

GA Financial Report (GAFR) ED Form 2000

Instruction Guide

Revised: September 2019

Federal Student Aid

GA Financial Reporting Instruction Guide

Office of Federal Student Aid
Union Center Plaza, 830 First Street, N.E. 5th Floor
Fax 202.275.3482
E-mail: [mailto: FSA_GAR@ed.gov](mailto:FSA_GAR@ed.gov)

Table of Contents

| | |
|--|----|
| INTRODUCTION..... | 10 |
| CERTIFICATION..... | 11 |
| CHAPTER 1: GA FINANCIAL REPORT MONTHLY | 12 |
| Reinsurance, Trigger Figure and Collections | 13 |
| Financial Processing..... | 16 |
| Fiscal Month of Reporting..... | 19 |
| MR – 1 Claims Paid..... | 20 |
| MR 1 Claims Paid - Amount Due To/ (From) Guarantor..... | 21 |
| MR-1-A Defaults - Principal Amount | 21 |
| MR-1-A Defaults - Other Amounts..... | 22 |
| MR-1-B Exempt/Lender-of-last-resort- Principal Amount | 22 |
| MR-1-C Death/Disability - Principal Amount..... | 23 |
| MR-1-D Closed School/False Certification - Principal Amount | 24 |
| MR-1-E Bankruptcy - Principal Amount..... | 24 |
| MR-1-F Unpaid Refunds - Principal Amount..... | 26 |
| MR-1-G Discharges | 26 |
| MR-2 Borrower Payment Return (Closed School/False Certification)..... | 28 |
| MR-2 Borrower Payment Return – Amount Due To/ (FROM) Guarantor..... | 28 |
| MR-2 Borrower Payment Return - Principal Amount..... | 28 |
| MR-2 Borrower Payment Return - Accrued Interest..... | 28 |
| MR-3 Status Changes..... | 29 |
| MR-3 Status Changes - Amount Due To/ (From) Guarantor..... | 30 |
| MR-3-A Death / Disability - Principal and Interest..... | 31 |
| MR-3-B Closed School / False Certification - Principal and Interest..... | 31 |
| MR-3-C Bankruptcy - Principal and Interest..... | 31 |
| MR-4 TOP Overpayments..... | 32 |
| MR-4 TOP Overpayments - Amount Due To / (From) Guarantor..... | 32 |
| MR-4 TOP Overpayments – Principal..... | 32 |
| MR-4 TOP Overpayments – Interest Amount..... | 32 |
| MR-4 TOP Overpayments – Other Amounts | 32 |

GA Financial Report (GAFR) Guide

| | |
|---|----|
| MR-5 Repurchases - Current Fiscal Year (CFY)..... | 33 |
| MR-5 Repurchases - CFY - Amount Due To/ (From) Guarantor | 34 |
| MR-5 Repurchases - CFY - Principal Amount..... | 34 |
| MR-5 Repurchases - CFY - Accrued Interest Due ED | 35 |
| MR-5 Repurchases - CFY – Other Amounts | 36 |
| MR-5-A Repurchases - CFY – Defaults..... | 36 |
| MR-5-B Repurchases - CFY - Exempt /Lender-Of-Last-Resort | 36 |
| MR-5-C Repurchases - CFY – Death/Disability | 37 |
| MR-5-D Repurchases - CFY - Closed School/False Certification | 37 |
| MR-5-E Repurchases - CFY - Bankruptcy (Chapter 7, 11, 12 and 13) | 37 |
| MR-6 Repurchases for Reinsurance Claims Paid in Prior Fiscal Year | 38 |
| MR-6 Repurchases - PFY - Amount Due To / (From) Guarantor | 38 |
| MR-7 Partial Refunds - Current Fiscal Year (CFY) | 39 |
| MR-7 Partial Refunds - CFY - Amount Due To / (From) Guarantor | 40 |
| MR-7-A Partial Refunds - CFY - Defaults..... | 40 |
| MR-7-B Partial Refunds – CFY – Exempt/Lender-of-Last-Resort | 41 |
| MR-7-C Partial Refunds – CFY – Death and Disability | 41 |
| MR-7-D Partial Refunds – CFY – Closed School or False Certification | 41 |
| MR-7-E Partial Refunds – CFY – Bankruptcy..... | 41 |
| MR-8 Partial Refund – Previous Fiscal Year (PFY) | 41 |
| MR-8 Partial Refunds – PFY, Amount Due To/ (From) Guarantor | 42 |
| MR- 9 Overstated Claims | 42 |
| MR-9 Overstated Claims – Amount Due To/ (From) Guarantor | 42 |
| MR-9-A Overstated Claims – Defaults..... | 42 |
| MR-9-B Overstated Claims – Exempt/Lender of Last Resort | 42 |
| MR-9-C Overstated Claims – Death/Disability..... | 43 |
| MR-9-D Overstated Claims – Closed School/False Certification..... | 43 |
| MR-9-E Overstated Claims – Bankruptcy | 43 |
| MR-10 Rehabilitated Loans..... | 43 |
| MR-10 Rehabilitated Loan Refund – Amount Due To / (From) Guarantor..... | 44 |
| MR-10 Rehabilitated Loans - Principal Amount..... | 44 |
| MR-10-A Rehabilitated Loans- Principal Amount (GA Retention) | 44 |

GA Financial Report (GAFR) Guide

| | |
|---|----|
| MR-10-A Rehabilitated Loans – Interest | 46 |
| MR-10-A Rehabilitated Loans - Other Charges | 46 |
| MR-11 FFEL Consolidation Refund (<i>No longer used</i>)..... | 46 |
| MR-11 FFEL Consolidation Refund - Amount Due To/ (From) Guarantor..... | 46 |
| MR-11 FFEL Consolidation Refund - Principal Amount..... | 46 |
| MR-11 FFEL Consolidation Refund - Interest Amount..... | 46 |
| MR-11 FFEL Consolidation Refund – Other Amount | 46 |
| MR-11-A FFEL Consolidation Payoff – Principal Amount | 46 |
| MR-11-A FFE Consolidation Payoff – Interest Amount..... | 46 |
| MR-11-B FFEL Consolidation GA Retention – Principal Amount..... | 47 |
| MR-11-B FFEL Consolidation GA Retention - Interest Amount..... | 47 |
| MR-11-B FFEL Consolidation GA Retention - Other Amount..... | 47 |
| MR-12 GA Administrative Wage Garnishment..... | 47 |
| MR-12 Administrative Wage Garnishment - Amount Due To/ (From) Guarantor | 47 |
| MR-12 Administrative Wage Garnishment – Principal Amount | 49 |
| MR-12 Administrative Wage Garnishment – Interest Amount | 49 |
| MR-12 Administrative Wage Garnishment – Other Amount..... | 49 |
| MR-12-A Administrative Wage Garnishment –Total Collected – Principal | 50 |
| MR-12-A Administrative Wage Garnishment –Total Collected – Interest | 50 |
| MR-12-A Administrative Wage Garnishment –Total Collected – Other..... | 50 |
| MR-12-B Administrative Wage Garnishment – GA Retention – Principal..... | 50 |
| MR-12-B Administrative Wage Garnishment – GA Retention – Interest..... | 50 |
| MR-12-B Administrative Wage Garnishment – GA Retention – Other | 50 |
| MR-13 Default Collections | 51 |
| MR-13 Default Collections - Amount Due To/ (From) Guarantor..... | 51 |
| MR-13 Default Collections – Principal Amount..... | 52 |
| MR-13 Default Collections – Interest Amount..... | 52 |
| MR-13 Default Collections – Other Amount..... | 52 |
| MR-13-A Default Collections –Total Collected – Principal..... | 53 |
| MR-13-A Default Collections –Total Collected – Interest..... | 53 |
| MR-13-A Default Collections –Total Collected – Other..... | 53 |
| MR-13-B Default Collections – GA Retention – Principal | 53 |

GA Financial Report (GAFR) Guide

| | |
|--|----|
| MR-13-B Default Collections – GA Retention – Interest | 53 |
| MR-13-B Default Collections – GA Retention – Other | 53 |
| MR-14 Bankruptcy Collections..... | 53 |
| MR-14 Bankruptcy Collections - Amount Due To/ (From) Guarantor | 54 |
| MR-14 Bankruptcy Collections – Principal Amount | 54 |
| MR-14 Bankruptcy Collections – Interest Amount | 55 |
| MR-14 Bankruptcy Collections – Other Amount..... | 55 |
| MR-15 Default FFEL Consolidated by DL Fee – Amount Due To/ (From) Guarantor..... | 55 |
| MR-16 Total..... | 55 |
| NON-PAYMENT ACTIVITY (Accounting Data) | 55 |
| Treasury Offset Program (TOP)..... | 56 |
| Principal Amounts Column..... | 57 |
| Interest Amounts Column..... | 57 |
| Other Amounts Column..... | 57 |
| MR-17 Treasury Offset..... | 57 |
| MR-18 Non-Federal Share Offset..... | 57 |
| MR-19 Treasury Offset Reversals | 58 |
| Status Changes - Account Balance at Conversion | 58 |
| Account Balance at Conversion – Principal Amounts Column | 58 |
| Account Balance At Conversion - Interest Amounts Column..... | 59 |
| Account Balance At Conversion - Other Amounts Column | 59 |
| MR-20 Default/LLR to Death and Disability | 59 |
| MR-21 Default/LLR to Closed School/False Certification | 59 |
| MR-22 Default/LLR to Bankruptcy..... | 59 |
| MR-23 Bankruptcy to Default/LLR..... | 60 |
| Agency Accruals (Accounting Entries)..... | 60 |
| Principal Amounts Column..... | 61 |
| Interest Amounts Column..... | 61 |
| Other Amounts Column..... | 61 |
| MR-24 Collection Terminations..... | 61 |
| MR-25 Compromises..... | 61 |
| MR-26 Agency’s Accruals..... | 61 |

GA Financial Report (GAFR) Guide

| | |
|--|----|
| CHAPTER 2: GA FINANCIAL REPORT MONTHLY/QUARTERLY | 63 |
| Agency Accruals (Information) | 63 |
| Principal Amounts Column..... | 63 |
| Interest Amounts Column..... | 63 |
| Other Amounts Column..... | 64 |
| MR-27 Default FFELP Loans Consolidated By Direct Loan Program | 64 |
| MR-28 Subrogated Loans..... | 64 |
| MR-29 Default Loans Transferred Out..... | 64 |
| MR-30 Default Loans Transferred In..... | 64 |
| MR-31 Other Transactions Affecting Federal Receivable | 64 |
| MR-32 Ending Balance of Defaulted Loans..... | 65 |
| MR-33 Not Delinquent..... | 67 |
| MR-34 (1 – 90 Days) through MR-40 Over 10 Years | 67 |
| Bankruptcy Reporting | 68 |
| MR-41 Ending Balance on Bankruptcies..... | 68 |
| MR-42 Bankruptcies Transferred Out | 68 |
| CHAPTER 3: GA FINANCIAL REPORT ANNUAL | 69 |
| Loans in Repayment (LIR) | 70 |
| AR- 1 Loans Guaranteed (Except Federal Consolidation) | 70 |
| AR- 2 All Loans Canceled (Except Federal Consolidation) | 70 |
| AR- 3 Federal Consolidation Loans Guaranteed | 71 |
| AR- 4 Federal Consolidation All Loans Canceled..... | 71 |
| AR- 5 Uninsured Loans | 71 |
| AR- 6 Loans Transferred In | 71 |
| AR- 7 Loans Transferred Out | 72 |
| AR- 8 Default Claims Paid | 72 |
| AR- 9 Bankruptcy Claims Paid..... | 73 |
| AR-10 Death and Disability Claims Paid | 73 |
| AR-11 Closed School/False Certification Claims Paid..... | 74 |
| AR-12 Loans Paid-In-Full..... | 75 |
| AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans | 75 |
| AR-14 Total Loans in Deferment Prior to First Payment..... | 75 |

GA Financial Report (GAFR) Guide

| | |
|---|----|
| Financial Report Introduction | 75 |
| Federal Fund..... | 76 |
| AR-15 Beginning Balance (from AR-26 as of 9/30/XX)..... | 76 |
| AR-16 Investment Income | 76 |
| AR-17 Reinsurance from ED | 76 |
| AR-18 Collections of Defaulted Loans – Reinsurance Complement | 77 |
| AR-19 Insurance Premiums | 77 |
| AR-20 Other Revenues | 78 |
| AR-21 Claims Expensed to Lenders | 78 |
| AR-22 Recall of Federal Funds to the Restricted Account | 78 |
| AR-23 Transfer to Operating Fund for Default Aversion..... | 78 |
| AR-24 Transfer to Operating Fund for Account Maintenance Fee..... | 79 |
| AR-25 Other Expenses | 79 |
| AR-26 Ending Balance | 79 |
| Supplemental Information | 79 |
| AR-27 Amount transferred from Federal Fund to Operating Fund for Operating Expenses (Repayable)..... | 79 |
| AR-28 Amount received from Operating Fund to Repay Advance for Operating Expenses | 80 |
| Operating Fund..... | 80 |
| AR-29 Beginning Balance (from 9/30/XX)..... | 80 |
| AR-30 Default Aversion Fee Revenue..... | 80 |
| AR-31 Loan Processing and Issuance Fee Revenue..... | 80 |
| AR-32 Account Maintenance Fee Revenue Received from ED | 80 |
| AR-33 Transfer from Federal Fund for Account Maintenance Fee | 80 |
| AR-34 Collections of Defaulted Loans less Reinsurance Complement (GA Collection Retention) | 81 |
| AR-35 Investment Income | 81 |
| AR-36 Other Revenue (FFEL and Non-FFEL) | 81 |
| AR-37 Collections of Defaulted Loans (Secretary Equitable Share)..... | 82 |
| AR-38 Operating Expenses..... | 82 |
| AR-39 Other Expenditures (FFEL and Non-FFEL)..... | 82 |

GA Financial Report (GAFR) Guide

AR-40 Ending Balance 83

Supplemental Information 83

AR-41 Amount Received from Federal Fund for Operating Expenses (Repayable) 83

AR-42 Amount Repaid to Federal Fund for Operating Expenses 83

Restricted Account 83

AR-43 Beginning Balance (from 9/30/XX) 83

AR-44 Recall of Federal Funds from Federal Fund 83

AR-45 Investment Income on Restricted Account 84

AR-46 Investment Income on Restricted Account Expensed for Default Prevention 84

AR-47 Ending Balance 84

Balance Sheet Section (Federal Fund) 84

AR-48 Cash, Cash Equivalents and Investments 84

AR-49 Restricted Account Cash, Cash Equivalents and Investments 84

AR-50 Net Investment in Property, Plant, Equipment and Inventory 84

AR-51 Accounts Receivable from the ED 85

AR-52 Other Assets 85

AR-53 Accounts Payable, Accrued Expenses, and Other Current Liabilities 85

AR-54 Accounts Payable to ED 85

AR-55 Other Liabilities 85

AR-56 Allowances and Other Non-Cash Charges to Federal Fund 85

AR-57 Federal Fund Balance 85

DEFINITIONS 87

ATTACHMENT A – Federal Fund Itemized Schedule 88

ATTACHMENT B – Operating Fund Itemized Schedule 89

ATTACHMENT C – Balance Sheet Section Itemized Schedule 90

ATTACHMENT D – GA List 91

ATTACHMENT E – Reporting for GASB 68 Pensions & GASB 75 Postemployment Benefits 93

INTRODUCTION

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

- The Federal Stafford Loan Program (also known as Subsidized Federal Stafford Loan
- Unsubsidized Federal Stafford Loan) FFEL PLUS Loan Program, Federal Supplemental
- Loans for Students (Federal SLS), and Federal Consolidation Loan Program

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

GA's must maintain detailed records to support each entry on the GAFR and be able to reconstruct the entries back to individual loan, borrower or lender levels, or to specific GA level transactions. This includes keeping accurate records of reinsurance payments and collections on defaulted loans at the loan and borrower level. All records must be available for verification by the Secretary of Education or other authorized representatives of the U.S. Government.

Information on the GAFR must be consistent with and comparable to relevant information reported to the National Student Loan Data System (NSLDS) by the GA.

