



United Student Aid Funds, Inc.

Mailing Address:

P.O. Box 6028
Indianapolis, IN 46206-6028

Corporate Address:

10475 Crosspoint Blvd., Suite 230
Indianapolis, IN 46256-3323

Carl C. Dalstrom
President & CEO
(317)806-1210
(317)806-1205 (fax)

June 28, 2006

June M. McCormack
Executive Vice President
Sallie Mae
Post Office Box 6185
Indianapolis, Indiana 46206

RE: Third Restated and Amended Guarantee Services Agreement

Dear June:

I write to amend our understanding and agreement relating to the payment of Account Maintenance Fee ("AMF") to Sallie Mae for fiscal year 2006 under the Third Restated and Amended Guarantee Services Agreement between United Student Aid Funds, Inc. ("USA Funds") and Sallie Mae, Inc. (the "Servicing Agreement"). This letter amends and supercedes my letter of January 11, 2005. A copy is attached for your reference.

As set forth in my letter of January 11, 2005, the Department of Education pays AMF directly into the Agency Operating Fund ("AOF") of guarantors. Section 458 of the Higher Education Act, as amended, ("HEA"), sets the annual limit on the amount of AMF payable by the Department directly into the AOF of guarantors. Section 458 goes on to say that if the Department of Education does not have sufficient section 458 funds to fully fund the AMF payable to the guarantor, the Department makes up the insufficiency by requiring the guarantor to transfer funds from its Federal Reserve Fund ("FRF") to its AOF. This is generally referred to as the AMF shortfall.

On May 2, 2006, the Department of Education announced that it would allocate \$220 million for AMF to be paid to guarantors under Section 458 of the HEA for fiscal year 2006. In addition, the Department authorized guarantors to transfer, prior to June 30, 2006, from their FRF to their AOF the estimated AMF shortfall for fiscal year 2006. The AMF shortfall for USA Funds for fiscal year 2006 is authorized to be \$31,412,901. A copy of the May 2, 2006 letter is attached.

As set forth in Exhibit B of the Servicing Agreement, USA Funds pays to Sallie Mae the statutory AMF less 1 basis point times the dollar amount of loans outstanding. USA Funds has also agreed to transfer its portion of the AMF shortfall from its FRF to its AOF unless by doing so the FRF of USA Funds would fall below the minimum balance required by the Higher Education Act. The methodology for calculation the minimum reserve ratio, and accordingly any transfer of AMF shortfall, is set forth in my January 11, 2005 letter.

Notwithstanding the terms of the Servicing Agreement or the January 11, 2005 letter, USA Funds agrees to transfer the fiscal year 2006 estimated AMF shortfall in the amount of \$31,412,901 from its FRF to its AOF prior to June 30, 2006, and agrees to pay Sallie Mae \$28,271,611 of the estimated AMF shortfall prior to December 1, 2006. If the Department of Education, for any reason, rescinds or adversely modifies or amends the permitted transfer of the fiscal year 2006 estimated AMF shortfall in the amount of \$31,412,901, or has indicated prior to December 31, 2007, that such an action is forthcoming, Sallie Mae agrees to return to USA Funds 50% of the

rescinded amount, up to a maximum returned amount of \$14,135,805, upon receipt by USA Funds of a written directive from the Department of Education. Moreover, Sallie Mae agrees to return to USA Funds, upon receipt by USA Funds of a written directive from the Department of Education, 50% of funds required to be deposited into the FRF of USA Funds by the Department of Education to help meet the requirements of the minimum reserve ratio as defined by the Department of Education, up to a maximum returned amount of \$14,135,805, if such directive is issued in writing prior to December 31, 2007, or the Department has indicated, prior to December 31, 2007, that such a directive is likely to be issued. However, for purposes of clarity, in no event will the amount that Sallie Mae may have to return to USA Funds upon the occurrence of either one or both of the aforementioned events exceed \$14,135,805 in the aggregate.

Please indicate your agreement with the content of this letter by signing below.

Sincerely,



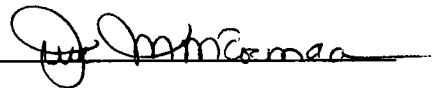
Carl C. Dalstrom

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cc: Robert S. Lavet

Agreed:
Sallie Mae, Inc.

By: 

Name: June M. McCormack

Title: Executive Vice President

Carl C. Dalstrom
President & CEO
(317)806-1210
(317)806-1205 (fax)

January 11, 2005

June M. McCormack
Executive Vice President
Sallie Mae
Post Office Box 6185
Indianapolis, Indiana 46206

RE: Second Restated and Amended Guarantee Services Agreement

Dear June:

As you are aware, the Department of Education pays an Account Maintenance Fee ("AMF") directly into the Agency Operating Fund ("AOF") of guarantors. Section 458 of the Higher Education Act sets the annual limit on the amount of AMF payable by the Department directly into the AOF of guarantors. Section 458 goes on to say that if the Department of Education does not have sufficient section 458 funds to fund the AMF payable to the guarantor, the Department makes up the insufficiency by requiring the guarantor to transfer funds from its Federal Reserve Fund ("FRF") to its AOF. This is generally referred to as the AMF shortfall.

As set forth in Exhibit B of the Second Amended and Restated Guarantee Services Agreement between United Student Aid Funds, Inc. ("USA Funds") and Sallie Mae Servicing, a division of Sallie Mae, Inc., (the "Servicing Agreement"), USA Funds pays to Sallie Mae the statutory AMF less 1 basis point times the dollar amount of loans outstanding. USA Funds has also agreed to transfer its portion of the AMF shortfall from its FRF to its AOF unless by doing so the FRF of USA Funds would fall below the minimum balance required by the Higher Education Act. Section 428(c)(9) of the Higher Education Act requires that guarantors maintain a current minimum reserve level of at least 0.25 percent of the total attributable amount of all outstanding loans guaranteed by the guarantor. I write seeking clarity between Sallie Mae and USA Funds on the method of calculating the reserves, and hence the minimum reserve ratio, as it relates to the requirement under the Servicing Agreement for USA Funds to transfer the AMF shortfall.

