AMENDED AND RESTATED VOLUNTARY FLEXIBLE AGREEMENT
BETWEEN
THE UNITED STATES SECRETARY OF EDUCATION
AND
EDUCATIONAL CREDIT MANAGEMENT CORPORATION

This Amended and Restated Voluntary Flexible Agreement ("VFA") is between the United States Secretary of Education ("Secretary") and Educational Credit Management Corporation ("Guaranty Agency") (collectively, the "Parties") and dated as of August 1, 2026 (the "Effective Date");

WHEREAS, the Guaranty Agency is a guaranty agency participating in the Federal Family Education Loan ("FFEL") Program administered and regulated by the Secretary under Title IV, Part B, of the Higher Education Act of 1965, as amended ("HEA"), 20 U.S.C. § 1071, et seq.; and

WHEREAS, the Guaranty Agency and the Secretary are currently parties to certain Agreements governing the Guaranty Agency's participation as a guaranty agency in the FFEL Program, including the Agreement for Federal Reinsurance of Loans pursuant to § 428(c) of the HEA, 20 U.S.C. § 1078(c) (the "Reinsurance Agreements") and which the Parties wish to amend, in whole or in part, as required to effectuate this VFA;

WHEREAS, Section 428A of the HEA, 20 U.S.C. § 1078-1, provides that the Secretary may enter into VFAs with guaranty agencies;

WHEREAS, the Guaranty Agency and the Secretary are currently parties to a VFA, dated October 8, 2024 (the "Existing VFA") and the parties intend this VFA to replace the Existing VFA in order to facilitate a resumption of collection activities for all Federal student loan borrowers in default while providing stability to the FFEL Program during such transition;

WHEREAS, upon execution, this VFA shall supersede and replace the Existing VFA in its entirety;

WHEREAS, the Secretary has agreed to provide certain waivers of statutory and regulatory requirements to permit these activities as authorized by 20 U.S.C. § 1078-1; and

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. The overarching objective of this VFA is for guaranty agencies to restart collection activities on Federal student loans and operate under a funding model that ensures stability for the FFEL Program as the outstanding portfolio winds down through repayment, collection, discharge, and consolidation.

2. All terms and conditions of the Reinsurance Agreements as required under the HEA shall remain in full force and effect except as provided in this VFA.

3. The provisions of this VFA exclude loans that are in a bankruptcy proceeding or upon which there is an active judgment or that enter into such statuses during the period this VFA is in effect. Loans in such statuses should continue to be managed under existing policies and procedures.

4. *Borrower Outreach.* The Guaranty Agency shall maintain a program of borrower outreach and communication to help borrowers who are delinquent to avoid default or help borrowers in default better manage their loans and help them successfully exit default, as applicable. As part of this program, the Guaranty Agency must undertake the following types of activities for borrowers:

   (a) conduct outreach to provide counseling to educate borrowers on how to resolve their default;

   (b) respond to incoming borrower inquiries;

   (c) create appropriate campaigns designed to encourage and assist borrowers at critical times in the student loan process, which may include direct mail, e-mail, and/or phone;

   (d) maintain all existing default aversion assistance work required under 20 U.S.C. § 1078(l)(1) and 34 C.F.R. 682.404(a)(2)(ii);

   (e) consistent with the Secretary's announcement on April 21, 2025 authorizing guaranty agencies to engage in reasonable and documented involuntary collection activities on defaulted loans under the FFEL Program, including but not limited to initiating Federal offset and administrative wage garnishment ("AWG") as set forth in 34 C.F.R. 682.410(b)(6), if and as directed by the Secretary; and

   (f) provide options for borrowers to resolve their default, including providing borrowers with the opportunity to rehabilitate their loans consistent with § 82003 of Pub. L. 119-21, commencing on the Effective Date of this VFA.

5. *Compensation.*

   Beginning on the Effective Date of this VFA, the Guaranty Agency shall be entitled to compensation as follows:

   (a) The Guaranty Agency shall be entitled to charge reasonable collection costs to defaulted borrowers consistent with and pursuant to 20 U.S.C. § 1091a(b)(1) and 20 U.S.C. § 1087e(d)(5) after the Secretary has provided written

authorization directing the Guaranty Agency to initiate collection activities. Reasonable collection costs shall have the same meaning as "Reasonable Cost" as defined in 34 C.F.R. 682.410(a)(11)(iii) and the Guaranty Agency, in determining reasonableness of a given cost, shall give consideration to the factors outlined in 34 C.F.R. 682.410(a)(11)(iii)(A)-(C).