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

These instructions provide information on how to complete each item on the GAFR. However, they do not restate in their entirety the laws, regulations, and policy bulletins which may apply to an item on the form. The following material should be consulted when completing this report:

The Higher Education Reconciliation Act of 2005

- *The Higher Education Act of 1965, as amended (HEA), and in particular, Title IV, Part B (20 U.S.C. 1071 et seq.)*
- *The Code of Federal Regulations, Department of Education, 34 CFR Part 682, Federal Family Education Loan Program and 34 CFR Part 668, Student Assistance General Provisions*
- For a complete listing of FSA communications: including FSA Bulletins and Dear Colleague Letters refer to: ifap.ed.gov

GA Financial Report (GAFR) Guide

NOTE: The FFEL Program has frequent changes in laws, regulations, and policies. A GA is responsible for complying with all current laws, regulations, and policies, and for ensuring that any information provided on the GA Monthly/Annual Financial Report conforms to them. The Department requires that a GA seek formal approval for any decision(s) where the agency plans to deviate from procedures outlined in this guide. The request is to include a statement establishing the basis of the request and the potential impacts to regulatory compliance and financial reporting.

CERTIFICATION

GA-related financial transactions are now being recorded electronically in the Federal Student Aid (FSA) Financial Management System (FMS). By completing the U.S. Department of Education Organization Participation Agreement (OPA) the guaranty agency is certifying that the GAFR (ED Form 2000) is a legally binding document that will cover two years. By signing and returning this form, the guaranty agency will no longer need to mail paper 'signature pages' after submitting the Form 2000 electronically. A copy of the OPA can be found on the Financial Partners Portal at fp.ed.gov/fms.html.

Original signature documents must be mailed to:

Federal Student Aid Finance Office
Accounting Operations Division
830 First Street, N.E., 5th Floor
Washington, DC 20202-5455

If you have any questions, please contact us at: FSA_GAR@ed.gov

CHAPTER 1: GA FINANCIAL REPORT MONTHLY

Guaranty agencies (GA) submit a monthly report to ED to request payments for default, bankruptcy, death, disability, closed school, false certification, and lender of last-resort-loan (default) claims. This report is also used to report unpaid school refunds and teacher loan forgiveness discharges. A GA also uses the form to make payments for amounts due ED for collections on default and lender-of-last-resort loan (default) claims on which reinsurance was paid, and for refunding amounts previously paid for reinsurance claims. Reference the Financial Management System GA Guide posted at: fp.ed.gov/fms.html, for completing the on-line forms.

Effective July 1, 2006 the claim filing time is 30 days. In order to comply with this provision, ED implemented a Supplemental claims invoicing process. The supplemental claims process allows the GA to report reinsurance claims on a bi-monthly basis. Procedures for supplemental claims processing are available via fp.ed.gov/fms.html. The Supplemental Claims Invoice process has no impact on regular monthly GAFR reporting, i.e., all monthly activity, including the Supplemental Claims Invoice amounts must be included in the monthly GAFR submission.

The Monthly Report requires that the GA report summary information on all claims, collections, and related activity for a given month. A GA may only submit one monthly report. Additional submissions for the same monthly period will be rejected. If the GA notifies ED of an error prior to acceptance, the form will be rejected back to the GA for correction and resubmission. After ED accepts the monthly report, no further corrections or adjustments can be made. Errors must be rectified by submitting the appropriate information in a later submission.

When the monthly report is accepted, the GA can access their SOA, which will provide the GA with a summary of what they reported to ED as well as monies owed ED or due the agency. Any net payment due an agency in relation to this processing will be paid within 21 days. Funds owed to ED is payable immediately.

Unless otherwise specified, report only on activities on loans guaranteed under the FFEL Program at the time the loan guarantee was issued and which are eligible for, or on which reinsurance was paid. Enter all dollar amounts to the nearest penny.

Reinsurance, Trigger Figure and Collections

FFEL Program loans originated by an eligible lender are insured by a GA. When a lender is unable to collect on a loan, it files an insurance claim with the GA. GA's pay lender insurance claims on defaulted loans and insurance claims based on the chart below:

The Consolidated Appropriations Act, 2016, Pub. L. 114-113, signed on December 18, 2015 changed the maximum reinsurance percentage for GA's in the FFEL program. The Act changes the ED to GA reimbursement to 100%. Beginning with the December 2015 GAFR, GA's were able to request reinsurance at the higher rate for new default claims. Supplemental claim requests by lenders on previously paid default claims are reimbursed at the rate in effect at the time reinsurance was paid and are not eligible for the 100% rate.

Reinsurance Rates

| Description | Loan Amount/ Claim Amount | Reimbursement Rate (GA to Lender) | Reimbursement Amount to Lender | Reimbursement Rate (ED to GA) | Reimbursement Amount to GA |
|---|------------------------------|---|--------------------------------------|-------------------------------------|----------------------------------|
| Lender Insurance (Loan 1st Disbursed Before 10/1/93) | \$1,000.00 | 100% | \$1,000.00 | 100% | \$1,000.00 |
| Lender Insurance (Loan 1st Disbursed On/After 10/1/93 and Before 10/1/98) | \$1,000.00 | 98% | \$980.00 | 100% | \$980.00 |
| Lender Insurance (Loan 1st Disbursed On/After 10/1/98 and Before 7/1/06) | \$1,000.00 | 98% | \$980.00 | 100% | \$980.00 |
| Lender Insurance (Loan 1st Disbursed On/After 7/1/06 and Before 7/1/10) | \$1,000.00 | 97% | \$970.00 | 100% | \$970.00 |
| Lender Insurance for Exempt Claims (Loan 1st Disbursed Before 7/1/06) | \$1,000.00 | 98% | \$980.00 | 100% | \$980.00 |
| Lender Insurance for Exempt Claims (Loan 1st Disbursed On/After 7/1/06) | \$1,000.00 | 100% | \$1,000.00 | 100% | \$1,000.00 |

Note: This chart does not take into consideration “trigger figures rates,” i.e., when claims exceed 5% or 9% of loans in repayment.

GA Financial Report (GAFR) Guide

ED reimburses the agency for part of its losses. This report is used to request these reimbursements. ED reimburses GA on the following types of claims (including but not limited to):

- Default
- Exempt and lender-of-last-resort loan (defaults)
- Bankruptcy (Chapters 7, 11, 12 and 13)
- Death or disability
- Closed school or false certification
- Unpaid refunds
- Discharges

Definitions of each of these claim types are given in this guide. In general, ED reimburses a GA for 100 percent of its losses for all claims. For purposes of reinsurance, a GA's losses consist of loan principal, lender interest and GA claim interest. Non-reinsured GA interest is not eligible for reinsurance, even though the GA must pay it to the lender.

Exempt claims are defined as claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender's or the institution's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits there on. Exempt claims, on loans disbursed on or after July 1, 2006, are reimbursed for 100 percent.

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

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

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

- 90 percent of its default claim losses on loans first disbursed before October 1, 1993;

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

- 80 percent of an agency's default claim losses on loans first disbursed before October 1, 1993;

These reduced rates are generally referred to as "reduced reimbursement rates." The difference between the default claim amount paid to the lender and the reinsurance amount paid to GA at the "reduced reimbursement rate" is the agency's "reinsurance complement".

GA Financial Report (GAFR) Guide

Once a default claim is paid to a lender, the GA becomes the holder of the loan and must seek to collect on the loan from the borrower. Since ED reimburses a GA on defaults, the GA must return to ED a portion of the amount it collects from the borrower. If ED reimbursed the GA at 100, 98, 95, or 90 percent of the default claim paid to the lender, then the agency's complement on collections from borrowers would be 0, 2, 5, or 10 percent.

The GA is allowed to retain 16% of the amount collected from the borrower.

The amount of the collections, which a GA must return to ED, is referred to as the "Secretary's (of Education) Equitable Share" of collections. The formula for calculating the Federal share of collections is [total collected **less** reinsurance complement **less** GA retention = Federal share of collections].

Financial Processing

Once ED accepts the GA monthly report, the system will generate a Statement of Account (SOA) that summarizes financial information related to its monthly submission. The SOA is a summary of all monthly activity reported since the last statement was generated. Examples of information that the statement provides are: the amount of money ED owes the agency for reinsurance and other claims; the agency's standing in relation to a reduction in its reimbursement percentage (the "trigger figure"); and the amount of money the agency owes ED for collections on defaulted loans.

Reinsurance claim transactions are considered by ED to occur on the date a GA's monthly report is paid by electronic funds transfer (EFT) by ED.

An agency's "trigger figure" is adjusted for the fiscal year in which the approval date falls. This is not necessarily the same fiscal year in which the guaranty agency:

- paid the claim to the lender;
- reported the transactions to ED; or
- received the reinsurance payment from ED.

GA Financial Report (GAFR) Guide

Trigger figure calculation formula and example:

| | |
|---|------------------|
| Loans In Repayment ² | \$683,877,349.00 |
| 5% Trigger = Loans In Repayment * 5% | \$34,193,867.45 |
| 9% Trigger = Loans In Repayment * 9% | \$61,548,961.41 |
| Amount Requested Fiscal Year to Date (FYTD) ³ | \$19,826,542.97 |
| Dollars Paid Fiscal Year to Date ⁴ | \$19,346,754.82 |
| Rehabilitated Loans Applied - FYTD ⁵ | \$1,327,585.47 |
| Rehabilitated Loans Unapplied – Carry Over CFY ⁵ | |
| Rehabilitated Loans Applied – PFY ⁶ | |
| Refunds Applied – FYTD ⁷ | \$32,696.30 |
| Refunds Unapplied – Carry Over CFY ⁸ | |
| Refunds Applied – PFY ⁹ | |
| Trigger Basis Amount ¹⁰ | \$17,986,473.05 |
| Percent of Request Paid ¹¹ | 97.58% |
| Trigger Rate ¹² | 2.63% |

² Loans In Repayment [AR-1 (-) AR-2 (+) AR-3 (-) AR-4 (-) AR-5 (+) AR-6 (-) AR-7 (-) AR-8 (-) AR-9 (-) AR-10 (-) AR-11 (-) AR-12 (-) AR-13 (-) AR-14]

³ Amount Requested Fiscal Year To Date = FYTD Total MR-1-A, “Other Amounts.”

⁴ Dollars Paid Fiscal Year To Date = FYTD Total MR-1-A, “Principal Amount”.

⁵ Rehabilitated Loans Applied FYTD = FYTD Total MR-10, “Default Principal Amount”, until GA hits 5% trigger.

⁵ Rehabilitated Loan Unapplied – Carry Over CFY. After GA hits 5% trigger, rehabilitated loans will be stored for credit to the next fiscal year.

⁶ Rehabilitated Loan Applied – PFY. This field will be populated when a GA hits the 5% trigger in the prior fiscal year and they had an amount in “Rehabilitated Loan Unapplied – Carry Over CFY.”

⁷ Refunds Applied FYTD = FYTD Total MR-7-A, Partial Refunds, Defaults, Principal Amount + FYTD MR-5-A, Repurchases CFY, Defaults, Principal Amount, if GA has a repurchase agreement.

⁸ Refunds Unapplied = Carry Over CFY. After GA hits 5% trigger, refunds will be stored for credit to the next fiscal year.

⁹ Refunds Applied = Carry Over PFY. This field will be populated when a GA hit the 5% trigger in the prior fiscal year and they had an amount in “Refunds Unapplied – Carry Over CFY.”

GA Financial Report (GAFR) Guide

¹⁰ Trigger Basis Amount = Dollars Paid FYTD less Rehabilitated Loans Applied less Refunds Applied.

¹¹ Percent of Request Paid = Dollars Paid FYTD/Amount Requested FYTD.

¹² Trigger Rate = (Trigger Basis Amount/Loans in Repayment)*100.

The GA must submit their monthly report within the first 10 business days of the month. Collections, on defaulted loans, are considered submitted to ED on the date the monthly report is received by ED. Amounts due the agency are sent to the agency's financial institution via electronic funds transfer (EFT) within 30 days after the date of receipt of an error-free report.

ED may offset the amounts that a GA owes ED against amounts ED owes the agency. In those cases where the agency still owes ED money after offset, then the agency's monthly statement will reflect the balance due ED. Otherwise, the GA must remit funds owed to ED within two business days of submitting the monthly report.

An agency must submit payments to ED via Fedwire or on-line via Pay.gov. Pay.gov Payment Remittance Guide can be found at fp.ed.gov/fms.html.

For additional information or instructions, contact the GA Reporting Team via e-mail at FSA_GAR@ed.gov.

Please consult the GA User Guide for accessing the Financial Management System (FMS) when completing the GAFR web application. The user guide can be found at this site: fp.ed.gov/fms.html.

Fiscal Month of Reporting

When entering the federal fiscal month and federal fiscal year of the month through which activity is being reported always use numbers to stand for the federal fiscal month and year and enter the date as MM/CCYY. An example of the fiscal month and federal fiscal year is as follows:

| Calendar Month/Year | Fiscal Month/Year |
|----------------------------|--------------------------|
| October 2019 | 01/2020 |
| November 2019 | 02/2020 |
| December 2019 | 03/2020 |
| January 2020 | 04/2020 |
| February 2020 | 05/2020 |
| March 2020 | 06/2020 |
| April 2020 | 07/2020 |
| May 2020 | 08/2020 |
| June 2020 | 09/2020 |
| July 2020 | 10/2020 |
| August 2020 | 11/2020 |
| September 2020 | 12/2020 |

Line items MR-1 through MR-23 contain GA monthly activity and any corrections made for prior periods. Line items MR-24 through MR-26 contain GA monthly activity.

MR – 1 Claims Paid

This section is used to request reimbursement for default and other FFEL Program claims paid by the GA to lenders for loan principal and interest. The categories of FFEL Program claims are: default, exempt (include claims where the student has been convicted of, or pleaded nolo contendere or guilty to, a crime involving fraud in obtaining title IV student aid and claims where the borrower is a victim of identity theft), lender-of-last-resort, bankruptcy, death, disability, closed school, false certification, unpaid refunds and (teacher loan forgiveness) discharges.

Additional requests are used in situations where either the lender or the GA did not receive the full payment when the claim was originally processed by the GA or ED.

This section is also used to request additional reinsurance on a default claim when the status changes to exempt and the GA is entitled to 100 percent reimbursement. Status changes due to death, disability, closed school, false certification, or bankruptcy shall be reported on MR-3.

If the agency receives a borrower payment from the lender **after** the date of the lender's claim payment, reduce the reinsurance claim request amount (MR-1-A, Claims Paid) and the lender claim amount (MR-1-A, Other Amounts) by the payment amount.

If the agency receives a borrower payment from the lender **after** the GA requests reimbursement from ED, the payment shall be treated as a refund and reported in MR-7, Partial Refunds-CFY if the reinsurance is paid in the current fiscal year. If the reinsurance is paid in a prior fiscal year, report the payment amount in MR-8, Partial Refunds-PFY.

If the agency receives a payment directly from the borrower, after the claim payment, treat the payment as a collection and report these amounts in MR-12, GA Administrative Wage Garnishment, MR-13, Default Collections, or MR-14, Bankruptcy Collections, as appropriate.

The amount reported in MR-1, Claims Paid shall not include amounts paid to lenders for other items such as late charges, collection costs, attorney's fees, as well as non-reinsured GA interest.

Example: The GA payment to the lender is \$9,800, based on the lenders' requested amount of \$10,000 on a default loan first disbursed on or after 10/1/98 and before 7/1/06 (ex 100% reinsurance reimbursement rate); a \$2,000 death/disability claim request from the lender; and a \$100 borrower payment from the lender after the lender's default claim was paid but prior to GA's request for reinsurance.

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|----------|-----------------------------------|--------------------------------|------------------|-----------------|---------------|
| MR-1 | Claims Paid | \$11,700.00 | | | |
| MR-1-A | Defaults – Net | | \$9,700.00 | | \$9,700.00 |
| MR-1-B | Exempt/Lender-of-last-resort | | - | | |
| MR-1-C | Death/Disability | | \$2,000.00 | | |
| MR-1-D | Closed School/False Certification | | - | | |
| MR-1-E | Bankruptcy | | - | | |
| MR-1-F | Unpaid Refunds | | - | | |
| MR-1-G | Discharges | | - | | |

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

This amount is the total reimbursement the GA is requesting from ED (original and additional requests) for all types of claims (i.e., default, exempt, lender-of-last-resort, death, disability, closed school, false certification, bankruptcy, unpaid refunds and teacher loan forgiveness discharges). This is a system-calculated field that does not allow GA input.

MR-1-A Defaults - Principal Amount

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

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

GA Financial Report (GAFR) Guide

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

The total reimbursement request amount from ED is calculated by multiplying amounts paid to lenders, for default claims, by the appropriate reinsurance reimbursement rate (based on date of the loans first disbursement) and taking into consideration whether or not the agency has hit either their 5% or 9% trigger.