As it relates to the requirement under the Servicing Agreement for USA Funds to transfer the AMF shortfall, the reserves used to calculate the Federal Reserve Fund reserve ratio is defined as the lesser of the reserves as defined by the Department to calculate the official reserve ratio used to determine if USA Funds is in compliance with the minimum reserve ratio or reserves defined as current assets less current liabilities. General Accepted Accounting Principles define current assets as cash/cash equivalent, investments, and other assets that are expected to be converted to cash within 12 months. Current liabilities are defined as obligations expected to be paid or liquidated within 12 months. The USA Funds "current asset less current liabilities" reserves as defined by the Form 2000 Annual Section include the following items or components of lines:

June M. McCormack
January 11, 2005
Page Two

Current Assets:

- AR48 – Cash, cash equivalents and investments,
- AR51 – Accounts Receivable from Department of Education (e.g., reinsurance receivable),
- AR52 – Other Assets – Current portion of other assets due with 12 months (e.g., interest receivables on investments, guarantee fees receivable, Default Aversion Fee rebate receivable, and other intracompany receivables).

Current Liabilities:

- AR53 – Accounts payable, accrued expenses and other current liabilities payable within 12 months (e.g., liability for claims purchased for which checks have not been issued, intracompany liabilities; e.g., Default Aversion Fee, AMF in excess of the cap, etc.),
- AR54 – Accounts payable to Department of Education. (Note: This would include recall reserves to be paid within the next 12 months.)

USA Funds and Sallie Mae agree to renegotiate the terms of this letter in good faith if the Act or other applicable law is changed so as to materially alter the calculation of the minimum reserve ratio as it relates to the requirement under the Servicing Agreement for USA Funds to transfer the AMF shortfall.

Please indicate your agreement with the content of this letter by signing below.

Sincerely,



Carl C. Dalstrom

cc: Marianne M. Keler

Agreed:
Sallie Mae Servicing,
a division of Sallie Mae, Inc.

By: June M. McCormack

Name: June M. McCormack
Title: Executive Vice President



May 2, 2006

Mr. Carl Dalstrom
President & CEO
United Student Aid Funds, Inc.
P.O. Box 6028
Indianapolis, Indiana 46206-6028

SUBJECT: Methodology for Account Maintenance Fee (AMF) for FY 2006 Resulting from the Higher Education Reconciliation Act of 2005 (Pub. L. 109-171)(HERA)

SUMMARY: This letter provides guidance to guaranty agencies on the implementation of the HERA as it relates to AMF payments for fiscal year 2006.


Dear Mr. Dalstrom:

Under the Higher Education Reconciliation Act of 2005 (HERA) the Department will use \$220 million for the Account Maintenance Fee (AMF) paid to guaranty agencies under Section 458 of the Higher Education Act of 1965, as amended, (HEA). In the past, the Secretary could authorize guaranty agencies to transfer funds from the Federal Fund to the Operating Fund when the dedicated amount under the HEA is insufficient to pay the account maintenance fees payable to the guaranty agencies under the formula in §458(b) of the HEA. Under HERA, this authority terminates on June 30, 2006.

In order to permit guaranty agencies to transfer funds before June 30, 2006, we have estimated the amount that each agency will need to transfer from the Federal Fund. These estimates are based on the Original Principal Outstanding (OPO) calculation that was provided to you in the December 16, 2005, letter that described the FY 2006 AMF process and methodology. As explained in that letter, the FY 2006 OPO balance for each guaranty agency was estimated based on the 5-year average of yearly growth between 2000 and 2005. The first quarter AMF payment was based on 25% of each agency's estimated share of the total \$195 million available at that time. For the 2nd and 3rd quarters, agencies are directed to transfer funds from the Federal Fund to the Operating Fund to cover the AMF. A description of the amount to be transferred was calculated and is in Attachment A.

Payments for the 4th quarter will be made solely from the remainder of the \$220 million. These payments will be based on the portfolio percentage for each agency as calculated by the NSLDS in mid-November, 2006 minus the AMF amount received by the agency during the 1st quarter. If the total amount received exceeds the amount the agency should have received, you will be directed to redeposit a proportional share back into the Federal Fund to ensure that the \$220 million cap is fully utilized.

830 First St. N.E., Washington, DC 20202
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

USAF00000005

Page 2 - Mr. Carl Dalstrom

For your agency the following attributes were used in determining the amount to be transferred from your Federal Fund. This letter is your authorization to complete the transfer prior to June 30, 2006.

5-Year Growth Percentage (Step 1): 9.60%
FY 06 Estimated OPO (Step 2): 76,327,738,362
Estimated Proportional Share Percentage (Step 3): 20.75%
Estimated Share of \$195 Million AMF cap (Step 4): 40,454,473
Estimated Quarter 1 Payment Amount (Step 5): 10,113,618
Revised Estimated FY 06 OPO (Step 7): 77,053,844,286
Estimated Federal Fund Transfer Amount (Step 8): 31,412,901

Questions regarding this subject and methodology should be directed to Ron Bennett at 202-377-3181 or Ron.Bennett@ed.gov.

Sincerely,



Matteo Fontana
General Manager, Financial Partner Services
Federal Student Aid

Attachment A

Revised FY 2006 Methodology for Calculating the Account Maintenance Fee

The total FY 2006 Original Principal Outstanding (OPO) estimate for all agencies based on the 5-year average growth was \$367,917,511,154. To provide a buffer for annual variability in OPO growth to determine the amount to transfer from the Federal Fund, \$3.5 million was added to the \$367,917,511 originally estimated in AMF fee. The combined total of \$371,417,511 was the basis for estimating the total AMF for FY 2006. The total multiplied by the agency's estimated proportional share percentage becomes the amount authorized for transfer from the Federal Fund to the Operating Fund to cover the 2nd and 3rd quarter AMF payments. The detailed methodology for this calculation follows.