(b) The Secretary shall continue to pay the Guaranty Agency a Special Account Maintenance Fee ("SAMF"). The SAMF shall be calculated based on the Guaranty Agency's outstanding net guarantees as defined in 34 C.F.R. 682.404(h). For Federal Fiscal Year 2026, the amount of the SAMF shall be equal to 0.5 percent of the Guaranty Agency's outstanding net guarantees as of September 30, 2025. For Federal Fiscal Year 2027, the amount of the SAMF shall be equal to 0.5 percent of the Guaranty Agency's outstanding net guarantees as of September 30, 2026. For all remaining periods, the amount of the SAMF shall be equal to 0.5 percent of the Guaranty Agency's outstanding net guarantees as of September 30, 2027. It shall be paid in equal quarterly installments. The payment of the SAMF to guaranty agencies shall continue for three (3) months from the termination of this VFA.

(c) The Secretary shall pay the Guaranty Agency the Successful Resolution Fee ("SRF"), as provided for under the VFA, for consolidations submitted without collection costs, that were applied for prior to the Effective Date of this VFA.

6. *Assignment of Defaulted Loans.*

(a) *Guaranty-Agency-Held Defaulted Loans*. The Guaranty Agency may assign defaulted loans to the Department as provided for in 34 C.F.R. § 682.409, except that periods in which payment was not required and/or statutory and regulatory collections efforts were paused due to the Secretary's directives and initiatives from March 2020 through the Effective Date of this VFA including without limitation, the national emergency/pandemic payment pause, ("Pause"), Fresh Start, and the Existing VFA shall not be included for purposes of calculating the five-year time period required by 34 C.F.R. § 682.409(a)(1)(ii).

(b) *Assigned Defaulted Loans*. The Secretary may return to the Guaranty Agency any and all defaulted loans that were mandatorily assigned to the Department pursuant to Dear Colleague Letters ("DCLs") GEN-21-03 and GEN-22-16. Mandatory assignment requires a determination that such action is necessary to protect the Federal fiscal interest as expressly stated in 20 U.S.C. § 1078(c)(8) and 34 C.F.R. 682.409. However, such a determination is absent from the DCLs and the corresponding *Federal Register* Notice on the HEROES Act. Consequently, reassignment of these loans to the Guaranty Agency is permissible. The scope of any loan reassignment to the Guaranty Agency will be limited to loans that were previously assigned under DCLs GEN-21-03 and GEN-22-16, are still held by the Department, and are in default status. Any assignment will be completed under a schedule mutually agreed to by the

Guaranty Agency and the Department.

7. *Waivers.* To allow the Guaranty Agency to perform the activities described in this VFA and under the authority of 20 U.S.C. § 1078-1, the Secretary agrees to waive or modify the following requirements of the HEA and/or the HEA's implementing regulations:

(a) The Secretary waives the requirements of 20 U.S.C. § 1078(c)(9) of the HEA and 34 C.F.R. §682.410(a)(10) relating to a minimum reserve fund amount.

(b) The Secretary waives the requirements of 20 USC 1078(c)(6)(B) and 34 C.F.R. §682.401(b)(18)(iv), which establishes caps on consolidation proceeds for a guaranty agency.

(c) The Secretary waives the requirements in 34 C.F.R. § 682.404(b) related to reinsurance trigger rates.

(d) The Secretary waives the statutory and regulatory provisions relating to payments and refunds of the Default Aversion Fee ("DAF") and rebate under 34 C.F.R. 682. 404(j) and 20 U.S.C. § 1078(l)(2)), with the exception of the Account Maintenance Fee ("AMF") as defined in 34 C.F.R. § 682.404(h).

(e) The Secretary waives the effective date in 20 U.S.C. 1078-6(a)(5) related to loan rehabilitation.

8. *Term of Agreement.*

(a) This VFA will remain in effect until six months after the Secretary ends the pause on involuntary collections (including the commencement of Treasury Offset and Administrative Wage Garnishment) or September 30, 2027, whichever occurs sooner, unless terminated earlier as provided in this VFA ("Term").

(b) This VFA may be extended for up to two additional six-month terms if the Secretary has not yet returned to involuntary collections (including the commencement of Treasury Offset and Administrative Wage Garnishment) at least 30 days prior to the current end date of the VFA.

(c) Either party may terminate this VFA at any time by providing written notice of the termination to the other party no less than 90 calendar days before the effective date of termination.

(d) If this VFA is terminated by either party under Subsection (c) of this Section, the Guaranty Agency shall remain a guaranty agency in the FFEL Program under the Reinsurance Agreements and in accordance with the HEA and the Secretary's regulations as of the time of termination.

(e) If this VFA is terminated unilaterally by the Secretary under Subsection (c) of this Section: (i) the Guaranty Agency shall remain a guaranty agency in the FFEL Program under the Reinsurance Agreements and in accordance with the HEA and the Secretary's regulations as of the time of termination; and (ii) the Parties agree that SAMF shall continue to be paid to the Guaranty Agency as set forth in Paragraph 5(b).

(f) If there is a dispute over the amount of any payment due from the Secretary to the Guaranty Agency, the Secretary will notify the Guaranty Agency of her initial determination regarding whether any payment is due and the amount of such payment. If the Guaranty Agency disagrees with the Secretary's determination, the Secretary will give the Guaranty Agency an opportunity to submit arguments and evidence, in writing, to support her argument that a payment is due and in what amount. The Secretary will consider the Guaranty Agency's submission and issue a final decision within 30 days of her receipt of the Guaranty Agency's submission.