MR-1-A Defaults - Other Amounts

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

Example: The GA payment to the lender is \$9,800, based on the lender requested amount of \$10,000 on a default (not exempt or LLR) loan first disbursed on or after 10/1/98 and before 7/1/06. The GA's reporting would be as follows:

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|----------|----------------|--------------------------------|------------------|-----------------|---------------|
| MR-1 | Claims Paid | \$9,800 | | | |
| MR-1-A | Defaults – Net | | \$9,800 | | \$9,700.00 |

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

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

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

Exempt claims are filed in situations where the lender determines that the borrower or the student on whose behalf a parent has borrowed, without the lender or school's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused

GA Financial Report (GAFR) Guide

the student or borrower to be ineligible for all or a portion of a loan. Also include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid and cases where the borrower is a victim of identity theft. Exempt claims are exempt from the agency's reinsurance trigger calculation, are insured at 100 percent and are reimbursed at 100 percent for loan disbursements made on/after July 1, 2006.

Lender-of-last-resort loans are loans that were made to students who were otherwise unable to obtain loans. A lender-of-last-resort (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note. Lender -of-last-resort loans are reimbursed at 100%. GA's shall enter a comment for MR-1-B to indicate whether the claim is related to Exempt Loans and Lender or Last Resort and amounts broken out if the field contains both.

Example: The lender's request to the guarantor is \$1,000 on an exempt claim that was first disbursed on or after 7/1/06, and a lender-of-last-resort claim for \$5,000. The amount reported in MR-1-B would be \$6,000. The GA's reporting on would be as follows:

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|---------------|-------------------------------------|--------------------------------|-------------------|-----------------|---------------|
| MR-1 | Claims Paid | \$6,000.00 | | | |
| MR-1-A | Defaults – Net | | - | | |
| MR-1-B | Exempt/Lender-of-last-resort | | \$6,000.00 | | |
| MR-1-C | Death/Disability | | - | | |
| MR-1-D | Closed School/False | | - | | |
| MR-1-E | Bankruptcy | | - | | |
| MR-1-F | Unpaid Refunds | | - | | |
| MR-1-G | Discharges | | - | | |

MR-1-C Death/Disability - Principal Amount

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

If a death or disability claim is filed after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, then the complement of the reinsurance may be requested using MR-3, Status Change. If a death or disability claim is filed after a default or lender-of-last-resort loan (default) claim was paid at 100 percent, this change in status must be reported in the Non-Payment Activity section, MR-20, Default/Lender of Last Resort to Death or Disability. *GA's shall enter a comment for MR-1-C to*

GA Financial Report (GAFR) Guide

indicate whether the claim is related to Death or Disability and indicate the amount attributed to each category.

As of July 1, 2013, upon notification by the Department that the borrower qualifies for a Total and Permanent Disability (TPD) Discharge, the GA will notify the borrower of the discharge and refund any payments that were made to the GA on or after the effective date of the discharge or effective date of the grant of disability. The refund shall be reported on this line.

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

Enter amounts for closed school or false certification claims (original and supplemental requests) for the reporting period. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education.

If the borrower files a closed school or a false certification claim, after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent, the complement of the reinsurance shall be requested using line MR-3, Status Change. If the borrower files a closed school or false certification claim after a default or lender-of-last-resort loan (default) claim was paid to the lender and the reinsurance claim was paid at 100 percent, even though no further reinsurance is due the agency, the change in status to closed school or false certification must be reported in the Non-Payment Activity section, MR-21, Default/Lender of Last Resort to Closed School/False Certification. GA's must enter a comment for MR-1-D to indicate whether the claim is related to Closed School or False Certification and amounts per category.

MR-1-E Bankruptcy - Principal Amount

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

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

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

In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it will not know the date that ED will authorize the reinsurance claim to be paid.

GA Financial Report (GAFR) Guide

Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this field. After the agency receives payment from ED for the claim, the agency may request the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date ED authorized payment of the claim or the 60th day after the loan was discharged. The date ED authorized payment of a claim is the date the agency received the payment.

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

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

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

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

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

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

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

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

If the loan is not discharged, it must either be repurchased by a lender or collected on by the GA in accordance with program regulations. The loan reverts to an "in repayment" status at the lender. If the borrower does not repay the loan after the repurchase, then the loan could go into default. The GA could pay a default claim on it and file a default reinsurance claim using

GA Financial Report (GAFR) Guide

MR-1. This assumes all applicable lender and GA policies concerning defaulted loans were followed.

In addition to arranging the lenders' repurchase of the loan, the agency must refund to ED any bankruptcy reinsurance payment it received and report it on MR-5, Repurchases - CFY (current fiscal year) or MR-6, Repurchases - PFY (prior fiscal year). Also, report the account balance at conversion (from bankruptcy to default) in MR-23, Bankruptcy to Default/Lender-of-last-resort, if the loan was originally purchased as a default and collections resume due to dismissal of the bankruptcy proceedings.

MR-1-F Unpaid Refunds - Principal Amount

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

In accordance with the unpaid refund provisions, calculate the amount paid to lenders for these refunds. Add to this figure the amount of the reinsurance complement requested by the agency on loans it holds for which the borrower qualifies for an unpaid refund.

Also, see MR-31, Other Transactions Affecting Federal Receivable, to report the federal receivable portion of unpaid refund discharges on GA held loans.

MR-1-G Discharges

Enter amounts for teacher loan forgiveness discharges and partial discharges of FFEL Consolidation Loans, (original and additional requests) for this reporting period.

Teacher loan forgiveness is a discharge of a borrower's obligation to repay up to \$5,000 or up to \$17,500 of their outstanding student loan balances according to 34 CFR 682.216. Forgiveness is available to a borrower who has no outstanding loan balance under the FFEL Program or the Direct Loan Program on October 1, 1998 or has no outstanding loan balance on the date he or she obtains a loan after October 1, 1998. The Secretary pays the GA a percentage of the discharge that is equal to the complement of the reinsurance percentage paid on the loan. The payment may also include interest that accrues on the discharged amount during the period from the date the GA received payment from the Secretary to the date on which the GA determines that the borrower is eligible for the teacher loan forgiveness.

A partial discharge of a FFEL Consolidation Loans occurs when a loan was obtained jointly by a married couple if one of the borrowers dies or becomes totally and permanently disabled. The amount that is eligible to be discharged is equal to the portion of the outstanding balance attributable to the deceased or disabled borrower as of the date the borrower died or became totally and permanently disabled.

In accordance with the teacher loan forgiveness provisions and the partial discharge of FFEL Consolidation Loans provisions, calculate the amount paid to lenders for discharges. Add

GA Financial Report (GAFR) Guide

to this figure the amount of the reinsurance complement requested by the agency on loans it holds for which the borrower qualifies for teacher loan forgiveness discharge or partial discharge of a FFEL Consolidation Loans.

Example: A GA pays lenders for three teacher loan forgiveness discharges:

| Borrower | Amount |
|----------|------------|
| #1 | \$5,000.00 |
| #2 | \$3,000.00 |
| #3 | \$5,000.00 |
| Subtotal | \$3,000.00 |

In addition, the GA has two requests for teacher loan forgiveness discharges on loans they hold:

| Borrower | Amount | Reinsurance Reimbursement | GA Complement |
|----------|------------|---------------------------|----------------|
| #4 | \$1,000.00 | 1,000 - (1000*98%) | \$20.00 |
| #5 | \$500.00 | 500 - (500*95%) | \$25.00 |
| Subtotal | | | \$45.00 |

The amount entered in MR-1-G, Discharges, Principal Amount is \$13,045.00.

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|-------------|-----------------------------------|--------------------------------|--------------------|-----------------|---------------|
| MR-1 | Claims Paid | \$30, 525.00 | | | |
| MR-1-A | Defaults – Net | | \$9,800.00 | | \$10,000.00 |
| MR-1-B | Exempt/Lender-of-last-resort | | \$6,000 | | |
| MR-1-C | Death/Disability | | \$2,000.00 | | |
| MR-1-D | Closed School/False Certification | | \$0.00 | | |
| MR | | | | | |
| MR-1-E | Bankruptcy | | \$0.00 | | |
| MR-1-F | Unpaid Refunds | | \$0.00 | | |
| MR-1-G | Discharges | | \$13,045.00 | | |

The GA must also report the federal receivable portion of the forgiveness discharge or partial discharges of FFEL Consolidation Loans in MR-31, Other Transactions Affecting the Federal Receivable.

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

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

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

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

The borrower is entitled to a full refund of these collections and ED must refund the entire collection amount to the GA. Collections refer to collection of: principal, purchased interest (lender interest, GA claim interest and non-reinsured GA interest), accrued interest, and any collection charges permitted by law, regulation, or the borrower's promissory note.

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

MR-2, Borrower Payment Return - Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-2, Principal Amount, Interest Amount, and Other Amounts. This is a system-calculated field that does not allow GA input.

MR-2 Borrower Payment Return - Principal Amount

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

MR-2 Borrower Payment Return - Accrued Interest

Enter amount of collections that were applied to the portion of each borrower's account that represents accrued interest. MR-2 Borrower Payment Return - Other Charges

GA Financial Report (GAFR) Guide

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

MR-3 Status Changes

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

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

If a GA paid a default claim for which it received less than 100 percent reinsurance, and the status of the borrower claim changes to one of those listed above, the GA can request supplemental reinsurance on the line items below.

To request additional reinsurance on a default claim when the status changes to exempt (for loans disbursed on or after July 1, 2006), report the additional amount in MR-1-B, Exempt/Lender of Last Resort.

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

Reporting on GAFR:

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|----------|-----------------------------------|--------------------------------|------------------|-----------------|---------------|
| MR-3 | Status Changes | \$345.00 | | | |
| MR-3-A | Death/Disability | | \$200.00 | \$50.00 | |
| MR-3-B | Closed School/False Certification | | \$18.00 | \$2.00 | |
| MR-3-C | Bankruptcy | | \$50.00 | \$25.00 | |

GA Financial Report (GAFR) Guide

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

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

Example:

| | Borrower Status Changes Default To | Original Claims Paid to Lender Principal Amount | Original Claims Paid to Lender Interest Amount | ED Payment to GA Principal Amt. | ED Payment to GA Interest Amt. | Additional Amount due GA - Principal | Additional Amount due GA - Interest |
|-------------|---|--|---|--|---------------------------------------|---|--|
| Borrower #1 | D/D | \$4,000 @ 95% | \$1,000 @ 95% | \$3,800.00 | \$950.00 | \$200.00 | \$50.00 |
| Borrower #2 | CS/FS | \$900 @ 98% | \$100 @ 98% | \$882.00 | \$98.00 | \$18.00 | \$2.00 |
| Borrower #3 | Bankruptcy | \$1,000 @ 95% | \$500 @ 95% | \$950.00 | \$475.00 | \$50.00 | \$25.00 |
| | | 5,900.00 | 1,600.00 | \$5,632.00 | \$1,523.00 | \$268.00 | \$77.00 |

Reporting on GAFR:

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|-----------------|-----------------------------------|---------------------------------------|-------------------------|------------------------|----------------------|
| MR-3 | Status Changes | \$345.00 | | | |
| MR-3-A | Death/Disability | | \$200.00 | \$50.00 | |
| MR-3-B | Closed School/False Certification | | \$18.00 | \$2.00 | |
| MR-3-C | Bankruptcy | | \$50.00 | \$25.00 | |

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

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

Also, report the account balance at conversion (from default to death and disability) in MR-20, Default/Lender of Last Resort to Death and Disability.

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

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

Also, report the account balance at conversion (from default to closed school/false certification) in MR-21, Default/Lender of Last Resort to Closed School/False Certification.

MR-3-C Bankruptcy - Principal and Interest

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

If a borrower files for bankruptcy after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, the GA may claim reimbursement for the complement of the reinsurance in this field.

Also, report the account balance at conversion (from default to bankruptcy) in MR-22, Default/Lender of Last Resort to Bankruptcy.

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

- a repayment plan is established, the agency must report and return to ED any amounts received at the direction of the Bankruptcy Court on line MR-14, Bankruptcy Collections

GA Financial Report (GAFR) Guide

- the loan is not discharged, it must either be repurchased by a lender or collected on by the GA in accordance with program regulations, and the agency must refund to ED any additional bankruptcy reinsurance payment it received and report it on either MR-7, Partial Refund – CFY or MR-8, Partial Refund – PFY, as appropriate.

Also, report the account balance at conversion (from bankruptcy to default) in MR-23 Bankruptcy to Default/Lender of Last Resort.

MR-4 TOP Overpayments

The Treasury Offset Program (TOP) field reports activity on accounts after offsets have occurred. Overpayment refunds are made to borrowers by the GA when the offset exceeds the balance (principal and interest) due on the borrower's account.

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

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

Amount and fees (reported in the Other Amounts column) and will be automatically calculated. This is a system-calculated field that does not allow GA input.

MR-4 TOP Overpayments – Principal

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

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

MR-4 TOP Overpayments – Interest Amount

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

MR-4 TOP Overpayments – Other Amounts

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

MR-5 Repurchases - Current Fiscal Year (CFY)

This category is used to refund ED (“repurchases”) the amount paid to a GA on a reinsurance claim once it is determined that the claim was invalid.

Examples:

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

The GA files a reinsurance claim for bankruptcy with ED and is paid. The GA then receives a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that the loan was not discharged. The GA must arrange for the lender to repurchase the loan and provide a full refund of the bankruptcy reinsurance claim to ED. The lender must place the borrower back in repayment although the borrower could subsequently default on the loan. An agency must also file a refund on any bankruptcy claim where the bankruptcy proceedings were concluded, and the Bankruptcy Court does not discharge the loan. For example, a refund would be required if the borrower does not comply with the requirements of the Wage Earner Plan and the Bankruptcy Court dismisses the case.

A GA must file a refund if it determines that it made an invalid reinsurance claim.

A GA must file a full refund of reinsurance to ED within 45 days of:

- Receiving a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that a loan on which ED paid a bankruptcy reinsurance claim was not discharged or
- In all other cases, unless otherwise directed, the date that the agency discovers that a full refund of reinsurance is due to ED.

Full refunds of default claims are refunds to ED for the full amount of the default reinsurance. Refunds are reduced by borrower payments forwarded to ED. If a default reinsurance claim was paid to the GA at a reduced reinsurance rate, the refund to ED must be made at that rate (Amount remitted = outstanding principal * reinsurance reimbursement rate). The effect of a full refund of a default claim on a GA’s “trigger figure”:

- ED reduces the total of default claims paid which are subject to the reinsurance trigger by the amount of the refund. This rule applies if the refund is for a reinsurance default claim paid during the current federal fiscal year. Once the GA has exceeded its trigger for the current federal fiscal year, subsequent full refunds do not affect the trigger calculation. Instead, the refund amount is credited against default claims paid to the GA in the following federal fiscal year.
- Full refunds of a reinsurance default claim paid during a previous federal fiscal year do not affect any trigger calculations.

GA Financial Report (GAFR) Guide

- If a full refund of a default claim is made more than 30 days after the GA received the reinsurance payment, the agency must pay ED interest on the repurchased loan. The interest rate is the rate specified on the borrower's promissory note. Report the unpaid interest from the date of the reinsurance payment until the date the refund is reported to ED.
- A repurchase agreement covers default claims. It does not apply to exempted, bankruptcy, death and disability, closed school, false certification, or lender-of-last-resort loan claims because these claims do not affect a GA's trigger figure.

Repurchases have two sections. The columns are the same for each section. Each section has five line items and the items are the same for each section. The purpose of the two sections is to enable ED to properly process current and prior fiscal year refunds of GA's, which have repurchase agreements with ED, and for ED's accounting procedures. Repurchase agreements provide for different treatment of reinsurance claims paid in a current fiscal year and in prior fiscal years.

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

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

MR-5, Repurchases - CFY - Amount Due To/ (From) Guarantor, is the total dollar amount of current fiscal year repurchased claims for the reporting period for which the GA is making a full refund of reinsurance. This amount is the sum of MR-5-A through MR-5-E, Principal Amount, Interest Amount, and Other Amounts, as applicable. This is a system-calculated field that does not allow GA input.

MR-5 Repurchases - CFY - Principal Amount

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

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

The Secretary pays accrued interest on a bankruptcy claim if the GA was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender prior to July 23, 1992 may meet this condition. A Chapter 7 or 11 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim, the GA is

GA Financial Report (GAFR) Guide

entitled to receive interest that accrued (but was held in forbearance) on the discharged loan from the date the GA paid the lender through the earlier of:

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

The lender must repurchase claims paid to lenders prior to July 23, 1992, on which the borrower has not filed for a hardship discharge, and reinsurance must be returned to ED. In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the reinsurance claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this column. After the agency receives payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date that ED authorized payment of the claim or the 60th day after the loan was discharged. Unless ED notifies the agency, the date ED authorizes payment of a claim is the date the agency receives the payment.

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

If the loan later goes into default, the GA may file a default reinsurance claim with ED at that time.