Step:

- Calculate % change in Original Principal Outstanding (OPO) from one fiscal year to another (FY00 – FY05) and determine average yearly growth for previous 5 fiscal years.
Project for each guaranty agency their Original Principal Outstanding (OPO) balance for FY 06 by multiplying the agency's growth average by the actual NSLDS calculated OPO as of 9/30/05 to more accurately estimate FY 06 OPO ending balance.
 - (3) Multiply the 9/30/06 projection for each agency by the estimated total for all agencies to determine their estimated proportional share percentage.
Multiply each agency's proportional share percentage by the \$195 Million cap to derive agencies estimated cap share. (Used for Quarter 1 payment only.)
 - (5) Divide each agency's cap share by 4 to determine Quarter 1 cap payment amount.
 - (6) Actual Quarter 1 payments were based on the result of step (5).
 - (7) Revise estimate:
 - a. Multiply revised estimated total OPO balance by each GA estimated proportional share percentage to determine revised estimate of each agencies OPO.
 - b. Multiply the agency revised OPO by the AMF fee percent (0.10 %).
 - c. Multiply the \$220 million cap by the estimated proportional share percentage to determine estimated cap share.
- Subtract the agency's revised estimated cap share from the revised agency's OPO to determine Estimated Federal Fund Transfer Amount.
Use the NSLDS calculated value for FY end OPO to determine actual proportional share percentage:

- a. Multiply actual proportional share by FY end OPO not to exceed \$371,417,511,154 to determine total AMF amount.
 - b. Subtract from total AMF amount from the Quarter 1 cap portion paid, the authorized transfer amount from Federal Fund for Quarters 2 and 3.
- (10) Depending on the actual fiscal year combined OPO balance, as calculated by the NSLDS, one of the following actions will occur:
- a. If the actual FY end total OPO is greater than \$371,417,511,154 (FY 2006 ceiling) there will be no additional AMF allotted for FY 2006. Each agency will only receive their actual proportional share up to the FY 2006 ceiling.

If the actual FY total OPO is less than \$371,417,511,154 then the actual total OPO will be subtracted from the revised estimated OPO to determine the variance. The variance will be multiplied by the agencies actual proportional share percentage to determine the amount that needs to be returned to the Federal Fund.



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10475 Crosspoint Blvd., Suite 230
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Carl C. Dalstrom
President & CEO
(317)806-1210
(317)806-1205 (fax)

June 28, 2006

June McCormack
Executive Vice President
Servicing, Technology &
Sales Marketing
11100 USA Parkway
Fishers, IN 46038

Dear June,

I write to confirm our understanding regarding recent policy and contractual changes relating to the services provided by Sallie Mae to USA Funds. The policy changes follow:

1. Effective for PLUS loans guaranteed from July 1, 2006, through June 30, 2007, USA Funds will subsidize out of its Agency Operating Fund the Federal Default Fee for all USA Funds-guaranteed PLUS loans for lenders that subsidize the Federal Default Fee for all USA Funds-guaranteed Stafford loans during the same time period.
2. Effective immediately, USA Funds will modify its current policy with respect to guaranteeing consolidation loans.

Current Policy

USA Funds limits its Consolidation loan volume to Consolidation loans for which USA Funds is the guarantor on a preponderance of the underlying loans. USA Funds will not guarantee a Consolidation loan made jointly to a married couple. For select, key strategic partnerships, e.g., MEDLOANS, USA Funds will guarantee loans that have no underlying loans.

Consolidation for Borrowers with Defaulted Loans

USA Funds will guarantee a Consolidation loan that includes a defaulted loan only if the borrower makes satisfactory repayment arrangements with the loan holder before applying for the Consolidation loan. For these purposes, satisfactory repayment arrangements are defined as three consecutive, on-time, voluntary, monthly payments. Furthermore, USA Funds requires that the payments satisfy interest accruing on each defaulted loan to be consolidated.

Proposed Policy

USA Funds limits its Consolidation loan volume to Consolidation loans for which USA Funds is the guarantor on at least one of the underlying loans. USA Funds will not guarantee a Consolidation loan made jointly to a married couple. For select, key strategic partnerships, e.g., MEDLOANS, USA Funds will guarantee loans that have no underlying USA Funds loans ("non-nexus Consolidation loans"). In addition, USA Funds will guarantee non-nexus Consolidation loans that meet the following criteria.

- i. Minimum balance of \$10,000;
- ii. All underlying loan in an active repayment status, less than 60 days delinquent, and currently not in a forbearance status; and
- iii. Total aggregate non-nexus Consolidation loans cannot exceed 50% of the dollar amount of nexus Consolidation loans.

Consolidation for Borrowers with Defaulted Loans

USA Funds will guarantee a Consolidation loan that includes a defaulted loan only if the borrower makes satisfactory repayment arrangements with the loan holder before applying for the Consolidation loan. For these purposes, satisfactory repayment arrangements are defined as three consecutive, on-time, voluntary, monthly payments. Furthermore, USA Funds requires that the payments satisfy interest accruing on each defaulted loan to be consolidated.

3. USA Funds proposes to enter into an agreement with Sallie Mae to develop and co-fund a graduate student strategy, in an attempt to attract an increased share of the graduate market to the USA Funds guarantee. In that context, USA Funds proposes to subsidize (or reimburse Sallie Mae for) the Federal Default Fee for all PLUS loans made to graduate students guaranteed by USA Funds and originated by a Sallie Mae lender, for one year (from July 1, 2007 through June 30, 2008). In addition, USA Funds is willing to consider proposals to share in the costs of developing yet-to-be-identified elements of a program to attract graduate students to the USA Funds guarantee.

While it is not my intent to alter the above policies, such policies are not contractual commitments and business realities may necessitate future amendment.