9. *Termination of guaranty agreement.* If the Guaranty Agency decides to end its role as a guaranty agency during the agreement or as part of terminating this VFA, the Guaranty Agency will transfer the guarantees on loans in repayment to a different guaranty agency in the FFEL Program at the Secretary's discretion. The remaining balance of any Federal fund shall be remitted to the Department.

10. *Receipt of additional loan guarantees from an exiting guarantor.* If the Secretary elects to transfer additional loan guarantees to the Guaranty Agency during the VFA, then the Guaranty Agency will receive the remaining prorated portion of the SAMF of the exiting guaranty agency. The exiting Guaranty Agency must provide records for loans it guarantees, including defaulted loans, and records it is required to maintain under 34 C.F.R. §682.414 for loans that have been paid or transferred to the Department.

11. *Transition mapping.* To ensure a smooth transition among guaranty agencies in the future, the Guaranty Agency will agree to undertake any necessary work to map its system to a potential successor agency as identified by the Secretary. Such mapping work must be completed within 180 days of the Secretary's informing the Guaranty Agency of the potential successor agency unless otherwise agreed upon by the Secretary.

12. *Reporting.* The Guaranty Agency shall continue monthly and quarterly Form 2000 reporting and monthly and annual financial reporting to Federal Student Aid ("FSA"). Guaranty agencies will continue to follow Department guidance for National Student Loan Data System ("NSLDS") reporting.

13. *Waiver of Legal Claims*. Upon the execution of this VFA, the Guaranty Agency hereby releases and forever discharges the Department, and its respective officials, offices, representatives, officers, employees, agents, assigns, contractors, and attorneys, from any and all claims, demands, rights, causes of action, liens,

and all other liabilities whatsoever (including monetary damages), whether known or unknown, suspected or unsuspected, that the Guaranty Agency has had, now has or hereafter may have with respect to, or in connection with, or which arise out of, any acts or directives related to the Department's, Office of Postsecondary Education, DCL GEN-21-03, ""Expansion of Collections Pause to Defaulted FFEL Program Loans Managed by Guaranty Agencies (Updated May 24, 2021)," May 12, 2021.

Each party acknowledges that it has had an opportunity to consult with counsel and that this waiver is a material inducement to entering into this VFA.

14. *No Sovereign Immunity Waiver.* Nothing in this VFA shall be construed as a waiver of the sovereign immunity of the United States or as consent to suit except as expressly provided by law.

15. *In General*.

(a) The terms of this VFA shall be considered to amend the Reinsurance Agreements between the parties. If a term of this VFA conflicts with the terms of the Reinsurance Agreements between the parties, the terms of this VFA are controlling unless prohibited by law. Upon expiration or termination of this VFA, the Reinsurance Agreements between the Secretary and the Guaranty Agency shall be reinstated to the extent those agreements are consistent with the HEA and the Secretary's regulations.

(b) This VFA is subject to and to the extent necessary shall be deemed to be modified by any changes to the HEA, other applicable laws, and the Secretary's regulations in accordance with the effective date of such change. If the Guaranty Agency believes that any change to the HEA or the Secretary's regulations would cause a material change to the parties' ability to carry out their obligations under this VFA, the Guaranty Agency may request the Secretary waive the statutory or regulatory provision. The Secretary may agree to waive any such provision if permitted by law.

(c) Nothing set forth herein restricts the Secretary's remedies under Federal or state law for breach of this VFA, or in any way restricts any other administrative, civil, or criminal action that could be brought by the Secretary or the United States against the Guaranty Agency for violation of this VFA or any statute or regulation.

(d) Notices regarding this VFA shall be sent, certified mail, return receipt requested, to the Department at the following address:

U.S. Department of Education
Federal Student Aid
Attn: Chief Operating Officer
400 Maryland Ave., SW

Washington, DC 20202

With a copy to:

U.S. Department of Education
Office of the General Counsel
400 Maryland Ave., SW
Washington, DC 20202

And to the Guaranty Agency at the following address to the attention of the President and the General Counsel:

Educational Credit Management Corporation
111 Washington Ave South
Suite 1400
Minneapolis MN 55401

(e) All references to statutes and regulations within this Agreement are to the text and subject matter of the citation as they exist on the date this Agreement is executed.

IN WITNESS WHEREOF, this VFA has been executed by authorized officials of the Guaranty Agency and of the Department.

Guaranty Agency

July 28, 2026
Date

[redacted]
Authorized Official

President, ECMC
Title

U.S. Department of Education

7/31/2026
Date

MELL BRITTIAN SMITH [redacted]
Authorized Official

Executive Director
Title Office of Loan Portfolio Management
Federal Student Aid