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

This amount does not include amounts paid to lenders for other items such as late charges, collection cost, and attorney's fees. It also excludes non-reinsurance GA interest. If the non-reinsured GA Interest amount has been capitalized the agency must reduce this amount and report it in the Other Amounts column. For closed school or false certification claims, outstanding principal includes any collection costs paid by ED.

MR-5 Repurchases - CFY - Accrued Interest Due ED

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

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

GA Financial Report (GAFR) Guide

The unpaid interest due ED is calculated from the date the original reinsurance reimbursement payment was received until the date the refund is reported to ED. Interest need not be paid on a default claim which is refunded within 30 days of the date reinsurance was paid. If no interest is due on any of the default claims being refunded, enter a zero. If the agency does not have a repurchase agreement with ED enter zero.

The total refund due ED for this line item is the *outstanding principal (net of any complement) plus outstanding accrued interest due E.D*

MR-5 Repurchases - CFY – Other Amounts

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

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

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

MR-5-A Repurchases - CFY – Defaults

Enter the amount related to default claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. A default claim is one on which the borrower and endorser, if any, or joint borrowers on a FFEL PLUS Loan or FFEL Consolidation Loan, failed to make an installment payment when due, or failed to meet other terms of the promissory note, if the Secretary or GA finds it reasonable to conclude that the borrower or endorser, if any, no longer intends to honor the obligation to repay, provided that failure persists:

- For loans delinquent on/after 10/7/98:
 - 270 days for a loan payable in monthly installments or
 - 330 days for a loan payable in less frequent installments.
- For loans delinquent before 10/7/98:
 - 180 days for a loan payable in monthly installments and
 - 240 days for a loan payable in less frequent installments;

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

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

GA Financial Report (GAFR) Guide

student failed to establish eligibility for the loan. Also include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid or in cases where the borrower is a victim of identity theft. Exempt claims on loans first disbursed before July 1, 2006 were subject to reduced reimbursement and the reinsurance complement must be reduced from amounts reported here. Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort loan (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note.

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

MR-5-C Repurchases - CFY – Death/Disability

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

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

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

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

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

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

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

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

GA Financial Report (GAFR) Guide

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

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

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

If the borrower defaulted prior to filing bankruptcy and:

- the reinsurance claim was paid at only 98, 95, 90, 88, 85, 80, 78 or 75 percent of principal and interest and the complement of the reinsurance was paid under MR-3 C, Status Changes, when the borrower filed bankruptcy, and
- the bankruptcy proceedings are concluded, and the loan is not discharged, or
- the borrower filed for bankruptcy after a default or lender-of-last-resort loan (default) claim was paid to the lender,

Then the agency must refund to ED any additional bankruptcy reinsurance payment it received in MR-5 and MR-6. The GA would continue to hold the loan and attempt to collect on it like any other default claim.

The agency must report and return to ED any amounts paid at the direction of Bankruptcy Court. These amounts must be reported in MR-14, Bankruptcy Collections because they are not refunds.

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

In MR-6-A through MR-6-E enter the amount of repurchased claims paid in all previous fiscal years in this section. This includes any refund of reinsurance where the claim was not paid in the current fiscal year. Use the instructions for the line items with this same title from the Repurchases - Current Fiscal Year category, taking into account that this field covers only reinsurance paid in previous fiscal years.

MR-6 Repurchases - PFY - Amount Due To / (From) Guarantor

MR-6, Repurchases - PFY - Amount Due To/(From) Guarantor is the total dollar amount of prior fiscal year repurchased claims for the reporting period for which the GA is making a full refund of reinsurance. This amount is the sum of MR-6-A through MR-6-E, Principal Amount,

GA Financial Report (GAFR) Guide

Interest Amount and Other Amounts, as applicable. This is a system-calculated field that does not allow GA input.

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

This field is used to refund part of a reinsurance claim paid by ED when a lender refunded part of the insurance claim paid by the GA. Borrower payments received by the lender and forwarded to the GA are not subject to collection retention and shall be reported here. Borrower payments received by the GA after the default claim has been paid to the holder are treated as a collection and should not be reported in this line item.

If the agency receives a claim overpayment from a lender after an insurance claim was paid, but prior to reinsurance being requested, treat the payment as a refund and reduce the reinsurance claim amount (MR-1) by the amount refunded.

The GA must reimburse ED for the entire amount of lenders partial refund and report this payment as an overpayment refund on all except a default claim. On a default claim, the GA can reduce the refund by any complement if reinsurance was originally paid at a reduced rate.

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

- If a GA has a repurchase agreement ED will reduce the total of default claims paid which are subject to the reinsurance trigger by the amount of the partial refund. This rule applies if the refund is for a reinsurance default claim paid during the current fiscal year. Once the GA has exceeded its trigger for the current fiscal year, subsequent partial refunds do not affect the trigger calculation. Instead, the partial refund amount is credited against default claims paid to the GA in the following federal fiscal year. A partial refund of a reinsurance default claim paid during a previous Federal fiscal year does not affect any trigger calculations. A repurchase agreement only covers default claims.
- If a GA does not have a repurchase agreement, a partial refund affects the agency's reinsurance trigger calculation up to the time the agency exceeds the trigger. The trigger is affected only for partial refunds when the reinsurance claim was paid during the current fiscal year.

GA Financial Report (GAFR) Guide

Example:

| | | Principal | Interest | Other |
|--|------------|-----------|----------|---------|
| Amount of Default Claim Paid to Lender | \$1,000.00 | | | |
| GA Reimbursement Rate | 95% | | | |
| Borrower Payment Received | \$100.00 | \$50.00 | \$25.00 | \$25.00 |

GAFR Reporting:

| | | | | |
|--|----------------|---|---|---|
| If borrower payment is received by the lender and forwarded to the GA before the GA files for reinsurance. | MR-1 | $(\$1,000 - 100) * 95\% = \855.00 | | |
| If borrower payment is received by the lender and forwarded to the guaranty after lender claim payment. | MR-7 or MR-8 | $(\$100 * 95\%) = \95.00 | | |
| If borrower payment is received directly by the GA after the default insurance claim has been paid to the lender. | MR-12 or MR-13 | $(\$50 * 95\%) \text{ less } (\$50 * 16\%) = \$39.50$ | $(\$25 * 95\%) \text{ less } (\$25 * 16\%) = \$18.00$ | $(\$25 * 95\%) \text{ less } (\$25 * 16\%) = \$18.00$ |

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

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

It does not include amounts paid to lenders or the GA for other items such as late charges, collection costs, and attorney's fees. It also excludes non-reinsured GA interest. MR-7, Partial Refunds - CFY, Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-7-A through MR-7-E, Principal Amount. This is a system-calculated field that does not allow GA input.

MR-7-A Partial Refunds - CFY - Defaults

GA Financial Report (GAFR) Guide

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

Example: The GA receives a refund from a lender of \$100 for a default claim. Reinsurance was paid at 95 percent. The GA would refund only \$95, that is, 95% of \$100 to ED.

MR-7-B Partial Refunds – CFY – Exempt/Lender-of-Last-Resort

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

Reinsurance paid on exempt claims for loans first disbursed on or after July 1, 2006, and lender-of-last-resort claims are not subject to a reduced reinsurance rate. Therefore, the GA must return to ED the entire amount of any partial refund from a lender for such a claim.

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

Enter the amount of partial refunds for death and disability claims for this reporting period, as defined above. Payments on death or disability claims are not subject to a reduced reinsurance rate. Therefore, the GA must return to ED the entire amount of the partial refund from a lender or the GA.

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

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

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

MR-7-E Partial Refunds – CFY – Bankruptcy

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

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

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

In MR-8-A through MR-8-E enter the information for partial refunds paid in all previous fiscal years in this section. Use the instructions for the line items with this same title from the

GA Financial Report (GAFR) Guide

Partial Refunds - CFY Section (MR-7-A through MR-7-E), taking into account that this Section covers partial refunds paid in previous fiscal years.

MR-8 Partial Refunds – PFY, Amount Due To/ (From) Guarantor

MR-8, Partial Refunds - PFY, Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-8-A through MR-8-E, Principal Amount. This is a system-calculated field.

MR- 9 Overstated Claims

This field is used to correct and refund reinsurance if the GA's arithmetic or typographical errors on previously submitted reinsurance requests and additional reinsurance requests resulted in the agency, but not the lender, being overpaid. Also use this field to refund to ED partial amounts paid the agency on supplemental reinsurance requests due to a further change in claim status back to default if originally paid at less than 100%.

Further changes in status may also require reporting in the Non-Payment Activity Section, MR- 20 through MR-23, Status Changes - Account Balance after conversion.

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

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

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

MR-9, Overstated Claims - Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-9-A through MR-9-E. This is a system-calculated field that does not allow GA input.

MR-9-A Overstated Claims – Defaults

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

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

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

MR-9-C Overstated Claims – Death/Disability

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

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

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

MR-9-E Overstated Claims – Bankruptcy

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

MR-10 Rehabilitated Loans

A rehabilitated loan is one on which a default, exempt or lender-of-last-resort loan reinsurance claim has been paid. If the borrower then makes 9 payments made within 20 days of the due date during 10 consecutive months, the GA may sell the loan to an eligible lender. This field is used to report rehabilitated loan payments due to ED as the result of the sale of certain defaulted loans to eligible lenders. (Since July 1, 2014, a GA may assign the loan to ED if the agency has been unable to sell the loan to an eligible lender. That activity is reported in MR31).

If the loan defaults again, the lender can file a claim with the GA and the agency can file a reinsurance claim with ED. The reasonable collection costs assessed the borrower are capitalized at the time of the loan sale and will be reported as principal if the loan defaults again. “Reasonable” collection costs, in connection with rehabilitation loans, is an amount that does not exceed 16 percent of the outstanding amount of principal and accrued interest on the loan at the time the agency arranges for the lender to purchase the loan or certifies the payoff amount to the purchasing lender. In the case of a sale made on or after July 1, 2014, the collection charge to the borrower may not exceed 16 percent of the outstanding principal and interest at the time of the loan sale. Collection costs that accrue after rehabilitation cannot be claimed on a subsequent default. Rehabilitated loan sales to lenders must be reported to ED within 45 days of their occurrence.

Since July 1, 2014, the GA must pay ED an amount equal to 100 percent of the outstanding principal balance on the loan at the time of the sale to the lender, multiplied by the reinsurance percentage in effect when payment under the guaranty agreement was made. For rehabilitated loan reporting, the outstanding principal balance is defined as the principal amount of the loan, which includes purchased interest, received by the lender from the GA for the default claim. Borrower payments applied may reduce the outstanding principal balance. The

GA Financial Report (GAFR) Guide

outstanding principal balance does not include any outstanding interest that accrued since the payment of the claim, or outstanding other charges, such as collection costs, late charges, or attorney's fees.

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

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

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

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

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

Since July 1, 2014, this amount is equal to 100 percent of the outstanding principal balance on the loan at the time of the sale to the lender, multiplied by the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan. The complement shall be transferred to the agency's federal fund.

MR-10, Rehabilitated Loan Refund, Amount Due To/ (From) Guarantor, is the sum of the amount reported in MR-10, Principal Amount. This is a system-calculated field that does not allow GA input.

MR-10 Rehabilitated Loans - Principal Amount

Enter the federal share of outstanding principal balance. **Since July 1, 2014, multiply the outstanding principal balance by the reimbursement rate.**

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

Even though this line item is entitled Principal Amount it must reflect the GA retention on the rehabilitated loan at the time of the sale. Enter the amount retained by the GA for the sale of rehabilitated loans to lenders. **Since July 1, 2014, this amount is 0%. Note: In the scenario where the GA is attempting to report an adjustment that would result in a negative amount in 10-A, an explanation must be provided in the comment section.**

GA Financial Report (GAFR) Guide

The example below demonstrates GAFR reporting for rehabilitation loans sales.

Example: Rehabilitation Loan Calculation (Single Loan) for a loan sold to a lender on or after July 1, 2014

Reinsurance Reimbursement Rate – 98%

Outstanding Principal and Interest Balance at Time of Rehabilitation – \$1,000.00
(Outstanding Principal Balance – \$993.27; Accrued Interest – \$6.73)

Payoff Amount (for lender to purchase rehabilitated loan) – \$1,160.00 [Outstanding Principal and Interest Balance of \$1,000.00 plus Collection Cost of \$160.00 (\$1,000.00 *16%)]

Complement (formula provided for informational purposes only) – Total Payoff Amount (\$1,160.00) less Secretary’s Share (\$973.40), less Accrued Interest, less GA Retention (\$160.00) equals \$19.87.

| | Outstanding Principal Balance | Accrued Interest | Other Charges | Total Payoff Amount |
|---|---|------------------|---------------|---------------------|
| Payoff Amount | \$993.27 | \$6.73 | \$160.00 | \$1,160.00 |
| Secretary’s Share | $\$993.27 * 98\% = \973.40 | | | |
| GA Retention | $1000 * 16\% = \$160.00$ | | | |
| Complement (for informational purposes only) | $\$1,160.00 - \$973.40 - \$6.73 - \$160.00 = \$19.87$ | | | |

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|----------|---------------------------|--------------------------------|------------------|-----------------|---------------|
| MR-10 | Rehabilitated Loan Refund | \$973.40 | \$973.40 | | |
| MR-10-A | Rehabilitated Loans | | | \$6.73 | \$160.00 |

MR-10-A Rehabilitated Loans – Interest

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

MR-10-A Rehabilitated Loans - Other Charges

Enter the outstanding other charges balance of each borrower's account at the time the rehabilitated loan was sold to a lender. Other charges include late charges, collection costs, or attorney's fees.

MR-11 FFEL Consolidation Refund (No longer used)

This category was used to report FFEL Consolidation Loan refunds due to ED as a result of the sale of certain defaulted FFEL Program loans consolidated into a FFEL Consolidation loan. Due to the enactment of the Health Care and Education Reconciliation Act (HERA) of 2010, reporting for this line item is no longer required after June 30, 2010.

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

No reporting allowed.

MR-11 FFEL Consolidation Refund - Principal Amount

No reporting allowed.

MR-11 FFEL Consolidation Refund - Interest Amount

No reporting allowed.

MR-11 FFEL Consolidation Refund – Other Amount

No reporting allowed.

MR-11-A FFEL Consolidation Payoff – Principal Amount

No reporting allowed.

MR-11-A FFE Consolidation Payoff – Interest Amount

No reporting allowed.

MR-11-B FFEL Consolidation GA Retention – Principal Amount

No reporting allowed.

MR-11-B FFEL Consolidation GA Retention - Interest Amount

No reporting allowed.

MR-11-B FFEL Consolidation GA Retention - Other Amount

No reporting allowed.

MR-12 GA Administrative Wage Garnishment

This field reports on administrative wage garnishment collection activities by the GA on loans for which insurance claims have been paid to the lender, but have not been assigned to ED. This includes collections of default, exempt and lender-of- last-resort loan (default) claims on which the GA is entitled to retain a percentage of the amount collected to pay for its collection costs. A GA may not attempt to collect the following types of claims:

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

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

All collections must be reported to ED within 45 days of the receipt of the collections by the GA or its agent, whichever is earlier.

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

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

This amount represents collections received through administrative wage garnishment collections by the GA on loans for which insurance claims have been paid to the lender and which have not been assigned to ED by the GA.

GA Financial Report (GAFR) Guide

Garnishment is the procedure requiring a borrower's employer to withhold a portion of a borrower's pay to repay the amount the borrower owes on a default or a lender-of-last-resort loan (default). A GA's garnishment procedures must comply with Section 488A of *The Higher Education Act of 1965, as amended (HEA)*, appropriate regulations and policy bulletins.

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

Report in this line item the total of the "Federal share of collections" associated with wage garnishment collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, and
- an amount equal to 16 percent of collections for default, exempted and lender- of- last-resort loan (default) claims to help the GA pay for the cost of its collection activities on collections received on or after October 1, 2007.

A GA must calculate the amounts that are due to ED.