Other than to communicate policy changes, a purpose of this letter is to obtain your agreement as to funding of maintenance and regulatory changes for existing Research and Development projects. The Third Restated and Amended Guarantee Services Agreement better defines prospective allocation of system costs associated with maintenance and regulatory compliance. For existing projects (other than mission-based projects like LifeSkills and Unlock the Future, and partnerships like Siebel, 2Futuro and Retention and Repayment Success, which are separately funded) during USA Funds' fiscal year 2006, USA Funds will contribute up to \$500,000 from its R&D commitment toward maintenance for USA Funds exclusive products. After fiscal year 2006, funding associated with maintenance and regulatory compliance for such existing projects will be set forth in the Third Restated and Amended Guarantor Services Agreement. USA Funds pays out of its annual R&D allocation costs associated with maintenance and regulatory compliance for existing mission-based projects. Apportionment of costs associated with maintenance and regulatory compliance for existing partnerships is documented in the associated Project Work Orders.

Please indicate your agreement to this letter by signing below.

Sincerely,



Carl Dalstrom

CCD/kb
/usafunds/ccd/06280606.doc

Agreed:

By:



June McCormack, Executive Vice President
Servicing, Technology & Sales Marketing

THIRD RESTATED AND AMENDED GUARANTEE SERVICES AGREEMENT FOR UNITED STUDENT AID FUNDS, INC.

This Agreement made and entered into as of the 1st day of October, 1999, and amended and restated as of the 31st day of July, 2000, and amended and restated for a second time as of October 1, 2002 (such second restatement effective as of October 1, 2002), and amended and restated for a third time as of June 28, 2006 (such third restatement to be effective as of June 28, 2006) between UNITED STUDENT AID FUNDS, INC., a private, nonprofit corporation organized under the laws of the State of Delaware ("USA Funds"), and SALLIE MAE, INC., a corporation organized under the laws of the State of Delaware ("Sallie Mae");

WITNESSETH:

WHEREAS, USA Funds, a guaranty agency as defined in the Act, in performance of its role under the Act, has full power and authority to contract for professional and administrative services and to engage in the transactions contemplated by this Agreement; and

WHEREAS, USA Funds has determined that the Services to be rendered by Sallie Mae are both necessary and desirable; and

WHEREAS, Sallie Mae represents that it is duly qualified and able to render the Services in the manner described in this Agreement; and

WHEREAS, USA Funds and USA Group Guarantee Services, Inc. originally entered into that certain Guarantee Services Agreement as of October 1, 1999; and

WHEREAS, USA Funds and Sallie Mae entered into that certain Restated and Amended Guarantee Services Agreement as of July 31, 2000 and such Restated and Amended Guarantee Services Agreement was in effect and governed with respect to the Services rendered during the time period from July 31, 2000 through September 30, 2002; and

WHEREAS, USA Funds and Sallie Mae entered into that certain Second Restated and Amended Guarantee Services Agreement as of October 1, 2002 and such Second Restated and Amended Guarantee Services Agreement was in effect and governed with respect to the Services rendered during the time period from October 1, 2002 through June 27, 2006; and

WHEREAS, USA Funds and Sallie Mae now desire to enter into this Third Restated and Amended Guarantee Services Agreement and such Third Restated and Amended Guarantee Services Agreement shall be in effect and govern with respect to the Services rendered beginning as of June 28, 2006;

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants contained in this Agreement, and of other good and valuable consideration, the parties hereto mutually agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

A. In this Agreement, the following words and terms shall, unless the context otherwise requires, have the following meanings:

"Act" means part B of Title IV of the Higher Education Act of 1965 (20 U.S.C. § 1071 et seq.) as amended and in effect from time to time, or any successor enactment thereto, and the effective regulations promulgated thereunder and any directives issued by the Department of Education.

"Affiliate" means any entity that, directly or indirectly, controls, is controlled by, or is under common control with, another entity.

"Agreement" means this Third Restated and Amended Guarantee Services Agreement, including any appendices and exhibits, between USA Funds and Sallie Mae, and any amendments thereto.

"Application" means a request for the issuance of a Loan issued pursuant to USA Funds' Policies and the Act.

"Borrower" means an individual to whom a Loan is made.

"Common Manual" means the document, commonly referred to as the "Common Manual", that has been published by the Common Manual participating guarantors and is currently in effect as of the Effective Date of this Third Restated and Amended Guarantee Services Agreement, that sets forth the policies common to the participating guarantors. The policies specific to each individual guarantor, as set forth in Appendix C of the Common Manual, or otherwise, are not within the definition of Common Manual as used in this Agreement. To the extent that the Common Manual is modified and such modification is implemented as a Suggested Revised Policy in accordance with the provisions of Section III.D.2 of this Agreement, any reference in this Agreement to the term "Common Manual" shall be deemed to mean such modified version of the Common Manual. USA Funds represents that it is a guarantor currently participating in the Common Manual.

"Consumer Price Index" means the U.S. Consumer Price Index for all Urban Consumers, U.S. City Average - All Items 1982-1984 = 100 Base as published by the U.S. Department of Labor's Bureau of Labor Statistics.

"Customer Information" means all Borrower information provided by USA Funds or any other persons to Sallie Mae for purposes of providing the Services, including but not limited to names, addresses, telephone numbers, account numbers, and demographic, financial and transaction information, other than Borrower information relating to Loans that are owned by Sallie Mae or its Affiliates.

"Default Aversion Services Agreement" means that certain Second Restated and Amended Default Aversion Services Agreement, dated as of the same date hereof, between Student Assistance Corporation (a Sallie Mae Affiliate) and USA Funds.

"Default Rate" means the ratio of the Total of Reinsurance on Default Claims paid by the Department of Education to USA Funds during any federal fiscal year to the Total Dollar Value of Loans in Repayment at the end of the preceding federal fiscal year. For purposes of the calculation of Default Rate:

"Total of Reinsurance on Default Claims" shall mean the dollar amount calculated from the principal column of the following lines of the Form 2000 Guaranty Agency Financial Report and associated Guaranty Agency Financial Report Instructions:

Form 2000 Line	Referenced on Guaranty Agency Financial Report Instructions
• MR-1-A Claims Paid-Defaults-Net	Page 16
• Less MR-7-A Partial Refunds-CFY-Defaults	Page 36

For purposes of clarity, no credit is to be given for Loans that are rehabilitated.

