



# OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Guaranteed Student Loan Program  
P.O. Box 3000  
Oklahoma City, Oklahoma 73101-3000

June 26, 2009

Mr. Andy Rogers  
OSLA Student Loan Servicing  
P. O. Box 18145  
Oklahoma City OK 73154-0145

Dear Mr. Rogers:

Enclosed is the report of the joint on-site compliance review of OSLA Student Loan Servicing conducted by the Oklahoma Guaranteed Student Loan Program (OGSLP) and the Student Loan Guarantee Foundation of Arkansas (SLGFA) in November 2008. Your written response to the report is requested within 30 days from the receipt of this letter.

The review included loans held by the following lenders, and serviced by your organization:

Arvest Bank	809094
BancFirst	809070
Chase (formerly Bank One EFG)	828352
Bank of America	807674
OU Lew Wentz Foundation	812187
OSLA	825659

We appreciate your cooperation in providing assistance to eligible students through the Federal Family Education Loan Program. If you have questions or need further assistance in complying with the applicable regulations and procedures of this program, please contact Ms. Kim Elston, Senior Regulatory Compliance Specialist, at (405) 234-4487.

Sincerely,

Mary Mowdy, Executive Director  
Oklahoma Guaranteed Student Loan Program

Cc: Ms. Becky Collins, SLGFA  
Ms. Sharon Foxhoven, Arvest Bank  
Ms. Tina Seawright, BancFirst  
President David L. Boren, Lew Wentz  
Ms. Shena Benskin, Chase  
Ms. Sue Ainilian, Bank of America

Enclosures

**OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION**

655 research Parkway, Suite 200  
Oklahoma City, Oklahoma 73105

Report of

**OSLA STUDENT LOAN SERVICING**

**ON-SITE COMPLIANCE REVIEW**

For the Oklahoma Guaranteed Student Loan Program and the Student Loan Guarantee  
Foundation of Arkansas

**SERVICER NAME:**

OSLA Student Loan Servicing

**ADDRESS:**

525 Central Park Drive, Suite 600  
Oklahoma City OK 73105-1706

**LENDER NAMES AND  
ID NUMBERS:**

825659 Oklahoma Student Loan Authority  
809094 Arvest Bank  
809070 BancFirst  
828352 JPMorgan Chase, N. A.  
807674 Bank of America  
812187 OU Lew Wentz Foundation

**REVIEWERS:**

Ms. Kim Elston  
Oklahoma Guaranteed Student Loan Program

Ms. Rita Toland  
Mr. Clay Berry  
Ms. Pamela Baker  
Student Loan Guarantee Foundation of Arkansas

**PRINCIPALS  
INTERVIEWED:**

Mr. Andy Rogers, VP of Operations/Controller  
Mr. Larry Hollingsworth, VP of Loan Management  
Ms. Stephanie Finley, Director of Quality  
Assurance/Internal Audit  
Mr. John Paul Bode, Quality Assurance Analyst  
Ms. Denise Mohammadi, Asset Management Supervisor  
OSLA Student Loan Servicing

**DATES OF REVIEW:**

November 17, 2008 to November 21, 2008

## **GUARANTEE AGENCY AUTHORITY:**

**FEDERAL** – The Federal Family Education Loan Program, formerly the Guaranteed Student Loan Program, was created in 1965 by Title IV, Part B of the Higher Education Act of 1965, as amended. The purpose of the Federal Family Education Loan Program is to provide loans to students demonstrating eligibility, which enables students to pursue a postsecondary education.

**STATE** – Oklahoma legislation establishing the Student Educational Assistance Fund was enacted in 1965, authorizing the Oklahoma State Regents for Higher Education to utilize the fund for guaranteeing loans made by private or public lending institutions to students applying for such loan guarantees for the purpose of obtaining financial assistance for attending eligible educational institutions. The Oklahoma State Regents for Higher Education are further authorized and empowered to promulgate such rules, regulations, and procedures with respect to student eligibility, terms of loans, and other matters they may consider appropriate.

The Student Loan Guarantee Foundation of Arkansas (SLGFA) was designated by the Arkansas State Legislature in 1967 to provide loan guarantees for students attending postsecondary institutions.

## **PURPOSES OF REVIEW:**

The purposes of this review are (1) to determine if OSLA is operating within the authorizing statutes, regulations, agreements, and policies governing the student loan program, and (2) to provide technical assistance to further ensure compliance with all applicable regulations of the Federal Family Education Loan Program.

## **SCOPE:**

The scope was to evaluate the following areas: (1) due diligence in making a loan, (2) due diligence in disbursing a loan, (3) due diligence in servicing a loan, (4) due diligence in the collection of loans, (5) accuracy in the reporting of loans to the guarantor, and (6) completion of the Lender's Request for Interest and Special Allowance Reports from January 1, 2006 through December 31, 2007. The scope of this review is not limited to these areas and is expanded to encompass areas that were identified during the program review. Although the review was thorough, this visit cannot be assumed to be all-inclusive. Therefore, absence of statements in this report regarding specific practices and procedures followed by OSLA 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 OSLA's obligation to comply with all of the statutory provisions and regulations governing the Federal Family Education Loan Program.

Of the loans disbursed under the six lender IDs reviewed, samples were selected at random and reviewed for compliance with the various requirements of loan servicing. A listing of these borrowers is designated as Exhibit I. The review of these files should provide OGSLP/SLGFA with an accurate representation of the total portfolio and OSLA's compliance with Federal Family Education Loan Program regulations.

## **FINDINGS:**

A copy of this report is disseminated to each lender ID reviewed during the testing. As described below, the body of the report is composed of two main sections: Aggregate Exceptions and Specific Exceptions.

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

The Specific Exceptions section 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 Exhibit I will vary from lender to lender and will include only those borrowers with loans originated or held by the specific lender.

## **AGGREGATE EXCEPTIONS**

### **FINDING – INACCURATE INFORMATION IN SECTION VI OF THE CLAIM FORM:**

In two instances, the Claim Form submitted for defaulted loans contained information in Section VI of the form that did not match the information in the borrower's history. These inaccuracies did not result in payment of an ineligible claim.

## **SPECIFIC EXCEPTIONS**

### **FINDING - INACCURATE INFORMATION IN SECTION VI OF THE CLAIM FORM:**

In two instances, the Claim Form submitted for defaulted loans contained information in Section VI of the form that did not match the information in the borrower's history. Section VI requests information regarding the total amount of payments made by the borrower or refunded; the number of payments made by the borrower; the number of months of deferment or forbearance granted; the number of months of violation; the number of events; the number of reconversion months; and payment due date.

Claim payment is based on the information provided in Section VI of the Claim Form, and only a portion of defaulted accounts are double-checked through the post-claim sampling process to ensure that the number of payments, months in deferment or forbearance, etc., match the numbers reported on the Claim Form. Therefore, this information must be accurate and verifiable to the servicing histories.

a) Steve D. Corley – Claim paid 11/10/06 – The claim form indicated 1 payment of \$0.00; the history indicated no payments.

b) Veronica Aguilar – Claim paid 2/2/06 – The claim form reflected 76 months of forbearance, 56 payments, and 5 events; the history indicated 48 months of forbearance, 61 payments, and 6 events.

**CITATION:**

***HEA Section 432:***

**(1) UNIFORM ADMINISTRATIVE AND CLAIMS PROCEDURES.—**

(1) IN GENERAL.—The Secretary shall, by regulation developed in consultation with guaranty agencies, lenders, institutions of higher education, secondary markets, students, third party servicers and other organizations involved in providing loans under this part, prescribe standardized forms and procedures regarding—

- (A) origination of loans;
- (B) electronic funds transfer;
- (C) guaranty of loans;
- (D) deferments;
- (E) forbearance;
- (F) servicing;
- (G) claims filing;
- (H) borrower status change; and
- (I) cures.

**(2) SPECIAL RULES.—**

(A) The forms and procedures described in paragraph (1) shall include all aspects of the loan process as such process involves eligible lenders and guaranty agencies and shall be designed to minimize administrative costs and burdens (other than the costs and burdens involved in the transition to new forms and procedures) involved in exchanges of data to and from borrowers, schools, lenders, secondary markets, and the Department.

(B) Nothing in this paragraph shall be construed to limit the development of electronic forms and procedures.

***NCHERP Common Claim Review Procedures, October 5, 2006, page 1:***

Lenders and servicers are required to perform all required due diligence and must ensure information provided on the common Claim Form is accurate and complete.

***NCHERP Common Claim Review Procedures, October 5, 2006, page 9:***

***Section VI. Repayment Information***

**Section Note:**

Data in fields 38, 39, 40 and 42 will be summed. The total number of months calculated will be added to the reported date in field 36. If the resulting calculated date is equal to or after the date in field 43, the payment due date reported in field 43 will be considered to be correct. If the resulting calculated date is earlier than the date in field 43, then gaps in servicing may have occurred. The guarantor will request clarification of the discrepancies.

**REQUIREMENT:**

Because the inaccuracies cited in this finding did not result in a fatal error (payment of a claim that was not eligible for payment), there is no liability associated with this finding. OSLA must provide assurances to OGSLP and SLGFA that future Claim Forms will be completed accurately, and outline the procedures that will be implemented to accomplish this objective.

### CONCLUSION

One item of noncompliance with Federal Family Education Loan Program requirements were noted during the review of OSLA Student Loan Servicing. This item of noncompliance has been described above. As a result of this finding, OSLA must submit to the Oklahoma Guaranteed Student Loan Program and the Student Loan Guarantee Foundation of Arkansas an appropriate corrective action response to the compliance review finding. The response should be submitted to:

Mary Heid  
Director of Policy, Compliance and Training  
Oklahoma Guaranteed Student Loan Program  
P. O. Box 3000  
Oklahoma City, OK 73101-3000