Calculate amounts based on the reinsurance reimbursement rate that was in effect at the time the GA was reimbursed. If a borrower account contains original claims and additional reinsurance that was paid at different rates, the agency must report its collections at either:

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

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

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

Example:

Wage Garnishment Collections (Reinsurance Reimbursement Rate = 95%)
GA Received the Collection on October 10, 2007 (Collection Retention Rate – 16%)

GA Financial Report (GAFR) Guide

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|----------|---|--------------------------------|------------------|-----------------|---------------|
| MR-12 | GA Administrative Wage Garnishment | \$ 7,900.00 | \$5,530.00 | \$1,580.00 | \$ 790.00 |
| MR-12-A | Administrative Wage Garnishment - Total Collected | | \$7,000.00 | \$2,000.00 | \$1,000.00 |
| MR-12-B | Administrative Wage Garnishment - GA Retention | | \$1,120.00 | \$ 320.00 | \$160.00 |

| | Total Collected | Principal | Interest | Other Charges |
|-------------------|-----------------|---|--|--|
| | \$10,000.00 | 7,000.00 | 2,000.00 | 1,000.00 |
| Secretary's Share | | $(\$57000 * .95) - (\$7000 * .16) = \$5,530.00$ | $(\$2000 * .95) - (\$2000 * .16) = \$1,580.00$ | $(\$1000 * .95) - (\$1000 * .16) = \$790.00$ |
| GA Retention | | $\$7000 * .16 = \$1,120$ | $\$2000 * .16 = \320 | $\$1000 * .16 = \160 |

MR-12 Administrative Wage Garnishment – Principal Amount

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) multiplied by (appropriate reinsurance rate) less (total collected and applied to principal) multiplied by (appropriate retention rate) equals Federal share of collections.

MR-12 Administrative Wage Garnishment – Interest Amount

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) multiplied by (appropriate reinsurance rate) less (total collected and applied to accrued interest) multiplied by (appropriate retention rate) equals Federal share of collections.

MR-12 Administrative Wage Garnishment – Other Amount

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) multiplied by (appropriate reinsurance rate) less (total collected and applied to other charges) multiplied by (appropriate retention rate) equals Federal share of collections.

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

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

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

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

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

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

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

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

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

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

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

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

MR-13 Default Collections

This field reports on default collections by the GA on loans for which insurance claims have been paid to the lender and which have not been assigned to ED by the agency. This includes collections of default, exempt and lender-of-last-resort loan (default) claims on which the GA is entitled to retain a percentage of the amount collected to pay for its collection costs. A GA may not attempt to collect the following types of claims:

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

Collections on exempt claims are to be reported in this item. Collections on exempted claims are to be made in accordance with the instructions in Student Financial Assistance Programs bulletin 89-G-159 dated May 1989. All collections must be reported to ED within 45 days of the receipt of the collection by the GA or its agent, whichever is earlier.

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

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

This item is used to report default collections received by the GA on loans for which insurance claims have been paid to the lender and which have not been assigned to ED by the GA. Report in this line item the total of the “Federal share of collections” associated with collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims and;
- an amount equal to 16 percent of collections for default, exempted and lender-of-last resort loan (default) claims to help the GA pay for the cost of its collection activities on collections received on or after October 1, 2007.

A GA must calculate the amounts that are due to ED.

Calculate the amounts based on the reinsurance reimbursement rate that was in effect at the time the GA was reimbursed. If a borrower account contains original claims and additional reinsurance that was paid at different rates, the agency must report its collections at either:

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

Example:

Default Collections (Reinsurance Reimbursement Rate = 95%)

GA Received the Collection on October 10, 2007 (Collection Retention Rate – 16%)

GA Financial Report (GAFR) Guide

| | Total Collected | Principal | Interest | Other Charges |
|-------------------|------------------------|--|---|---|
| | \$38,000.00 | 15,000.00 | 12,000.00 | 11,000.00 |
| Secretary's Share | | $(\$15000 * .95) - (\$15000 * .16) = \$11,850$ | $(\$12000 * .95) - (\$12000 * .16) = \$9,480$ | $(\$11000 * .95) - (\$11000 * .16) = \$8,690$ |
| GA Retention | | $\$15000 * .16 = \$2,400$ | $\$12000 * .16 = \$1,920$ | $\$11000 * .16 = \$1,760$ |

| ITEM NO. | CATEGORY | AMOUNT DUE TO/(FROM) GUARANTOR | PRINCIPAL AMOUNT | INTEREST AMOUNT | OTHER AMOUNTS |
|-----------------|---------------------------------------|---------------------------------------|-------------------------|------------------------|----------------------|
| MR-13 | Default Collections | \$30,020.00 | \$11,850.00 | \$ 9,480.00 | \$ 8,690.00 |
| MR-13-A | Default Collections - Total Collected | | \$15,000.00 | \$12,000.00 | \$11,000.00 |
| MR-13-B | Default Collections - GA Retention | | \$ 2,400.00 | \$ 1,920.00 | \$ 1,760.00 |

MR-13, Default Collections, Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-13, Principal Amount, Interest Amount and Other Amounts. This is a system-calculated field that does not allow GA input.

MR-13 Default Collections – Principal Amount

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) multiplied by (appropriate reinsurance rate) less (total collected and applied to principal) multiplied by (appropriate retention rate) equals Federal share of collections.

MR-13 Default Collections – Interest Amount

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) multiplied by (appropriate reinsurance rate) less (total collected and applied to accrued interest) multiplied by (appropriate retention rate) equals Federal share of collections.

MR-13 Default Collections – Other Amount

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) multiplied by (appropriate reinsurance

GA Financial Report (GAFR) Guide

rate) less (total collected and applied to other charges) multiplied by (appropriate retention rate) equals Federal share of collections.

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

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

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

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

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

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

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

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

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

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

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

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

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

MR-14 Bankruptcy Collections

This field is used to report collections on bankruptcy claims. These collections must be reported to ED. The Secretary of Education is entitled to 100 percent of collections applied to

GA Financial Report (GAFR) Guide

principal, interest and other charges on these claims. This line item includes collections on bankruptcies where:

- the loan was initially purchased from the lender as a bankruptcy claim or,
- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at only 100 or other percent of principal and interest, and the complement of the reinsurance was requested by the GA, and the GA reported the change in status to ED in MR-3, Status Changes, or
- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at 100 percent of principal and interest.

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

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

- Principal,
- Purchased Interest (Lender Interest, GA Claim Interest And Non- Reinsured GA Interest),
- Accrued Interest, And
- Any collection charges permitted by law, regulation, or the borrower's promissory note.

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

This amount represents the total amount of collections received by the GA and its agents from the Bankruptcy Court for the reporting period for reinsurance claims paid as bankruptcy claims.

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

MR-14, Bankruptcy Collections, Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-14, Principal Amount, Interest Amount and Other Amounts. This is a system-calculated field that does not allow GA input.

MR-14 Bankruptcy Collections – Principal Amount

GA Financial Report (GAFR) Guide

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

MR-14 Bankruptcy Collections – Interest Amount

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

MR-14 Bankruptcy Collections – Other Amount

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

MR-15 Default FFEL Consolidated by DL Fee – Amount Due To/ (From) Guarantor

This line item is used to report the Secretary's fee on defaulted Federal Family Education Loans consolidated by the William D. Ford Direct Loan Program. GA's are required to remit to the Secretary a portion of the collection charge equal to 8.5 percent of the outstanding principal and interest on the loan. This fee is effective for defaulted loans consolidated on or after October 1, 2006. If no collection costs are charged, there is no fee due to the Secretary, however, if any collection costs are charged the Secretary is due up to 8.5 percent of the outstanding principal and interest on the loan.

On and after October 1, 2009, a GA must remit the entire amount of the collection costs charged the borrower applicable to a defaulted loan that is paid off with excess consolidation proceeds. The term "excess consolidation proceeds" is defined in *The Higher Education Act of 1965, as amended (HEA)*, as, with respect to any guaranty agency for any Federal fiscal year beginning on or after October 1, 2009, the proceeds of consolidation loans received to pay defaulted Title IV loans for that agency that exceed 45 percent of the agency's total collections on defaulted loans in such Federal fiscal year. The excess consolidation proceeds shall be reported on this line item.

MR-16 Total

The sum of this item equals the sum of amounts reported in MR-1 through MR-15, Amount Due To/ (From) Guarantor. This is a system-calculated field that does not allow GA input. The total will be displayed as a positive number which represents the amount due to the guarantor or a negative number which represents the amount due ED.

NON-PAYMENT ACTIVITY (Accounting Data)

GA Financial Report (GAFR) Guide

This section reports on GA monthly activities, which do not involve the receipt or the disbursement of funds between ED and a GA. This section includes reporting on the Treasury Offset Program (TOP) and Status Changes for non-payment activities. All amounts reported in this section (MR-17 through MR-23) can be positive or negative and must reflect activity that occurred within the reporting period.

Treasury Offset Program (TOP)

This field reports non-payment activity on accounts after Treasury Offset Program (TOP), have occurred and non-payment information which is used to calculate the GA's Federal receivable balance.

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

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

- a borrower's Federal income tax refund is offset against the borrower's debt,
- the GA stops the TOP offset proceedings on the account,
- 12 months (January - December) have passed without a TOP offset occurring, or
- when the debt is paid in full

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

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

Since ED reimburses a GA for its losses on default claims, ED receives whatever is collected from borrowers through TOP offset. Collections received as a result of the TOP offset process are the federal government's collection, not the GA's. This section is also used to report when the TOP unknowingly offsets a spouse's portion (injured spouse) of a joint income tax refund.

No amounts are deducted for:

- the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, or

GA Financial Report (GAFR) Guide

- the percent deducted from collections to help the GA pay for the cost of its collection activities.

ED uses the information reported in these items for reporting and accounting purposes. Though the TOP reports some summary level information directly to ED, an agency must provide the detailed information requested here in order for ED to carry out its responsibilities under law and regulation. TOP offset activities must be reported within 45 days after the GA receives notice of TOP offset from the Department of Treasury.

Principal Amounts Column

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

Interest Amounts Column

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

Other Amounts Column

The total amount offset or refunded for this TOP offset activity that is applied to the portion of each borrower's account, which represents other charges. Other charges can include only TOP fees. This column is not applicable for reporting in MR-18, Non-Federal Share Offset.

MR-17 Treasury Offset

Enter the amounts offset against defaulted borrower's Federal income tax funds by the U.S. Internal Revenue Service under the Treasury Offset Program. The amount offset is used to reduce each borrower's FFEL Program loan indebtedness. Report all TOP offsets in this item, even if it results in the borrower's overpaying the amount due in the account. The overpayment is corrected by refunding the appropriate amount to the borrower and reporting this in item MR-4, TOP Overpayments.

MR-18 Non-Federal Share Offset

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

GA Financial Report (GAFR) Guide

The Other Amounts Column shall not be used for this line item since any TOP fees shall be reported on line item MR-4, MR-17, and MR-19, as appropriate. TOP fees are not applicable to the Non-Federal Share Offset.

MR-19 Treasury Offset Reversals

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

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

Status Changes - Account Balance at Conversion

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

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

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

- dies;
- becomes totally and permanently disabled;
- files for bankruptcy;
- has a loan discharged due to school closure; or
- has a loan discharged due to false certification by the school

A change in status of a default claim paid at 100 percent has no effect on the amount of reinsurance paid on the claim however the status change must be reported in this section.

Change of status for default claims paid at less than 100 percent are reported in MR-3, Status Changes for reimbursement of the complement. A GA is entitled to additional reinsurance due to such a change. In addition, the account balance at conversion for these additional reinsurance requests shall be reported in this field, MR-20 through MR-22.

Account Balance at Conversion – Principal Amounts Column

The balance for the amount of principal and purchased interest paid to the lender for the default or lender-of-last-resort loan (default) claim which is still outstanding (that is, collections

GA Financial Report (GAFR) Guide

have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period.

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

Account Balance At Conversion - Interest Amounts Column

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

Account Balance At Conversion - Other Amounts Column

The balance for the amount of other charges which are still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period. This includes amounts for late charges, collection costs, and attorney's fees.

MR-20 Default/LLR to Death and Disability

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

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

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status to a closed school or false certification claim. A closed school claim is one in which a claim is paid to a lender because the enrolled student was unable to complete the program is due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education. Also include exempt claims being reported due to a change in status to closed school or false certification claim.

MR-22 Default/LLR to Bankruptcy

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status of the default claim to a Chapter 7, 11, 12 or 13 Bankruptcy due to the Borrower filing for bankruptcy. During the course of the bankruptcy proceedings, the agency must report and return to ED any amounts paid at the direction of the Bankruptcy Court

GA Financial Report (GAFR) Guide

on MR-14, Bankruptcy Collections. Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 Bankruptcy.

MR-23 Bankruptcy to Default/LLR

Enter the amounts for Chapter 7, 11, 12 and 13 bankruptcies that are not discharged and returned to default or lender-of-last-resort loan (default) claim status. If the bankruptcy proceedings are concluded and the loan is not discharged, then the agency must refund to ED any additional bankruptcy reinsurance payments received and report it on MR-9, Overstated Claims and return the loan to its original reinsurance rate. The GA would continue to hold the loan and attempt to collect on it like any other default or lender-of-last-resort loan (default) claim. However, the change in status must also be reported in this Section. Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 bankruptcy that are not discharged and return to default or lender or lender-of-last resort loan (default) claim status.

Agency Accruals (Accounting Entries)

This Section reports on amounts owed to ED on accounts held by the GA, including an estimate of the age of these amounts. ED uses this information in conjunction with GA monthly/quarterly reporting, to calculate the GA's Federal receivable balances. The Federal receivable balance outstanding includes amounts for default, exempt and default lender-of-last-resort claims, accrued interest and other charges, on which reinsurance has been requested by or paid to the GA based upon the account's reinsurance percentage rate.

Example: Loan balance (amount paid to lender \$100.00), the Federal Receivable is 95 (\$100.00 x 95%)

Do not include in the calculation the lender insurance percentage rate; i.e., \$100.00 x 98% x 95%. This method will create the GA reimbursement amount or reimbursement percentage rate and when combined with the complement amount creates a non-reported shortage; i.e.

Incorrect Method Example:

| | | |
|--|----------------------------|-----------|
| Borrower balance | $\$100.00 * 98% * 95%$ | \$ 93.10 |
| Complement amount | $(\$100\%-95%) * \100.00 | 5.00 |
| GA Reimbursed amount plus complement | | 98.10 |
| Non-reported | | |
| Shortage in Federal Receivable calculation | | 1.90 |
| Original borrower balance | | \$ 100.00 |

This information is also needed in order to adjust ED's financial records and comply with federal government financial reporting requirements. This reporting only includes FFEL Program

GA Financial Report (GAFR) Guide

loans, on which claims have been paid to lenders and reinsurance has been requested or paid to the GA. GA's are required to submit this section monthly. All amounts reported in this section (MR-24 through MR-26) can be positive or negative.

Amounts reported on line items MR-24 through MR-26, Agency Accruals, represents the guaranty activity for the current reporting period, (e.g., monthly).

Principal Amounts Column

Enter the amount of principal and purchased interest activity for the reporting period, based upon the account's applicable reinsurance percentage. Principal includes all purchased interest because purchased interest must be capitalized by the GA. This column is not applicable for reporting on MR-26, Agency Accruals.

Interest Amounts Column

Enter the amount of accrued interest calculated by the GA on the loan principal of a claim for collection from the borrower during the period being reported based upon the account's applicable reinsurance percentage rate (amount paid by ED).

Other Amounts Column

Enter the amount of fees, penalties, collection charges and any other charges based upon the account's applicable reinsurance percentage rate that has accrued for any loan for the reporting period.

MR-24 Collection Terminations

Enter the dollar amount of the federal receivable balance (i.e. loan principal, accrued interest, and other charges) on which the agency has decided to terminate collection activities and not to make any further attempt to collect the amount due (i.e., loans with small balances, less than \$100). All collection terminations must meet standards approved by ED.

MR-25 Compromises

Enter the dollar amount of the federal receivable on which the agency has reached a compromise agreement with the debtor. Compromise refers to a negotiated agreement between the debtor and the GA to accept a payment of a lesser portion of the total debt as full liquidation of the entire indebtedness. GA's are permitted in certain cases to accept a compromise amount from a debtor as full satisfaction of the debt to all parties (reference Dear Agency Director Notice dated January 21, 1994).

MR-26 Agency's Accruals

GA Financial Report (GAFR) Guide

Enter the amount of periodic interest accrued on loan principal for the current reporting period of the agency (e.g. month). Include interest that is accrued and also collected in the same period. Also report amounts of additional other charges (e.g., collection costs) added to the borrowers' accounts during the current reporting period. Include all accrued amounts deemed collectible to which the Secretary is entitled to an equitable share.

CHAPTER 2: GA FINANCIAL REPORT MONTHLY/QUARTERLY

This Section reports on amounts owed to ED on accounts held by the GA, including an estimate of the age of these amounts. ED uses this information in conjunction with GA monthly payment reporting, to calculate GA's Federal receivable balances. This information is also needed in order to adjust ED's financial records and comply with federal government financial reporting requirements. This reporting only concerns FFEL Program loans, on which claims have been paid to lenders and reinsurance has been requested or paid to the GA. GA's are required to submit this section monthly. All amounts reported in this section (MR-27 through MR-42) can be positive or negative.