"Total Dollar Value of Loans in Repayment" shall mean the dollar amount calculated from the following lines of the Form 2000 Guaranty Agency Financial Report and associated Guaranty Agency Financial Report Instructions:

Form 2000 Line	Referenced on Guaranty Agency Financial Report Instructions
• AR-1 Loans Guaranteed (Except Federal Consolidation)	Page 70
• Less AR-2 All Loans Canceled (Except Federal Consolidation)	Page 71
• Plus AR-3 Federal Consolidation Loans Guaranteed	Page 71
• Less AR-4 Federal Consolidation All Loans Canceled	Page 71
• Less AR-5 Uninsured Loans	Page 72
• Plus AR-6 Loans Transferred In	Page 72
• Less AR-7 Loans Transferred Out	Page 72
• Less AR-8 Default Claims Paid	Page 73
• Less AR-9 Bankruptcy Claims Paid	Page 74
• Less AR-10 Death and Disability Claims Paid	Page 74
• Less AR-11 Closed school or false certification Claims Paid	Page 75
• Less AR-12 Loans Paid-In-Full	Page 75
• Less AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans	Page 75
• Less AR-14 Total Loans in Deferment Prior to First Payment	Page 76

In the event that Form 2000, and/or the Form 2000 Guaranty Agency Financial Report Instructions, and/or the Form 2000 data sources (e.g., loan extract file) are revised or replaced in such a way as to (i) materially change the allocation between USA Funds and Sallie Mae of the revenues associated with the collection of defaulted Loans, the parties agree to renegotiate the Defaulted Portfolio Management Fee in good faith in order to maintain substantially the same relative Defaulted Portfolio Management Fee economics between the parties pursuant to the version of Form 2000, the Form 2000 Guaranty Agency Financial Report Instructions, and the Form 2000 data sources in existence as of the effective date of this Agreement, or (ii) materially change the dollar amount of rehabilitated Loans offered to Sallie Mae, the parties agree to renegotiate the dollar amount of rehabilitated Loans to be offered to Sallie Mae in good faith in order to maintain substantially the same percent of the dollar amount of rehabilitated Loans offered to Sallie Mae pursuant to the version of Form 2000, the Form 2000 Guaranty Agency Financial Report Instructions, and the Form 2000 data sources in existence as of the effective date of this Agreement.

"Deficient Applications" means those Loan Applications that lack any or all information or elements necessary to guarantee the Loan in accordance with the Policies and the Act.

"Deconversion" means the orderly transition of functions from Sallie Mae to USA Funds, or a servicer designated by USA Funds, as described below. Deconversion requires activities that will be performed according to this Agreement and to a mutually agreed upon timetable to accomplish the following:

- (a) Reconciliation of guarantee fee and reinsurance accounting information;
- (b) Translation and transfer of the database, to include documentation of the various data fields, to facilitate a conversion of the database to a subsequent servicer's servicing system;
- (c) Preparation and transfer of original promissory notes, physical copies of promissory notes certified by Sallie Mae as true copies, or electronic records that evidence the Loan, forms, materials, documents, files, and reports;

- (d) Preparation and transfer of unprocessed and rejected transactions, both electronic and manual;
- (e) Preparation and transfer of electronic data relating to Lender's default aversion assistance requests that have been received and not resolved;
- (f) Preparation and transfer of Lender's claim reimbursement forms that have been received and not purchased;
- (g) Notification to collection agencies that they must make arrangements with USA Funds to continue collection activities on accounts assigned to them; and
- (h) Any other reasonable pre or post (within one year of the completion of the deconversion) deconversion assistance relating to technical support for the transfer of the database to USA Funds or its designee.

"Department of Education" means the United States Department of Education.

"Educational Institution" means any institution of postsecondary education that qualifies as an "eligible institution" under the Act.

"Emergency" means a sudden condition needing immediate attention, which shall include, but shall not be limited to fire, flood, earthquake or other event beyond the control of and occurring without the fault or negligence of the affected party.

"Lender" means any lender, wherever located, that qualifies as an "eligible lender" under the Act and which has an active guarantee agreement with USA Funds.

"Loan" means a loan guaranteed by USA Funds and made to or on behalf of an eligible student pursuant to the Policies and made pursuant to the Act.

"Notice of Guarantee" means the notice generated by Sallie Mae that certifies to a Lender that a certain Loan is guaranteed in accordance with the terms of the Policies and the Act.

"Policies" mean USA Funds' written policies pertaining to the guarantee of Loans as authorized by the Act that have been adopted and published (either *via* the Common Manual, USA Funds' specific policies published in Appendix C of the Common Manual, or other bulletin) by USA Funds as of the Effective Date of this Third Restated and Amended Guarantee Services Agreement. To the extent that the any Suggested Revised Policies are implemented in accordance with the provisions of Section III.D.2 of this Agreement, any reference in this Agreement to the term "Policies" shall be deemed to include any such Suggested Revised Policies.

"Proprietary Information" means nonpublic information, such as components, devices, formulas, inventions, software, processes, procedures, reports, manuals, documents, compilations of information, pricing, operations, records, mailing lists and other information pertaining to the performance of this Agreement that either party may have obtained as a result of this Agreement and that have not been prepared by either party for public distribution. Proprietary Information shall not include any information that (a) is already in the public domain at the time of disclosure or later becomes available to the public through no breach of this Agreement by the recipient or its employees, agents or contractors; (b) is lawfully in the recipient's possession, without an obligation of confidentiality, prior to receipt hereunder; (c) is received independently by the recipient from a third party who was free to lawfully disclose such information to the recipient; or (d) is independently developed by the recipient without the use of Proprietary Information as evidenced by the recipient's business records. Furthermore, Proprietary Information shall not include any Customer Information.

