009-2010 PUT Program) and the Loan Purchase Participation Program (the 2009-2010 Participation Program). Since many loans that had been included in the 2009-2010 Participation Program are likely to be put to the Department under the 2009-2010 PUT Program, we first provide information related to the 2009-2010 PUT Program that is important for both direct puts and for puts that come from the participation program. We then provide information specific to the 2009-2010 Participation Program.

Loans Fully Disbursed by September 30, 2010

The definition of an eligible loan for purposes of the 2009-2010 PUT Program, as provided in Section 3 of both the Master Loan Sale Agreement for the 2009-2010 PUT Program and the Master Participation Agreement for the 2009-2010 Participation Program, includes the requirement that to participate in either program the loan must be fully disbursed no later than September 30, 2010. Similar to the 2008-2009 Loan Purchase Commitment Program, we will not extend the **September 30, 2010** date by which the loans must be fully disbursed to be deemed eligible for loan purchase.

Sellers should be certain that all loans they include on **any** 45-Day Notice to Sell have either been fully disbursed or are expected to be fully disbursed prior to the date when the loan transfer conversion file will be finalized. Also, sellers must ensure that there are no outstanding disbursements that have been made or that are scheduled to be made, including any processed under an alternative disbursement process.

Extension of Final Purchase Date to October 15, 2010

Similar to the closeout of the 2008-2009 PUT Program, the final purchase date for the 2009-2010 PUT Program will be **October 15, 2010**. This will allow for the increased activity at the end of the program year especially as it relates to loans where the final disbursement occurred during the last days of September. The October 15 date also allows time for the liquidation by a lender of participation interests under the 2009-2010 Participation Program. To repeat, the final purchase date for all 2009-2010 PUTs, **both**

'straight' puts as well as participation puts will be October 15, 2010.

Extension of Final Date to Submit 45-Day Notice

To support the loan purchase date extension to October 15, 2010, discussed above, the last date we will accept a seller's 45-Day Notice to Sell will be **August 31, 2010** (45 Days prior to October 15). Therefore, any seller that has executed a 2009-2010 MLSA may submit one or more 45-day notices up to August 31, 2010 with a purchase date being 45 days from the date of the 45-Day Notice to Sell.

As noted in Electronic Announcement #81, sellers should submit their 45 Day Notice as a PDF attachment to an email sent to the following email address: ed.servicer@ed.gov with the subject line "2009-2010 45 Day Notice". Upon receipt of the 45-Day Notice to Sell with the current servicer information, the Department will assign the loan sale to one of the four new Department servicers. The seller will receive an email acknowledgement notification from the Department servicer confirming receipt of the 45-Day Notice and the requested purchase date for the loan sale.

Table of Dates

Note that the table on blackout and funding dates in Electronic Announcement #70 included dates through the end of October, 2010. However, as discussed above, the final purchase date for the 2009-2010 PUT Program will be October 15, 2010 with submission of a 45-Day Notice to Sell of August 31, 2010. Therefore, the following is updated information for the remaining months of the 2009-2010 PUT Program.

Month	Blackout Dates (funding not available)	First Date for Funding / Sale in Month	Last Date for Funding / Sale in Month	45-Day NOI Due Date for Last Funding Date	Federal Holidays
May 2010	May 3 May 28	May 4	May 27	April 12	May 31
Jun 2010	June 1 June 29 – 30	June 2	June 28	May 14	
Jul 2010	July 1 July 29 – 30	July 2	July 28	June 13	July 5
Aug 2010	August 2 August 30 -31	August 3	August 27	July 13	
Sep 2010	September 1 September 27 -30	September 2	September 24	August 10	September 6
Oct 2010	October 1 - 5	October 6	October 15	August 31	October 11

2009-2010 Participation Program

Deadlines to Execute a Master Participation Agreement (MPA) and to Sell Participation Interests

The Department will not execute an Adoption Agreement to enter into a Participation Agreement with any sponsor after July 1, 2010. The sponsor must generally exercise its option to sell participation interests (i.e., to submit funding requests) by August 1, 2010. Sponsors may sell participation interests after August 1, 2010 only if certain conditions are met as defined in Section 1 of the MPA (i.e., the 1st disbursement on the loan was made by July 1, 2010, this 1st disbursement was participated by August 1, 2010, the final disbursement must occur no later than September 30, 2010, the sponsors notifies the Department of an intent to sell [put] this loan, and this final disbursement is participated no later than 30 days after the date of final disbursement, but no later than September 30, 2010). As a reminder, below are the remaining Participation Interest funding blackout dates:

- May 28, 2010
- June 29 – 30, 2010
- July 29 – 30, 2010
- August 30 – 31, 2010
- September 27 – 30, 2010
- October 1 – 5, 2010

Deadline for Existing Sponsors to Execute a Master Loan Sales Agreement (MLSA)

To exercise the put option for participated loans, the sponsor (together with its eligible lender trustee, if applicable) must have entered into an MLSA on or before July 1, 2010. For sponsors who have entered into an MLSA by July 1, 2010, the Loan Participation program will terminate on or by September 30, 2010. For sponsors who have not entered into an MLSA by July 1, 2010 the Loan Participation Program will terminate on July 1, 2010. Therefore, we encourage all sponsors who do not currently have an MLSA in place to execute one prior to July 1, 2010. To execute this agreement, it is prudent to submit the MLSA package as soon as possible, but no later than seven business days in advance of the cut-off (i.e., June 22, 2010), in case the Department requires additional information or changes to submitted documents.

Liquidation of Participations

As provided in Section 15 of the 2009-2010 MPA, all 2009-2010 participations are to be terminated no later than September 30, 2010. To effect a termination, the sponsor must take steps to liquidate the remaining balance of the Department's participation interests, either by making the redemption payment for each participated loan to the custodian, or by submitting, no later than August 31, 2010, a 45-Day Notice of Intent to Sell the participated loan to the Department and by consummating that sale no later than October 15, 2010.

IMPORTANT: All PUTs from participation will be netted against outstanding principal and yield balances due to the Department by the custodian at the time of the sale. Any remaining amounts will be remitted to the custodian.

Failure to Liquidate

In accordance with Section 15, paragraph (e) of the MPA, failure of a sponsor to liquidate the Department's participation interests in a timely manner will result in the Department acquiring ownership of any loans subject to that participation interest. Loans which the sponsor has neither redeemed from the participation nor sold to the Department will become the property of the Department without any further action by the Department (including any additional recompense), and the participation interests and the rights of the Department and the sponsor under the MPA will be automatically terminated.

Deadlines to Notify the Department of Closeout Plans

No later than August 14, 2010, sponsors must notify the Department of their plan to put their participated loans to the Department and/or redeem their participation interest, both by September 30, 2010. However, we encourage all sponsors to notify the Department as soon as possible with respect to their plans by sending an email to the fsa_lr@ed.gov mailbox indicating whether they will sell their loans and/or redeem their participation interests, when they will do so, and in what amounts.

Timeline for Closeout Audit

The custodian must submit to the Department a final closeout audit of the custodian's activities under the 2009-2010 Participation Program conducted by an independent auditor selected by the sponsor (which may be the same auditor that is performing audits on behalf of the sponsor or the servicer). In accordance with Section 8 (b) (2) of the MPA, the custodian shall submit such audit prior to 90 days after the Termination Date.