Agency Accruals (Information)

ED uses line items MR-27 through MR-31 in conjunction with GA monthly payment reporting, to calculate the GA's Federal receivable balance. The Federal receivable balance outstanding includes amounts for default, exempt and default lender-of-last-resort claims, accrued interest and other charges, on which reinsurance has been requested by or paid to the GA based upon the account's reinsurance percentage rate.

Example: Borrower loan balance to include Principal, interest and other charges x (times) the reinsurance applicable loan percentage rate; i.e. 100%

Example: Loan balance (amount paid to lender) \$1,000.00 ($\$1,000.00 \times 100\%$) = \$ 1,000.00 Federal Receivable.

Amounts reported on line items MR-27 through MR-31, Agency Accruals, represents the GA activity for the current reporting period (e.g. monthly).

Enter all dollar amounts (positive and negative) to the nearest cent, and include decimal point.

Principal Amounts Column

Enter the total amount of principal and purchased interest activity for the reporting period, based upon the account's applicable reinsurance percentage. Principal includes all purchased interest because purchased interest must be capitalized by the GA.

Interest Amounts Column

Enter total amount of accrued interest calculated by the GA on the loan principal of a claim for collection from the borrower during the period being reported based upon the account's applicable reinsurance percentage rate.

Other Amounts Column

Enter total amount of fees, penalties, collection charges and any other charges based upon the account's applicable reinsurance percentage rate (amount paid by ED) that has accrued for any loan for the reporting period. No reporting is required in the Other Amounts column for line item MR-32 Ending Balance on Defaulted Loans.

MR-27 Default FFELP Loans Consolidated By Direct Loan Program

Enter the federal receivable amount of Federal Family Education Loan Program loans, which were consolidated in the William D. Ford Direct Loan Program during the period being reported.

MR-28 Subrogated Loans

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

MR-29 Default Loans Transferred Out

Enter the federal receivable amount transferred to another GA during the reporting period. Report only those accounts that have been accepted by another guaranty agency during the period being reported. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school, false certification, settled loans or loans written-off.

MR-30 Default Loans Transferred In

Enter the federal receivable amount transferred to the agency from another GA during the reporting period. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school or false certification.

MR-31 Other Transactions Affecting Federal Receivable

Enter the federal receivable amount that is not reported elsewhere on this report. Include balances (total balance due) of \$25.00 or less that do not meet the requirements for MR-24, Collection Terminations or MR-25, Compromises. Any amounts reported in MR-31 must be accompanied by details (in the GA Comment section of the GAFR) to support the entry (i.e., reference to line item(s) and applicable amount(s)). Details reported in the GA Comment section shall support the total amount reported in MR-31. Positive amounts represent a decrease in the federal receivable balance and negative amounts represent an increase in the federal receivable balance.

GA Financial Report (GAFR) Guide

Use this line item to report the federal receivable portion of unpaid refund discharges, teacher loan forgiveness discharges, and Consolidation loan partial discharges on GA held loans. Effective July 1, 2014, use this line item to report rehabilitation loan assignments to the Department under the Rehabilitation Loan Purchase Program. Use the GA comment section of this report to identify amounts (principal, interest, and other) associated with the rehabilitation sales to Education.

In the GA Comment section identify all line item adjustments with corresponding amounts in addition to unpaid refund discharges, teacher loan forgiveness discharges, and rehabilitated loan assignments. Please indicate for each transaction whether the transaction is an increase or decrease to the federal receivable balance.

Example: A GA has two requests for discharges on loans they hold:

| Borrower | Amount | Reinsurance Reimbursement | Federal Receivable |
|----------|-------------|------------------------------|--------------------|
| #1 | \$ 1,000.00 | 1000*98% | \$980.00 |
| #2 | 500.00 | 500*95% | <u>\$475.00</u> |
| Subtotal | | | 1,455.00 |

The amount entered in MR-31, Other Transactions Affecting Federal Receivable, Principal Amount is \$1,455.00.

MR-32 Ending Balance of Defaulted Loans

This dollar amount reflects the agency's total outstanding federal receivable on the accrual basis at month end. The sum of MR-33 through MR-40, Delinquency by Debt category shall equal total principal and interest reported in this line item.

In addition, ED uses GA reporting to establish the federal receivable and check for reasonability. Below is the methodology that shall serve as a guide for reporting the Federal Receivable Balance on Line Item MR-32, Ending Balance on Defaulted Loans.

Instructions: Start with the preceding periods ending balance as the beginning Federal Receivable Balance (MR-32, Ending Balance on Defaulted Loans). From that balance add and subtract the current period activity to arrive at the Federal Receivable Balance at the end of the period. Then compare the period calculated federal receivable balance with the period's ending balance as reported on MR-32 Ending Balance on Defaulted Loans. Check for reasonability.

(+) The preceding periods ending Federal Receivable Balance as reported on **MR-32, Ending Balance on Defaulted Loans**.

(+) Additions to the Federal Receivable Balance:

Claims Paid **(Principal)**

MR-1-A, Defaults

MR-1-B, Exempt and Lender of Last Resort

Activity on Accounts and Non-Payment Activity **(Principal and Interest)**

GA Financial Report (GAFR) Guide

- MR-4, TOP Overpayments
- MR-18, Non-Federal Share Offset
- MR-19, Treasury Offset Reversals
- MR-23, Bankruptcy to Default/Lender of Last Resort
- Status Changes **(Principal and Interest)**
 - MR-3-A, Death/Disability
 - MR-3-B, Closed School/False Certification
 - MR-3-C, Bankruptcy
- Agency Accruals **(Principal and Interest)**
 - MR-26, Agency's Accruals
 - MR-30, Default Loans Transferred In
- (-)** Decreases to the Federal Receivable Balance
 - CFY and PFY Repurchases **(Principal)**
 - MR-5-A, MR-6-A, Defaults
 - MR-5-B, MR-6-B, Exempt/Lender of Last Resort
 - CFY and PFY Partial Refunds **(Principal)**
 - MR-7-A, MR-8-A, Defaults
 - MR-7-B, MR-8-B, Exempt/Lender of Last Resort
 - Overstated Claims **(Principal)**
 - MR-9-A, Defaults
 - MR-9-B, Exempt/Lender of Last Resort
 - Payments to ED for Rehabilitated Loans, FFEL Consolidation refunds and collections on defaulted loans:
 - MR-10, Rehabilitated Loan Refund (Principal Amount)
 - MR-10-A, Rehabilitated Loans (Principal and Interest Amounts)
 - MR-11, FFEL Consolidation Refund (Principal and Interest Amounts)
 - MR-12, Administrative Wage Garnishment (Principal and Interest)
 - MR-12-B, Administrative Wage Garnishment – GA Retention (Principal and Interest)
 - MR-13, Default Collections (Principal and Interest)
 - MR-13-B, Default Collections – GA Retention (Principal and Interest)
 - Non-Payment Activity **(Principal and Interest)**
 - MR-17, Treasury Offset
 - MR-20, Default/Lender of Last Resort to Death/Disability
 - MR-21, Default/Lender of Last Resort to Closed School/False Certification
 - MR-22, Default/Lender of Last Resort to Bankruptcy
 - MR-24, Collection Terminations
 - MR-25, Compromises
 - MR-27, Default FFEL Consolidated by Direct Loan Program
 - MR-28, Subrogated Loans
 - MR-29, Default Loans Transferred Out
- (+/-)** Increase or Decrease to the Federal Receivable Balance
 - MR-31, Other Transactions Affecting Federal Receivable
- (=)** Ending Federal Receivable Balance. The sum of the amounts shown above is used to derive an ending receivable balance at period end. This Federal Receivable Balance amount is compared to the Federal Receivable Balance as reported on the GAFR, Line Item MR-32 at period end. MR-32, Ending Balance on Defaulted Loans shall also be the total of MR-33 through MR-40, Delinquency by Debt Section.

GA Financial Report (GAFR) Guide

Delinquency by Debt

These line items report amounts owed to ED on accounts held by the GA at month end, including an estimate of the age of these amounts. This information is needed in order to ED's financial records and to comply with federal government financial reporting requirements. Only report FFEL Program loans on which claims have been paid to lenders and reinsurance has been requested by or paid to the GA. Report only on accounts held by the GA on borrowers' loans, whether or not the guaranty agency has a repayment schedule with the borrower.

Amounts reported on line items MR-32 through MR-40, Delinquency by Debt, represent the agency's outstanding federal receivable balance at the end of the reporting period based upon the account's applicable reinsurance percentage rate. These amounts are cumulative from the inception of the FFEL Program. Include all loans since the beginning of the agency's FFEL Program participation on which default, exempted and default lender-of-last-resort claims have been paid and on which a balance is outstanding.

Do Not Include:

- Loans permanently assigned to ED are not to be reported in this section because the agency no longer holds the account.
- Amounts for repurchased, rehabilitated loans
- Defaulted loans consolidated under the Federal Direct Loan Program.
- Loans that are in a bankruptcy status
- Loans for the following types of claims: bankruptcy, death and disability and closed school or false certification.

When reporting an outstanding balance owed to ED, include only that portion of an account that is based upon the applicable reinsurance reimbursement rate. Though the GA may estimate the outstanding balance for each aging category, the sum of the amounts reported must accurately reflect the total Federal Receivable at the agency.

MR-33 Not Delinquent

If a borrower complies with a repayment schedule, then the account is reported as not delinquent. Also include accounts if the first scheduled payment is not due by the last day of the month covered by this report.

MR-34 (1 – 90 Days) through MR-40 Over 10 Years

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

- On the repayment schedule established by the lender before the GA's payment of the lender's claim, or

GA Financial Report (GAFR) Guide

- An amount for accounts that has been scheduled or rescheduled under a repayment agreement, but the borrower is not meeting the repayment agreement.

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

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

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

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

Bankruptcy Reporting

MR-41 Ending Balance on Bankruptcies

Line item MR-41, Ending Balance on Bankruptcies, represents the outstanding bankruptcy balance at the end of the period being reported and amount is not reduced by any reinsurance rate but reported at 100% of balance. This amount is cumulative from the inception of the FFEL Program. Enter the dollar amount that reflects the agency's total outstanding federal balance for bankruptcies (at 100% rate) on the accrual basis at the end of the period being reported.

MR-42 Bankruptcies Transferred Out

Line item MR-42, Bankruptcies Transferred Out, represents the activity for the current reporting period (report at 100% of balance).

Enter the dollar amount that reflects principal, interest and other charges associated with bankruptcy accounts transferred to another GA at 100% rate for the period being reported (for example bankruptcy transfers to the Educational Credit Management Corporation (ECMC) or to ED.

CHAPTER 3: GA FINANCIAL REPORT ANNUAL

The Annual Report (AR) provides the Department with information on the GA's activities concerning loan guarantees, claims paid to lenders and the agency's financial activities, including activities concerning its Federal Fund, and the agency's Operating Fund. GA reporting on the restricted account is no longer required. Information in this section must reflect activity under all FFEL Programs loans (Subsidized Federal Stafford Loan, FFEL PLUS Loans, Federal SLS Loans, FFEL Consolidation Loans and Unsubsidized Federal Stafford Loans) in, or as of the end of, the federal fiscal year. The Annual Report must be submitted to ED no later than 60 days after the end of the federal fiscal year (September 30th).

Amounts reported in the Federal Fund and Operating Fund reflects the annual uniform financial projections for GA's. Data collected will also provide the Department a basis for:

- financial reviews,
- evaluating the current and projected financial status of GA's,
- projecting the impact of changes in revenue and expenses, and
- managing GA federal funds held by the agency

The GA's books of account must support all amounts reported. **The amounts reported must be on an accrual basis for, or through, the end of the federal fiscal year.** This must be done regardless of the agency's method and period of accounting used for its annual audited financial statements and other financial reports. All amounts reported in this section for Current Fiscal Year (AR-15 through AR-57) can be positive or negative.

During previous fiscal years several GA's merged and more agencies may merge or otherwise change structure in the future. In order to maintain a reasonable database with respect to the last quarter of operation of an agency, an Annual Report must be completed and submitted to ED by the merging and succeeding guarantor. If a merger occurs, both GA's must coordinate to ensure accurate reporting.

The merging GA shall report on all Annual Report line items, as appropriate, and according to the instructions.

The gaining GA shall report on AR-6, Loans Transferred In; The Federal Fund balance from the merging guarantor received in AR-20, Federal Fund Other Revenues (if applicable).

After a GA's Annual Report is accepted by ED, it is still possible that an error may be discovered, and an adjustment will be needed. ED defines an adjustment as a change to an agency's Annual Report after acceptance. GA's are able to submit amended Annual Reports via the GAFR web application **only**.

NOTE: No amended Annual Reports shall be entered into the Financial Management web application prior to FSA's review and acceptance of the proposed amendment. Proposed amendments that affect the prior fiscal year's Federal Fund balance will not be accepted in the current fiscal year as an amendment to the prior fiscal year's Federal Fund balance. These

GA Financial Report (GAFR) Guide

adjustments will have to be made in the current fiscal year, prior to acceptance of the report. Proposed amendments that do not affect the Federal Fund balance and are accepted by FSA may be entered into the Financial Management web application in the current fiscal year.

Enter all dollar amounts to the nearest dollar. **Do not** include decimal points and cents. ED always assumes that the last digit in the dollar amount field represents dollars, not cents. To facilitate accurate reporting, where possible FSA began prepopulating a number of fields. Where applicable, the formula is displayed.

The GAFR Annual Report must be completed and submitted for a federal fiscal year of activity after the end of that federal fiscal year and must be received by ED within 60 days after the end of the fiscal year. Enter the GA Code, the GA State Name, and the Federal Fiscal Year Ending date. Enter the date as MM/CCYY.

Loans in Repayment (LIR)

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

$$\text{LIR} = [\text{AR-1}] - [\text{AR-2}] + [\text{AR-3}] - [\text{AR-4}] - [\text{AR-5}] + [\text{AR-6}] - [\text{AR-7}] - [\text{AR-8}] - [\text{AR-9}] - [\text{AR-10}] - [\text{AR-11}] - [\text{AR-12}] - [\text{AR-13}] - [\text{AR-14}]$$

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

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

AR- 1 Loans Guaranteed (Except Federal Consolidation)

Enter the original principal guaranteed dollar amount of all loans guaranteed.

Do not:

- reduce by any cancellation or
- include amounts of loan guarantees transferred in from another GA.

AR- 2 All Loans Canceled (Except Federal Consolidation)

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

School refunds are not to be reported in AR-2 if:

- an amount is returned to the lender within 120 days after the lender's check is cashed or the EFT is completed, treat it as a cancellation;

GA Financial Report (GAFR) Guide

- a loan has multiple disbursements, and part is canceled under these conditions, and the rest is never disbursed, include the cancelled part of the loan amount in this item (the amount never disbursed); and
- only part of a loan is canceled under these conditions, include that part of the loan amount here.

AR- 3 Federal Consolidation Loans Guaranteed

Enter the original principal dollar amount of federal consolidation loans guaranteed before any cancellation.

Include:

- any interest capitalized by the lender or
- the borrower interest due on the underlying loans at the time they are consolidated.

Do not include:

- amounts of loan guarantees transferred in from another GA.

AR- 4 Federal Consolidation All Loans Canceled

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

AR- 5 Uninsured Loans

Enter the original principal amount of loans, which have lost insurance and are not eligible for cure under ED regulations. When loan losses insurance it means the GA will not pay a claim to a lender, or if it did, the lender refunded the claim amount. Any loan, which loses insurance also, loses eligibility for reinsurance.

Do not include:

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

AR- 6 Loans Transferred In

Enter the original principal amount, net of cancellations prior to or subsequent to the date of transfer, of all loan guarantees transferred to this agency from other GA's (prior to default).

Include:

GA Financial Report (GAFR) Guide

- voluntary transfers. A voluntary transfer is at the request of a borrower, lender or GA to the agencies involved prior to any claim submittal to maintain the borrower records with one agency.
- involuntary transfers. An involuntary transfer, often referred to as the “Secretary’s Plan” is a transfer directed or requested by the Secretary of Education. The Secretary’s Plan protects the interest of the FFEL Program when a GA faces insolvency or otherwise may not be able to carry out its program responsibilities.

AR- 7 Loans Transferred Out

Enter the original principal amount, net of cancellations prior to date of transfer, of all FFEL Program loan guarantees transferred to another GA (prior to default).

- Include loan guarantees transferred to the Department as authorized in legislation.
- Reduce AR-7 to reflect the transfer of loans from the Department back to the GA where a loan was originally sold in error.

Entries must be reported as positive numbers.

AR- 8 Default Claims Paid

Enter the amount paid to lenders for default, exempt (include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid and claims where the borrower is a victim of identity theft) and default lender-of-last-resort loans. A default claim is one on which the borrower failed to make an installment payment when due as defined in regulations.

Regardless of whether the effective date of the borrower payment, received from a lender and forwarded to the GA for the loan, is before or after an insurance claim was paid, treat the payment as a refund and subtract the amount of refunded principal from this amount.

Note:

- Borrower payments received by the lender and forwarded to the GA, whether before or after claim payment or receipt of reinsurance, are not subject to collection retention and shall be reported here.
- School refunds received before reinsurance claim filing must be deducted from the claim request amount and school refunds received after reinsurance filing shall be treated as a refund of reinsurance and deducted from amounts reported in this item.
- If a lender repurchases (full refund of reinsurance) a loan previously paid as a default, by the agency, subtract the principal amount that was repurchased by the lender.
- If a loan is rehabilitated, subtract the amount of outstanding principal on the loan at the time the loan is repurchased by the lender. If a loan is rehabilitated loan and assigned to

GA Financial Report (GAFR) Guide

the Department through the Rehabilitation Loan Purchase Agreement., do not subtract the outstanding principal.

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

AR- 9 Bankruptcy Claims Paid

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

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

If the Bankruptcy Court does not discharge the loan, then the GA must arrange for a lender to repurchase it. Subtract the amount of repurchased principal from this amount. If ED has paid a bankruptcy reinsurance claim to the GA on the loan, then the reinsurance claim amount must be reported and refunded to ED, within 45 days, on the monthly report.

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

Do not include:

- claims paid as defaults where the borrower files for bankruptcy after the default claim was paid. Report such default claims in item AR-8, Default Claims Paid-Amount.

AR-10 Death and Disability Claims Paid

Enter the amount of principal paid to lenders for death, and for total and permanently disability claims.

- A death claim is one on which the loan is canceled due to the death of the borrower or a dependent student. This includes a FFEL PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the FFEL PLUS loan, dies.

GA Financial Report (GAFR) Guide

- A disability claim is one on which the loan is conditionally discharged due to the total and permanent disability of the borrower.

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

AR-11 Closed School/False Certification Claims Paid

Enter the amount of principal paid to lenders for closed school and/or false certification claims.

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

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

Also include in this line refund amounts related to unpaid refund, teacher loan forgiveness, and partial discharges of consolidation loans.

- An unpaid refund, in the case of an open or closed school, is a discharge of a former or current borrower's (and any endorser's) obligation to repay that portion of a FFEL Program loan (disbursed on or after January 1, 1986) equal to the refund that should have been made by the school. Include in this amount any accrued interest and other charges associated with the unpaid refund, which are also discharged.
- Teacher loan forgiveness is a discharge of a borrower's obligation to repay up to \$5,000 or up to \$17,500 of their outstanding student loan balances. Forgiveness is available to a borrower who has no outstanding balance on the date he or she obtains a loan after October 1, 1998.
- A partial discharge of a consolidation loan occurs when a loan was obtained jointly by a married couple if one of the borrowers dies or becomes totally and permanently disabled.

The amount of the consolidation loan that is discharged is equal to the portion of the outstanding balance of the consolidation loan, as of the date the borrower died or became totally and permanently disabled, attributable to any of that borrower's loans that would have been eligible for discharge.

GA Financial Report (GAFR) Guide

In accordance with the unpaid refund, teacher loan forgiveness provisions, and the partial discharge of consolidation loans provisions, calculate the amount paid to lenders for discharges.

Add to this figure the amount of the reinsurance complement requested by the agency on loans it holds for which the borrower qualifies for unpaid refund, teacher loan forgiveness discharge, or partial discharge of a consolidation loan.

AR-12 Loans Paid-In-Full

Enter the original principal amount (net of cancellations) of all loans that have been paid-in-full or are presumed paid-in-full (e.g., the loan has been in repayment 12 or more years and there has been no update to the outstanding balance in four (4) years).

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

If a Federal Consolidation Loan has been paid-in-full report the original principal amount of the Federal Consolidation Loan. Underlying loans associated with a Federal Consolidation Loan shall be reported as PIF at the time of consolidation.

Do not include:

- loan amounts in a consolidation due to a Federal Consolidation Loan that were guaranteed by other agencies.

AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans

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

AR-14 Total Loans in Deferment Prior to First Payment

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

Financial Report Introduction

The financial activity reported in the Federal Fund, Operating Fund, and Balance Sheet sections must reconcile to the amounts reported on the Guarantor's audited financial statements (accrual basis). If there are any differences between the net assets on the audited financial

GA Financial Report (GAFR) Guide

statement and the ending balance as submitted on AR-57, Federal Fund Balance in the Balance Sheet Section, guarantors must submit a schedule explaining those differences to the Department. These schedules shall be sent via e-mail to monthly.report@ed.gov. Data collected will also provide the Department with a basis for:

- financial reviews,
- validating the current and projected financial status of GA's,
- projecting the impact of changes in revenue and expenses, and
- managing GA federal funds held by the agency.

Federal Fund

The activity reported in this section must reconcile to the amounts reported on the Guarantor's audited financial statements (accrual basis). Projected yearly estimates are required for line items AR-16 through AR-26, with the exception of AR-24, Transfer to Operating Fund for Account Maintenance Fee. The ending balance in AR-26 shall equal the ending balance on AR-57 (Federal Fund Balance Sheet Section).

AR-15 Beginning Balance (from AR-26 as of 9/30/XX)

Current Year - Report prior FY ending balance, AR-26.

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

AR-16 Investment Income

Current Year - Report investment income recognized in the Federal Fund, including net increase (decrease) in fair value of investments. If the agency is required by state law to combine

FFEL Program funds with other state funds for investment purposes, then the agency must establish a method for allocating a portion of the earnings to the FFEL Program and must maintain documentation on the allocation method.

Do not include:

- Interest earned on the Restricted Account, shall be reported in item AR-36 Other Revenue (FFEL Program and Non-FFEL Program) and earmarked for default prevention activities.

Interest activity previously reported on AR-49 (Restricted Account Cash, Cash Equivalents and Investments) shall be reported on AR-16.

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

AR-17 Reinsurance from ED

GA Financial Report (GAFR) Guide

Current Year - *This line item is pre-populated based on monthly reporting and cannot be changed or modified.* Adjustments or discrepancies to the pre-populated amount shall be reported in AR-20, Other Revenues or AR-25, Other Expenses, as appropriate. The populated amount is the Federal reinsurance from ED, net of refunds, overpayments and repurchases, for defaults, bankruptcies, death, disability, closed school, false certification teacher loan forgiveness discharges and unpaid refunds.

[AR-17] = Amount Due To/(From) Guarantor for [MR-1], Claims Paid + [MR-3], Status Changes – [MR-5], Repurchases-CFY – [MR-6], Repurchases-PFY – [MR-7], Partial Refunds-CFY – [MR-8], Partial Refunds-PFY – [MR-9], Overstated Claims for the fiscal year being reported.

Projected Years - Defaults on loans originated prior to FFY 94 receive maximum 100% reinsurance. Defaults on loans originated on or after FFY 94 through FFY 98 receive a maximum 98% reinsurance. And defaults on loans originated on or after FFY 98 receive a maximum of 95% reinsurance. Multiply line item AR-21 by the weighted reinsurance “percentage”.

AR-18 Collections of Defaulted Loans – Reinsurance Complement

Current Year - Report the reinsurance complement collected on defaulted loans. This amount shall equal the twelve months reported fiscal year to date (FYTD) on the monthly GAFR, Line Items MR-10 through MR-13 for the current FFY.

Reinsurance Complement = Total Collected - Secretary's Share - GA Retention

For comparison and reasonability editing ED will estimate reinsurance complement on MR-10, Rehabilitated Loans.

Guarantors are required to transfer the complement of the reinsurance rate, which was not reimbursed by the Department on collections of defaulted loans to the Federal Fund.

Projected Years - Report projected amount of the reinsurance complement from collections on FFEL Program loans.

AR-19 Insurance Premiums

Current Year - Report the Federal default fee amount recognized. Effective for loans guaranteed on or after July 1, 2006, the optional 1 percent insurance premium (guarantee fee) has been eliminated and replaced by a mandatory Federal default fee. The fee is equal to 1 percent of the principal amount of loans guaranteed on or after July 1, 2006 – June 30, 2010.

Projected Years - Enter the amount of projected revenue to be recognized.

AR-20 Other Revenues

Current Year - Report other revenues not reported elsewhere in the Federal Fund section.

Include deferred revenues in this line item. Report itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment A) Itemized entries may include: Secretary's Share on collections, Secretary's fee on defaulted FFEL Program loans and Direct Loan Consolidation loans (up to 8.5% of collection costs charged the borrower), excess consolidation proceeds, OIG interest penalty, vehicle sales, audit findings, IRS refund reimbursement; 48 hour settlement, utilities, and usage fees. These examples are not all inclusive.

Projected Years - Report other projected revenues not reported elsewhere in the Federal Fund section. Report itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment A)

AR-21 Claims Expensed to Lenders

Current Year - This line item is pre-populated based on monthly reporting and cannot be changed or modified. Adjustments or discrepancies to pre-populated amount shall be reported in AR-20, Other Revenues or AR-25, Other Expenses, as appropriate.

[AR-21] = [MR-1-A], Defaults (Other Amounts) + [MR-1-B], Exempt/Lender of Last Resort + [MR-1-C], Death/Disability + [MR-1-D], Closed School/False Certification + [MR-1-E], Bankruptcy + [MR-1-F], Unpaid Refunds + [MR-1-G], Discharges – [MR-5-A through MR-5-E] Repurchases, CFY, (Principal, Interest, and Other Amounts) – [MR-6-A through MR-6-E], Repurchases-PFY (Principal, Interest, and Other Amounts) – [MR-7-A through MR-7-E], Partial Refunds-CFY, (Principal Amount) – [MR-8-A through MR-8-E], Partial Refunds-PFY, (Principal Amount)

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

AR-22 Recall of Federal Funds to the Restricted Account

No reporting required for this line item.

AR-23 Transfer to Operating Fund for Default Aversion

Current Year - Report net Default Aversion expense recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized under the Department's regulation and guidance for the current federal fiscal year. Amount must agree or be reconcilable to line AR-30, Default Aversion Fee Revenue.

GA Financial Report (GAFR) Guide

Projected Years - Project net Default Aversion expense to be recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized under the Department's regulation and guidance for the current federal fiscal year. *Amount must agree or be reconcilable to line AR-30, Default Aversion Fee Revenue.*

AR-24 Transfer to Operating Fund for Account Maintenance Fee

No reporting required for this line item

AR-25 Other Expenses

Current Year - Report other expenses not reported elsewhere in the Federal Fund section.

- Report itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment A) Itemized entries may include: Secretary's share on collections, Secretary's fee on defaulted FFEL Program loans and Direct Loan Consolidation loans (up to 8.5% of collection costs charged the borrower), excess consolidation proceeds), premium fee refunds to lenders, early withdrawal counseling fee, GA portion of \$250M recall, refund of insurance premiums, depreciation, IRS tax offset, and prior year accruals.

Projected Years - Report other projected expenses not reported elsewhere in the Federal Fund section. Report itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment A)

AR-26 Ending Balance

Current Year - The ending balance must equal the sum of AR-15 through AR-20 minus AR-21 through AR-25 as well as the ending balance on AR-57 (Federal Fund Balance Sheet Section).

$$[AR-26] = [AR-15] + [AR-16] + [AR-17] + [AR-18] + [AR-19] + [AR-20] - [AR-21] - [AR-22] - [AR-23] - [AR-24] - [AR-25] \quad [AR-26] = AR-57$$

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

Supplemental Information

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

No reporting required for this line item.

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

No reporting required for this line item.

Operating Fund

The activity reported in this section must reconcile to the amounts reported on the Guarantor's audited financial statements on an accrual basis. Projections are required for line items AR-29 through AR-40, except AR-33.

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

Current Year - Report prior FFY ending balance, AR-40.

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

AR-30 Default Aversion Fee Revenue

Current Year - Report DAF revenue recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized by Department's regulations and guidance. Amount must reconcile to line AR-23, Transfer to Operating Fund for Default Aversion.

Projected Years - Report projected DAF revenue to be recognized for delinquent loans for which agencies receive lender requests for assistance and for which payment is authorized by the Department's regulations and guidance. Amount must reconcile to line AR-23, Transfer to Operating Fund for Default Aversion.

AR-31 Loan Processing and Issuance Fee Revenue

No reporting required for this line.

AR-32 Account Maintenance Fee Revenue Received from ED

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

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

AR-33 Transfer from Federal Fund for Account Maintenance Fee

No reporting required for this line item.

AR-34 Collections of Defaulted Loans less Reinsurance Complement (GA Collection Retention)

Current Year - This line item is pre-populated based on monthly reporting and cannot be changed or modified. Adjustments or discrepancies to the pre-populated amount shall be reported in AR-36, Other Revenues (FFEL Program and Non FFEL Program) or AR-39, Other Expenditures (FFEL Program and Non FFEL Program), as appropriate. The populated amount is collection revenue recognized from payments to the GA by defaulted borrowers.

[AR-34] = [MR-10-A], Rehabilitated Loans (Principal Amount) + [MR-11-B], FFEL Consolidation (Other Amount) + [MR-12-B], AWG (Principal, Interest, and Other Amounts) + [MR-13-B], Default Collections (Principal, Interest, and Other)

Projected Years - Report projected collection revenue recognized from payments to GA by defaulted borrowers. Amount reported must be your agency share of collections.

Include:

- receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFEL Program.

Do not include:

- AR-18 (Reinsurance Complement).

AR-35 Investment Income

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

Do not include:

- Interest earned on the Restricted Account, must be reported in item AR-36, Other Revenue (FFEL Program and non-FFEL Program).

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

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

Current Year - Report other revenue, FFEL Program and non-FFEL Program, not reported elsewhere in the Operating Fund section.

Include:

- interest earned on the interest that was transferred from the Restricted Account

GA Financial Report (GAFR) Guide

- payments received to consolidate loans under the Direct Loan Program, net of the Secretary's fee
- collection costs received from the Department on rehabilitated loan sales under the Rehabilitated Loan Purchase Program
- interest and collection costs received on rehab loans sold to lenders

Report itemized entries (description and amount) to support the total reported in this line item. (Refer to Attachment B) In addition to the above-mentioned items, itemized entries may include: service income, default aversion, and VFA revenue.

Project Year - Report other projected revenues, FFEL Program and non-FFEL Program, not reported elsewhere in the Operating Fund section. This amount will include interest earned on the interest that was transferred from the Restricted Account and payments received to consolidate under the Direct Loan Program, net of Secretary's fee. Report projected itemized entries (description and amount) to support the total reported in this line item. (Refer to Attachment B)

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

No reporting required for this line item due to the 48-hour rule. Secretary's Equitable Share shall be reported in AR-25, Other Expenses.

AR-38 Operating Expenses

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

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

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

Current Year - Report other expenses, FFEL Program and Non-FFEL Program, not reported elsewhere in the Operating Fund section. This will include amounts used for default prevention activities and the discount portion of discounted rehabilitated loan sales. Report itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment B) Itemized entries may include: 48-hour rule, administration costs, transfers to federal fund, OIG audit liabilities, rehab premiums and expenses related to GASB 75 (Refer to Attachment E).

GA Financial Report (GAFR) Guide

Project Year - Report other projected expenses, FFEL Program and Non-FFEL Program, not reported elsewhere in the Operating Fund section. This will include amounts used for default prevention activities. Report projected itemized entries (description and amount) to support total reported in this line item. (Refer to Attachment B)

AR-40 Ending Balance

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

$$[AR-40] = [AR-29] + [AR-30] + [AR-31] + [AR-32] + [AR-33] + [AR-34] + [AR-35] + [AR-36] - [AR-37] - [AR-38] - [AR-39]$$

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

Supplemental Information

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

No reporting required for this line item.

AR-42 Amount Repaid to Federal Fund for Operating Expenses

No reporting required for this line item

Restricted Account

This section reported on all revenues and expenses of the restricted account that was created to retain the recall amounts required by Section 422(h) of the *Education Act of 1965 (HEA)*. This section is no longer required.

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

No reporting required for this line item.

AR-44 Recall of Federal Funds from Federal Fund

No reporting required for this line item.

AR-45 Investment Income on Restricted Account

No reporting required for this line item. Amounts previously reported here for interest earned on the Restricted Account is now reported in AR-25, Other Expenses.

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

No reporting required for this line item. Amounts previously reported here for earnings from the Restricted Reserve Account expensed for activities to reduce student loan defaults is now reported in AR-39, Other Expenditures.

AR-47 Ending Balance

No reporting required for this line item.

Balance Sheet Section (Federal Fund)

The balances reported in this section must reconcile to amounts reported on the Guarantor's audited financial statements Balance Sheet as of the end of the Federal fiscal year 9/30/XX. The ending balance AR-57 in this section must equal the ending balance on AR-26 (Federal Fund Activity Section). All reporting must be on an accrual basis and in accordance with GAAP.

AR-48 Cash, Cash Equivalents and Investments

Report cash, cash equivalents and investment (regardless of maturity date of investments) balances. If applicable, report your Voluntary Flexible Agreement (VFA) escrow balance in this line item.

AR-49 Restricted Account Cash, Cash Equivalents and Investments

No reporting required for this line item. Do not report escrow balances in this line item.

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

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

AR-51 Accounts Receivable from the ED

Report balances owed to the Federal Fund by ED (i.e., reinsurance and other payments).

AR-52 Other Assets

Report total balances of other current and non-current asset accounts that were not reported in line items AR-48 through AR-51. Report itemized entries (description, long-term or short-term, and amount) to support total reported in this line item. (Refer to Attachment C) Short-term itemized entries may include guarantee fee receivable, receivable from Operating Fund, and default aversion fee rebate.

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

Report liabilities for expenses due, other than to ED, including amounts due Operating Fund and claim payments payable to lenders, if amount is to be paid within 12 months. Report long-term portion in AR-55 (Other Liabilities).

AR-54 Accounts Payable to ED

Report other liabilities for expenses due to ED within the next 12 months.

AR-55 Other Liabilities

Report other liabilities that are not reported in other line items, including outstanding federal advances due to ED, and the remaining reserve return obligation, to be paid more than 12 months from current date (i.e., recall for FY 06 and FY 07). Report short-term Liabilities in AR- 53, Accounts Payable, Accrued Expenses and Current Liabilities

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

Report allowances, such as deferred (unearned) Federal default fees, as well as other obligations of the Federal Fund. Report itemized entries (description and amount) to support the total reported in this line item (See Attachment C).

AR-57 Federal Fund Balance

The Federal Fund balance on an accrual basis for the fiscal year being reported is calculated by adding line items AR-48 through AR-52 and subtracting line items AR-53 through AR-56. This amount must represent the equity on the audited balance sheet section of the Federal Fund. AR-57 must equal AR-26.

GA Financial Report (GAFR) Guide

$$[AR-57] = [AR-48] + [AR-49] + [AR-50] + [AR-51] + [AR-52] - [AR-53] - [AR-54] - [AR-55] - [AR-56]$$

$$[AR-57] = [AR-26]$$

DEFINITIONS

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

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

Non-reinsured GA (GA) interest: Interest that is not reinsured by ED. This includes GA claim interest which must be paid to the lender by the GA but is not eligible for reinsurance from ED. However, the Secretary of Education is entitled to an equitable share of any of the interest collected from a borrower.

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

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

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

Unpaid Refund: In the case of an open or closed school, is a discharge of a former or current borrower’s (and any endorser’s) obligation to repay that portion of a FFEL Program loan (disbursed on or after January 1, 1986) equal to the refund that should have been made by the school.

Exempt Claims: Claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender’s or the institution’s knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits on the loan.

ATTACHMENT A – Federal Fund Itemized Schedule

FEDERAL FUND

SCHEDULE OF ITEMIZED LINE ITEMS

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

ATTACHMENT B – Operating Fund Itemized Schedule

OPERATING FUND

SCHEDULE OF ITEMIZED LINE ITEMS

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

ATTACHMENT C – Balance Sheet Section Itemized Schedule

BALANCE SHEET SECTION (Federal Fund) SCHEDULE OF ITEMIZED LINE ITEMS

| ITEM NO. | CATEGORY | AMT./ CY ACTUAL | CY + 1 PROJ. | CY +2 PROJ. | CY +3 PROJ. | CY + 4 PROJ. | CY + 5 PROJ. | EXPLANATION |
|----------|---|--------------------|-----------------|----------------|----------------|-----------------|-----------------|-------------|
| AR-52 | OTHER ASSETS: | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| AR-56 | ALLOWANCES AND OTHER NON-CASH CHARGES TO FEDERAL FUND: | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

ATTACHMENT D – GA List

GA LIST

Below are two lists of GA's. The first is a list of the GAs that currently active in the Federal Family Education Loan Program. The second is a list of those GAs that have closed or merged with other agencies. The lists are in numerical order by GA code.

Included for each GA (GA) is its GA code, GA state name, GA abbreviation, and full legal name. For brevity and automatic data processing purposes, ED refers to a GA by a three-digit code (GA code) or by the name of the principal state in which it does business (GA state name). ED sometimes also refers to a GA by a two-letter abbreviation (GA abbreviation) based on the GA state name.

| GA CODE | GA STATE NAME | GA ABBREVIATION | LEGAL NAME |
|---------|-----------------|-----------------|--|
| 708 | Colorado | CO | Colorado Student Loan Program DBA College |
| 712 | Florida | FL | Florida Student Financial Assistance |
| 717 | Illinois | IL | Illinois Student Assistance Commission |
| 721 | Kentucky | KY | Kentucky Higher Education Assistance |
| 722 | Louisiana | LA | Louisiana Office of Student Financial |
| 723 | Maine | ME | Finance Authority of Maine |
| 725 | Massachusetts | MA | Massachusetts Higher Education Assistance |
| 726 | Michigan | MI | Michigan Higher Education Assistance |
| 729 | Missouri | MO | Coordinating Board for Higher Education |
| 731 | Nebraska (II) * | NE | Nebraska Student Loan Program |
| 733 | New Hampshire | NH | New Hampshire Higher Education Assistance |
| 734 | New Jersey | NJ | New Jersey Higher Education Assistance |
| 735 | New Mexico | NM | Student Loan Guarantee Corporation |
| 736 | New York | NY | New York State Higher Education Services |
| 737 | North Carolina | NC | North Carolina State Education Assistance |
| 740 | Oklahoma | OK | Oklahoma Guaranteed Student Loan Program |
| 742 | Pennsylvania | PA | Pennsylvania Higher Education Assistance |
| 748 | Texas (II) * | TX | Texas Guaranteed Student Loan Corporation |
| 749 | Utah | UT | Utah Higher Education Assistance Authority |
| 750 | Vermont | VT | Vermont Student Assistance Corporation |
| 755 | Wisconsin | WI | Ascendium Education Solutions |
| 927 | Minnesota | MB | Educational Credit Management Corporation I |
| 951 | Minnesota | MV | Educational Credit Management Corporation II |

**The Roman numerals in parentheses in some GA's state names are used to distinguish between GA's in states which have more than one GA involved in the Federal Family Education Loan Program. The numerals are assigned from low to high in the order in which the GA's signed insurance agreements with the Secretary of Education.*

GA Financial Report (GAFR) Guide

GA's that have ceased participation:

| GA CODE | GA STATE NAME | GA ABBREVIATION | LEGAL NAME |
|---------|---------------------------|-----------------|---|
| 611 | District of Columbia (II) | DC | Higher Education Assistance Foundation - District of Columbia |
| 620 | Kansas | KS | Higher Education Assistance Foundation - Kansas Region |
| 627 | Minnesota (I) * | MN | Higher Education Assistance Foundation |
| 631 | Nebraska (I) * | NB | Higher Education Assistance Foundation - Nebraska Region |
| 654 | West Virginia | WV | Higher Education Assistance Foundation - West Virginia |
| 656 | Wyoming | WY | Higher Education Assistance Foundation - Wyoming Region |
| 701 | Alabama | AL | Alabama Commission on Higher Education |
| 706 | California | CA | Education Credit Management Corporation – California |
| 705 | Arkansas | AR | Student Loan Guarantee Foundation of Arkansas |
| 709 | Connecticut | CT | Connecticut Student Loan Foundation |
| 710 | Delaware | DE | Delaware Postsecondary Education Commission |
| 711 | District of Columbia (I) | DG | District of Columbia Student Loan Insurance Program |
| 713 | Georgia | GA | Georgia Higher Education Assistance Corporation |
| 716 | Idaho | ID | Student Loan Fund of Idaho, Inc. |
| 718 | Indiana | IN | State Student Assistance Commission of Indiana |
| 719 | Iowa | IA | Iowa College Aid Commission |
| 724 | Maryland | MD | Maryland Higher Education Loan Corporation |
| 727 | Minnesota (II) * | MM | Norstar Guarantee, Inc. |
| 728 | Mississippi | MS | Mississippi Guaranteed Student Loan Agency |
| 730 | Montana | MT | Guarantee Student Loan Program |
| 738 | North Dakota | ND | North Dakota Student Loan Program |
| 739 | Ohio | OH | Ohio Student Loan Commission |
| 741 | Oregon | OR | Oregon State Scholarship Commission |
| 744 | Rhode Island | RI | Rhode Island Higher Education Assistance Authority |
| 745 | South Carolina | SC | South Carolina Loan Corporation |
| 746 | South Dakota | SD | Education Assistance Corporation |
| 747 | Tennessee | TN | Tennessee Student Assistance Corporation |
| 751 | Virginia | VA | Virginia State Education Assistance Authority |
| 772 | Puerto Rico | PR | Puerto Rico Higher Education Assistance Corporation |
| 778 | Virgin Islands | VI | Virgin Islands Joint Boards of Education |
| 753 | Washington | WA | Northwest Education Loan Association |
| 800 | USA Funds | UF | United Student Aid Funds, Inc. |
| 804 | Arizona | AZ | Arizona Education Loan Program |
| 815 | Hawaii | HI | Hawaii Education Loan Program |
| 948 | Texas (I) * | TC | Texas Higher Education Coordinating Board |

**The Roman numerals in parentheses in some GA's state names are used to distinguish between GA's in states which have more than one GA involved in the Federal Family Education Loan Program. The numerals are assigned from low to high in the order in which the GA's signed insurance agreements with the Secretary of Education.*

ATTACHMENT E – Reporting for GASB 68 Pensions & GASB 75 Postemployment Benefits

The implementation of GASB 68 – *Accounting and Financial Reporting for Pensions* and GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* may have a significant impact on the reporting and Operating Fund balance reported for guaranty agencies. Guaranty agencies may be required to report a liability for a portion of the liability associated with the benefit that they are responsible for.

Information on GASB 68 and GASB 75

GASB 68 was issued to be effective for the year ended in June 2015 or later. GASB 68 was issued to improve the accounting and financial reporting by state and local governments for pensions. It requires state and local governments to report unfunded pension liabilities on their balance sheet.

In June 2015 GASB 75 was issued to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The GASB establishes new accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. GASB 75 requires governments providing post-employment benefits to recognize their long-term obligation for post-employment benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of post-employment benefits.

GASB 68 and GASB 75 establish standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The statements identify methods and assumptions to be used to project benefit payments, discount projected benefit payments and their actuarial present value, and attribute that present value to periods of employee service.

Monthly/Annual Financial Report

AR-40/MD-40 Operating Fund balance on the Monthly/Annual Financial Report must reflect all liabilities that the guaranty agency is required to report. Guaranty agencies that are required to report a liability as a result of GASB 68 and/or GASB 75, must reflect the required corresponding expense(s) in AR-39/MD-39 Other Expenses.

In the Monthly Annual Financial Report an itemized account must be included in the filing below line items MD-15 through MD-57.

This itemized account must include:

- 1) The long-term liability included in MD-40 as a result of GASB 68 and/or GASB 75; and
- 2) The balance that MD-40 Operating Fund balance would be without consideration of the long-term liabilities required from GASB 68 and/or GASB 75.

GA Financial Report (GAFR) Guide

(Refer to the GASB 68 and GASB 75 Monthly Reporting Example below, for an example of this required reporting).

In the Annual Report “GA Comments” section, the guaranty agency must include the following note regarding the reporting of the long-term liability as a result of GASB 68 and GASB 75:

“AR-40 Operating Fund includes a long-term liability for post-employment obligation of \$_____ as a result of GASB 68 and GASB 75. AR-40 would be \$_____ without the inclusion of these obligations.

GA Financial Report (GAFR) Guide

Monthly Reporting Example for GASB 68 and GASB 7

| GUARANTY AGENCY MONTHLY REPORTING OF ANNUAL DATA FORMAT | | OMB No. 1845-0026 | | |
|---|--|---|--------------------|--------------------|
| GA NAME: Example Guaranty Agency | | Expiration Date: 06-30-2012 | | |
| | | Reporting burden: According to the Paperwork Reduction Act of 1995... | | |
| GA CODE: 529 | | | | |
| ED Comments: | | | | |
| GA Comments: | | | | |
| FUND BALANCES | | | | |
| | | Oct-18 | Nov-18 | Dec-18 |
| FEDERAL FUND: | | | | |
| MD 15 | Beginning Balance | 54,648,646 | 54,942,162 | 54,785,729 |
| MD 16 | Investment Income | 54,648 | 59,216 | 63,784 |
| MD 17 | Reinsurance Income from ED | 654,334 | 659,802 | 665,270 |
| MD 18 | Collections (Reinsurance Complement) | 243,435 | 243,891 | 244,347 |
| MD 19 | Insurance Premiums | 0 | 0 | 0 |
| MD 20 | Other Revenues | 34,698,767 | 34,698,782 | 34,698,797 |
| MD 21 | Claims Expensed to Lenders | 654,334 | 654,790 | 655,246 |
| MD 22 | Recall of Federal Funds to the Restricted Account | | | |
| MD 23 | Transfer to Operating Fund for Default Aversion Fee (DAF) | 4,567 | 5,648 | 5,468 |
| MD 24 | Transfer to Operating Fund for Account Maintenance Fee (AMF) | | | |
| MD 25 | Other Expenses | 34,698,767 | 35,157,686 | 54,838,468 |
| MD 26 | Ending Balance | 54,942,162 | 54,785,729 | 34,958,745 |
| MD 27 | Amount transferred from Federal Fund to Operating Fund | | | |
| MD 28 | Amount Received from Operating Fund to Repay Advance | | | |
| OPERATING FUND: | | | | |
| MD 29 | Beginning Balance | 25,516,111 | (3,784,030) | (3,827,765) |
| MD 30 | Transfer from Federal Fund for Default Aversion Fee (DAF) | 4,567 | 5,648 | 5,468 |
| MD 31 | Loan Processing and Issuance Fee (LPIF) | 0 | 0 | 0 |
| MD 32 | Account Maintenance Fee | 154,748 | 5,468 | 16,546 |
| MD 33 | Transfer from Federal Fund for Account Maintenance Fee (AMF) | | | |
| MD 34 | Collections less Reinsurance Complement | 6,554,666 | 5,648,549 | 5,648,574 |
| MD 35 | Investment Income | 556 | 255 | 564,633 |
| MD 36 | Other Revenues | 4,564 | 4,569 | 156,156 |
| MD 37 | Collections Secretary's Equitable Share (SES) | | | |
| MD 38 | Operating Expenses | 454,688 | 443,345 | 54,683 |
| MD 39 | Other Expenses | 35,564,554 | 5,264,879 | 5,648,976 |
| MD 40 | Ending Balance | (3,784,030) | (3,827,765) | (3,140,047) |
| MD 41 | Amount Received from Federal Funds for Operating Expenses | | | |
| MD 42 | Amount Repaid to Federal Fund For Operating Expenses | | | |
| BALANCE SHEET SECTION: | | | | |
| MD 48 | Cash, Cash Equivalents and Investments | 89,920,720 | 89,764,312 | 69,937,353 |
| MD 49 | Restricted Account Cash, Cash Equivalents and Investments | 0 | | |
| MD 50 | Net Investment in Property, Plant, Equipment and Inventory | 3,648,486 | 3,648,511 | 3,648,536 |
| MD 51 | Accounts Receivable from ED | 548,846 | 548,871 | 548,896 |
| MD 52 | Other Assets | 3,588,488 | 3,588,513 | 3,588,538 |
| MD 53 | Accounts Payable, Accrued Expenses and Other Current Liabilities | 346,888 | 346,913 | 346,938 |
| MD 54 | Accounts Payable to ED | 3,547,698 | 3,547,723 | 3,547,748 |
| MD 55 | Other Liabilities | 389,948 | 389,973 | 389,998 |
| MD 56 | Allowance and Other Non-Cash Changes to Federal Fund | 38,479,844 | 38,479,869 | 38,479,894 |
| MD 57 | Federal Fund Balance | 54,942,162 | 54,785,729 | 34,958,745 |
| | | 0 | 0 | 0 |
| | Liability Included in AR-40 from GASB 68 and GASB 75 | 10,358,846 | 10,358,846 | 10,358,846 |
| | AR-40 Ending Balance without Liability from GASB 68 and GASB 75 | 6,574,816 | 6,531,081 | 7,218,799 |