"Services" mean the services provided to USA Funds set forth in Exhibit A, or as otherwise described in this Agreement.

"Service Levels" means the service levels set forth on Exhibit C.

"Subcontracting Agreements" mean the agreements between Sallie Mae and its vendors (including Affiliates of Sallie Mae) that perform material Services for and/or on behalf of Sallie Mae.

B. In this Agreement, unless the context otherwise requires:

1. The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms refer to this Agreement, and the term "heretofore" means before, and the term "hereafter" means after the effective date of this Agreement;
2. Words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing the singular number mean and include the plural number and vice versa;
3. Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;
4. Any headings preceding the texts of the several articles and sections of this Agreement, and any table of contents or marginal notes appending to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect;
5. "Shall" has the same meaning as the word "must"; and
6. Because each party and its counsel reviewed this Agreement, this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against a party.

ARTICLE II REPRESENTATIONS AND WARRANTIES

A. Sallie Mae hereby represents, warrants and covenants that:

1. Sallie Mae will maintain all licenses or registrations as may be required under state or federal law in order to perform the Services under this Agreement. Sallie Mae shall meet the financial responsibility, and administrative capability standards and independent audit requirements, and any other requirements for third-party servicers under the Act and other applicable laws.
2. Sallie Mae will comply with the provisions of all federal, state and local laws and regulations in the performance of the Services provided under this Agreement, including, but not limited to, the Act, the Equal Credit Opportunity Act, the Social Security Act, the Fair Credit Reporting Act, and the Fair Debt Collection Practices Act. In the event that either Sallie Mae or USA Funds disagrees with an action suggested by a "Dear Guaranty Agency" Letter or any other directive issued by the Department of Education or other federal agency (i) such party (Sallie Mae or USA Funds, as the case may be) will notify the other party, and (ii) the parties will work together to resolve such disagreement and, if the parties mutually agree, will consult with the federal agency to resolve any such disagreement. Nothing contained herein shall prohibit Sallie Mae, on its own behalf and/or on behalf of its customers (other than USA Funds), from contacting, discussing or consulting with any federal agency regarding any such directive issued by such federal agency.

With respect to Customer Information, Sallie Mae agrees that it shall comply with all reuse, redisclosure or other customer information handling, processing and protection requirements that are specifically required of a non-affiliated third-party

processor or servicer (or subcontractor) under the Joint Banking Agencies' regulations or the Federal Trade Commission's Privacy of Consumer Financial Information – Final Rule (16 CFR 313), as applicable, implementing Title V of the Gramm-Leach-Bliley Act, Public Law 106-102 (the "GLB Requirements") and other applicable federal consumer privacy acts, rules, and regulations. Without limiting the foregoing, Sallie Mae agrees that it shall be prohibited from disclosing or using any nonpublic personal information (as defined in the GLB Requirements) except (i) as necessary to carry out the purposes for which the information was disclosed, or (ii) as may otherwise be permitted under an exception contained in Section 216.14 or 216.15 or Section 313.14 or 313.15, as applicable, of the GLB Requirements in the ordinary course of business to carry out the purposes for which the information was disclosed.

Sallie Mae agrees to deliver a copy of USA Funds' privacy policy to certain Borrowers in a timely manner under the provisions of Title V of the Gramm-Leach-Bliley Act as follows:

(i) For Loans that are purchased by USA Funds, Sallie Mae will provide a copy of USA Funds' privacy policy to the Borrower within 30 days of the purchase thereof.

(ii) Sallie Mae annually will provide a copy of USA Funds' privacy policy to Borrowers for which USA Funds is the holder of the Borrower's Loan.

USA Funds hereby agrees to deliver to Sallie Mae a text version of its privacy policy in PDF format. USA Funds hereby agrees to provide Sallie Mae with no less than 21 days' prior written notice of any revisions to its privacy notice, together with the effective date of such revisions and an HTML or PDF file, as applicable, containing a complete copy of such revised notice. USA Funds also warrants that, at all times, it shall have provided Sallie Mae with its most current privacy notice. Sallie Mae shall have no duty to determine the continued effectiveness or the accuracy of any privacy policy delivered to Sallie Mae by USA Funds.

Sallie Mae shall (a) establish and maintain throughout the term of this Agreement appropriate measures ("Security Measures") that are designed to (i) ensure the security and confidentiality of Customer Information, (ii) protect against any anticipated threats or hazards to the security or integrity of Customer Information, and (iii) prevent unauthorized access to or use of Customer Information; and (b), at the reasonable request of USA Funds, provide information to USA Funds on the measures established from time to time for purposes of USA Funds' assessing Sallie Mae's performance of its obligations under this paragraph.

3. Sallie Mae has the corporate power, authority and legal right to execute and deliver this Agreement and perform the Services contemplated by this Agreement. The execution, delivery and performance of this Agreement by Sallie Mae have been duly authorized and approved by all necessary corporate action. This Agreement and all other documents and instruments required to be executed by Sallie Mae herein have been duly executed and delivered on behalf of Sallie Mae by duly authorized officers of Sallie Mae. This Agreement constitutes the legal, valid and binding obligations of Sallie Mae, enforceable against Sallie Mae in accordance with its respective terms, except to the extent limited by general principles of equity or public policy and by bankruptcy, insolvency, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditor's rights.
4. Sallie Mae will comply, and will require its subcontractors to represent, warrant and covenant that they will comply, with all federal and state civil rights laws, to the end that no person shall, on the grounds of race, creed, color, sex, religion, age, disability unrelated to such person's ability to engage in the work, ancestry, or national origin be excluded from participation in, be denied the benefits of, or be

otherwise subjected to discrimination under this Agreement as an employee or applicant for employment, with respect to his/her hire, tenure, terms and conditions or privileges of employment or any matter directly or indirectly related to employment under this Agreement or under any project, program, or activity supported by this Agreement.

B. USA Funds hereby represents, warrants and covenants that:

1. USA Funds has the corporate power, authority and legal right to execute and deliver this Agreement and perform its obligations as contemplated by this Agreement. The execution, delivery and performance of this Agreement by USA Funds have been duly authorized and approved by all necessary corporate action. This Agreement and all other documents and instruments required to be executed by USA Funds herein have been duly executed and delivered on behalf of USA Funds by duly authorized officers of USA Funds. This Agreement constitutes the legal, valid and binding obligations of USA Funds, enforceable against USA Funds in accordance with its respective terms, except to the extent limited by general principles of equity or public policy and by bankruptcy, insolvency, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditor's rights.
2. USA Funds will comply with the provisions of all federal, state and local laws and regulations in the performance of this Agreement, including, but not limited to the Act.
3. USA Funds is a guaranty agency under the Act.

C. USA Funds represents and warrants that:

The terms and provisions of this Agreement have been approved by the governing body or a committee of the governing body (within the meaning of Treas. Reg. § 53.4958-6(c)(1)(i)) of USA Funds, composed entirely of individuals who do not have a conflict of interest (within the meaning of Treas. Reg. § 53.4958-6(c)(1)(iii)) with respect thereto. In determining whether to provide such approval, such governing body or committee has relied on "appropriate data as to comparability" (within the meaning of Treas. Reg. § 53.4958-6(c)(2)) and the minutes of the governing body or committee will adequately document the basis for such approval (within the meaning of Treas. Reg. § 53.4958-6(c)(3)).

ARTICLE III GENERAL TERMS AND CONDITIONS

A. Independent Contractor.

1. Both parties, in the performance of this Agreement, will be acting in independent capacities and not as agents (except as specifically set forth in this Agreement), employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents (except as specifically set forth in this Agreement) of the other party for any purposes whatsoever. Nothing in this Agreement shall grant to either party any right to make commitments of any kind or to create any obligation for or on behalf of the other without the prior written consent of the other party, except to the extent stated herein. As independent contractors, each party shall be responsible for the selection, training, compensation, direction, and discipline of its employees and agents and for the acts or omissions of its employees and agents. Each party shall be responsible for providing all necessary unemployment and workmen's compensation insurance for its employees.

2. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

B. Subcontracting.

Sallie Mae has the right to subcontract any or all of the Services to be provided under this Agreement to any third party. Except as otherwise provided in this Agreement, Sallie Mae shall be responsible for performance of subcontracting arrangements with respect to all or any portion of this Agreement in accordance with the terms and conditions of this Agreement and the requirements of federal and state equal opportunity and affirmative action statutes, rules and regulations. Sallie Mae shall not be required to use any particular subcontractor recommended by USA Funds. Subcontracting Agreements with collection vendors entered into after the effective date of this Third Restated and Amended Agreement shall include the right of USA Funds to directly audit such collection vendor and to view a copy of such Subcontracting Agreement. Subcontracting Agreements for the services set forth in Exhibit A (excluding Item 12 – Technology and Support, and Item 18 – Forms Printing and Distribution) entered into after the effective date of this Third Restated and Amended Agreement shall include the right of USA Funds to directly audit such vendor.

C. Disputes.

In the event that any material dispute arises out of or in relation to this Agreement, Sallie Mae and USA Funds agree to act promptly to resolve such dispute. Time is of the essence in the resolution of disputes. Either party may initiate proceedings for resolution of the dispute by so notifying the other party in writing. Within five (5) business days thereafter, one representative from each party will confer in an attempt to resolve the dispute. If no such resolution is achieved within ten (10) business days of such conference, the parties will each appoint a second representative within five (5) business days, who along with the first two (2) representatives will attempt to resolve the dispute within ten (10) business days of such appointment. The second representative shall be an officer of the party or an Affiliate.

If the dispute cannot be settled by good faith negotiation between the parties, the parties will submit the dispute to non-binding mediation. Any mediation commenced pursuant to this Agreement will be conducted under the then current rules of the alternative dispute resolution firm selected by the parties. If the parties are unable to agree on a firm, then the parties will conduct the mediation under the then current rules and supervision of the American Arbitration Association. Each party will bear its own attorneys' fees associated with the mediation. Each party will pay all other costs and expenses of the mediation as the rules of the selected firm provide. If resolution of the dispute is not achieved through the above process, the parties will then be entitled to pursue any and all legal and equitable relief available. However, either party may commence (i) formal proceedings for judicial resolution if required to preserve a claim under the applicable statute of limitations, or (ii) an action to seek equitable relief by way of injunction to prevent the breach or threatened breach of any of the provisions of this Agreement or to enforce the performance of this Agreement. The existence of a dispute notwithstanding, each party will continue without delay to perform all its responsibilities under this Agreement that are not prevented by the dispute.

D. Research and Development; Change Management Process.

1. Research and Development.

- a. In addition to the other fees set forth in Exhibit B, USA Funds shall also pay to Sallie Mae the Research and Development Fee ("R&D Fee") set forth on Exhibit B to be used as an annual allocation for various research and development activities (the "R&D Activities"), as more specifically described in Exhibit E of this Agreement. The R&D Activities may include, but not be limited to, systems

development work relating to the computer systems (including, but not limited to, the default aversion system) used to provide the Services (the "Systems"), maintenance of the Systems, modifying the Systems in order to effect a change in the Act or other law, and non-Systems initiatives. USA Funds and Sallie Mae shall meet on a periodic basis, as more specifically described in Exhibit E, to develop and, if necessary, revise the then-current plan for the R&D Activities (the "R&D Plan"). The minimum R&D Fee budget commitment for the R&D Plan year of October 1, 2005 through September 30, 2006 shall be \$21,000,000. Unless otherwise mutually agreed to by Sallie Mae and USA Funds, the minimum R&D Fee budget commitment for any subsequent R&D Plan year shall be calculated as the minimum R&D Fee budget commitment for the immediately preceding R&D Plan year plus a percentage increase equal to the percentage increase in the Consumer Price Index during the 12-month period immediately preceding the effective date of the then-current increase of the minimum R&D Fee budget commitment. The final R&D Fee budget commitment for any R&D Plan year will be set forth in the applicable R&D Plan. Sallie Mae will only charge for the actual R&D Activities provided, even if less than the estimated hours set forth in the applicable Project Work Order.

- b. Estimated charges for R&D Activities shall be set forth and mutually agreed to in each Project Work Order. The parties have mutually agreed upon and set forth in Exhibit F a matrix of maintenance and regulatory compliance funding allocations for the time period of October 1, 2005 through September 30, 2006 and for subsequent 12-month time periods associated with or corresponding to projects and/or products that exist as of the effective date of the third restatement of this Agreement. As more specifically described in Exhibit E of this Agreement, for projects and/or products set forth in each Project Work Order executed after the effective date of the third restatement of this Agreement, the funding allocations, and estimated future budget allocations, for maintenance and in order to effect a change in the Act or other law shall both be set forth and mutually agreed to in each Project Work Order. Systems work required to fix an error in the Systems shall not be charged against the R&D Fee. Systems changes covered by Section III(D)(1)(e) of this Agreement shall be charged against the R&D Fee. The parties recognize that the concept of "maintenance" is not easily ascertainable in advance, and agree to work together to discuss and resolve any issues that arise concerning whether a particular activity is considered to be "maintenance."
- c. Sallie Mae will provide System changes, including controls and business management functions consistent with good system development procedures, required for maintenance of the Systems, to fix a material error in the Systems, or as required by revisions to the Act or other applicable federal or state law or regulation within a commercially reasonable time period taking into consideration the time period required by the Act (collectively, the "Required System Changes"). For purposes of clarity, a Required System Change is still required to be made by Sallie Mae if, by not making such Required System Change, USA Funds will lose functionality currently existing in the Systems or such existing functionality would no longer be correct, even if such existing functionality is not expressly required by the Act. Except as set forth in the applicable Project Work Order or unless otherwise mutually agreed to by Sallie Mae and USA Funds, costs for any Required System Changes will not be charged against the R&D Fee, but are subsumed in the fees set forth in Exhibit B (other than the R&D Fee). At least annually, Sallie Mae shall provide to USA Funds a plan for implementation of any System changes required under this paragraph, including the timing, and update the plan if significantly amended or altered. Sallie Mae will provide such plan to USA Funds within a reasonable amount of time prior to implementation of such System changes.

- d. The provisions of this section shall not prohibit or otherwise interfere with or prevent Sallie Mae from continuing to develop and refine its Systems and procedures.
- e. Sallie Mae shall provide to USA Funds written notice of any material systems modifications requested by any other guarantor for which Sallie Mae provides services, provided that such disclosure is not specifically prohibited by any agreement between Sallie Mae and the requesting entity. In the event USA Funds requests the implementation of a change in the Systems similar to a change that has been or is to be implemented by Sallie Mae for another guarantor, the fee charged to USA Funds for implementation of such System change shall be as mutually agreed to by Sallie Mae and USA Funds.
- f. Sallie Mae shall provide to USA Funds prior notice of all new products and services to be introduced, provided disclosure is not prohibited.
- g. If USA Funds pays for 100% (as documented in the corresponding Project Work Order) of a System modification (a "Fully Funded System Modification"), or if USA Funds is the exclusive guarantor user of a product (as documented in the corresponding Project Work Order entered into after the effective date of this Third Restated and Amended Agreement) (collectively "Exclusive USA Funds System Modification"), Sallie Mae shall inform USA Funds if another Sallie Mae guarantee servicing customer requests the implementation of substantially the same system change and Sallie Mae and USA Funds must mutually agree before Sallie Mae could use such Exclusive USA Funds System Modification (other than any systems work product that was developed by or on behalf of Sallie Mae prior to or independently of the Exclusive USA Funds System Modification) to develop substantially the same system modification for such other Sallie Mae guarantee servicing customer.

2. Change Management Process.

a. In the event that USA Funds desires to adopt any policies (either pursuant to a proposed change to the Common Manual or otherwise) that are inconsistent with or in addition to the Policies (the "Suggested Revised Policies"), the following provisions shall apply:

(i) In the event that the Suggested Revised Policies are required pursuant to a change to the Act, such Suggested Revised Policies shall be implemented and adopted as the Policies at no additional charge to USA Funds.

(ii) In the event that the Suggested Revised Policies are not required pursuant to a change to the Act, the following provisions shall apply:

(A) In the event that such Suggested Revised Policies would have no material impact on the Systems or processes used by Sallie Mae to provide the Services hereunder, such Suggested Revised Policies shall be implemented and adopted as the Policies at no additional charge to USA Funds.

(B) In the event that such Suggested Revised Policies would have a material impact on the Systems or processes used by Sallie Mae to provide the Services hereunder, Sallie Mae agrees to consider the Suggested Revised Policies and determine the feasibility and costs associated with implementing such Suggested Revised Policies. Upon request, Sallie Mae shall provide to USA Funds such feasibility analysis developed by Sallie Mae. If Sallie Mae determines that implementation of such Suggested Revised Policies is feasible, Sallie Mae shall advise USA Funds of the

estimate of any one-time and/or recurring fees (the "Suggested Revised Policies Fees") to USA Funds in order to implement any such Suggested Revised Policies. For any project to implement any Suggested Revised Policies, the parties will develop and execute a mutually acceptable Project Work Order that sets forth the scope of the project, the fees to be charged and the payment schedule for such fees. Any such Project Work Order shall be prioritized and incorporated into the R&D Plan unless otherwise mutually agreed to by Sallie Mae and USA Funds.

- b. In the event that USA Funds decides to cease participation in the Common Manual or successor arrangement, USA Funds shall give Sallie Mae 180 days prior written notice of such decision. Upon receipt of such notice, Sallie Mae shall have the right to terminate this Agreement or request that the fees paid to Sallie Mae under this Agreement be renegotiated to take into consideration such decision by USA Funds.

E. