



Andy Rogers
VP of Operations/Controller
Oklahoma Student Loan Authority (OSLA)
Oklahoma City, OK 73105

January 14, 2011

Dear Mr. Rogers:

During the period July 19 through July 23, 2010, guarantors participating in the Common Review Initiative (CRI) conducted a program review of your institution's administration of Federal Family Education Loan Program (FFELP) loans for the lender ID numbers listed in the attached report. The program review was conducted based on the CRI Lender/Service Program Review Guide, and in accordance with the requirements of 34 CFR 682.410(c), on behalf of the guarantors listed in the attached report.

Attached to this letter is the program review report prepared by the guarantor review team. Each finding is specifically addressed herein and details the corrective actions necessary to satisfy guarantor requirements. Please review the report carefully and where requested, provide a complete response to each finding. If you disagree with a finding, or if you have obtained information to resolve a finding, please include a detailed explanation of your position along with all appropriate supporting documentation with your response to this report.

Please respond in writing within 30 days of the date of this letter. If you have any questions or need additional information, please contact me at (317) 806-1258. If you cannot respond to this correspondence within 30 days, you may request an extension. Please address correspondence to:

Karen Reese
9998 Crosspoint Boulevard
Suite 400
Indianapolis, IN 46256-3307

We appreciate the cooperation and significant preparatory work provided by your staff during our on-site visit.

Sincerely,

A handwritten signature in cursive script that reads "Karen Reese".

Karen Reese
USA Funds, Inc.

cc: William Peterson, U.S. Department of Education

Federal Family Education Loan Program

Lending Institution
Program Review

FINDINGS REPORT

SERVICER NAME: Oklahoma Student Loan Authority

SERVICER ID: 700155

LOCATION OF REVIEW: 525 Central Park Drive, Bldg I – Suite 600

ON-SITE REVIEW: July 19 through July 23, 2010

PERIOD REVIEWED: January 1, 2008 through December 31, 2009

DATE REPORT ISSUED: January 14, 2011

LENDER NAMES AND
ID NUMBERS REVIEWED:

- 800301 Arvest Bank
- 809070 BancFirst c/o OSLA
- 809094 Arvest Bank Norman
- 813979 Commerce Bank
- 820238 BancFirst Shawnee
- 825659 Oklahoma Student Loan Authority – OKC
- 834348 First Security Bank

GUARANTORS REPRESENTED:

- 740 Oklahoma Guaranteed Student Loan Program
- 705 Student Loan Guaranty Foundation of
Arkansas
- 748 Texas Guaranteed Student Loan
Corporation (TG)
- 800 United Student Aid Funds, Inc.

GUARANTOR REVIEWERS:

- Clay Berry, SLGFA
- Kelvin Deloch, LOSFA
- Matt McCreary, OGSLP
- Karen Reese, USA Funds
- Marvin Rubio, TG
- Nancy Wilson, TG

OFFICIALS CONTACTED:

Stephanie Finley, Audit Coordinator, OSLA

I. Scope of the Review

The scope of the review was focused primarily on the period from January 1, 2008 to December 31, 2009. However, any errors discovered that may have occurred outside this time frame are included in this report.

A total of 182 loans were tested by the guarantor review team. A list of the borrowers' identifying numbers, names, lender IDs, and guarantor IDs is attached in Appendix A.

The review was conducted to ascertain compliance with federal law, regulations and guarantor policies. The review scope was limited to loans owned by the lender IDs, and guaranteed by the guarantors listed in this report. Sample testing was performed to obtain a 95% confidence level with a maximum tolerable error rate established at 10%. Any systemic errors discovered during the review are not subject to the 10% tolerable rate and must be corrected across the entire portfolio. The following areas were tested during the review:

- **Origination and Disbursement Procedures**
29 files reviewed-One Finding
- **Conversion to Repayment**
29 files reviewed-No Findings
- **Deferments**
29 files reviewed-No Findings
- **Collection Due Diligence, Cures, and Claim Reimbursement**
29 files reviewed-One Finding
- **LaRS Reporting and Reconciliation**
29 files reviewed-No Findings
- **Income Based Reporting**
8 files reviewed-No Findings
- **Purchases, Sales, and Transfers**
29 files reviewed-No Findings

II. Disclaimer

Although this review was comprehensive, it cannot be assumed to be all inclusive. Therefore, absence of statements in this report regarding specific practices and procedures followed by your institution should not be construed as acceptance, approval, or endorsement of these specific practices or procedures. The specific nature of this report does not limit or lessen your obligation to comply with all statutory, regulatory and Guarantor provisions governing the Federal Family Education Loan Program (FFELP).

III. Program Review Findings

As described below, the body of the report is composed of two main sections. Section IV lists all program violations discovered during the review. This section is identical on all reports.

Section V lists the specific borrower accounts where program violations occurred, and will vary from lender to lender. The findings listed in this section for one lender will not be shared with the other lenders reviewed. Additionally, the borrowers listed in the attached

appendix will vary from lender to lender and will include only those borrowers with loans originated or held by the specific lender.

IV. AGGREGATE EXCEPTIONS

This section lists all program violations discovered during the review. This section is identical on all reports.

A. **FINDING:** Defects in Disclosure (6840)

The pre-origination disclosure sent to the borrower by the lender did not contain 'a clear and concise statement that the borrower is receiving a loan that must be repaid' in bold type, as required by the regulations effective August 14, 2008.

B. **FINDING:** Failure to Comply with GA or ED Reporting Requirements (6100)

The claim form for one borrower in CRI's Due Diligence and Claim sample did not match the information in OSLA's servicing system.

V. SPECIFIC EXCEPTIONS

This section lists program violations discovered for all lenders reviewed during testing. The findings listed in this section are included in the report to Oklahoma Student Loan Authority only and will not be shared in their entirety with the lender ID's reviewed. Reports sent to the individual lenders will contain information pertinent to each lender's specific borrowers only.

A. **FINDING:** Defects in Disclosure

In the sample selected to test origination and disbursement compliance, the pre-origination disclosure sent to borrowers #10,11,12,13,18,&19 did not contain 'a clear and concise statement that the borrower is receiving a loan that must be repaid' in bold type, as required by the regulations effective August 14, 2008. All affected loans for the aforementioned borrowers were guaranteed by OGSLP.

REFERENCE:

34 CFR §682.205 (a)(1)
Common Manual 7.6.A
PEPS Code 6840

CORRECTIVE ACTION:

Since new FFELP originations ceased as of 7/1/2010, no further corrective action is required.

B. FINDING: Failure to Comply with GA or ED Reporting Requirements

To request reimbursement from the guarantor for a FFEL Program loan due to a borrower's default or eligibility for a loan discharge, lenders or servicers must submit a claim utilizing a claim form. The information provided on the claim form must be accurate.

In reviewing the claim forms for the Due Diligence and Claim sample, it was determined that OSLA populated a field on the claim form with incorrect data for one borrower as follows:

In the sample selected to test collection and claims, borrower #7: Field #50 on the claim form incorrectly reflected 01/01/08 as the Interest-Paid-Through date. The Interest-Paid-Through date should have been 01/02/08. The claim form was generated by OSLA's system and required manual adjustments. The OSLA claim filer adjusted the interest amount, but not the Interest-Paid-Through date. The interest amount was calculated using the correct Interest-Paid-Through date.

There was no financial impact to ED, the borrower, or the guarantor, so the sample was not expanded.

REFERENCE:

34 CFR §682.414(a)(4)(i)
Common Manual, Chapter 13.1.A and D
PEPS Deficiency Code 6100

CORRECTION:

In response to this report, OSLA must provide a description of the controls it has implemented to prevent recurrence of claim form errors.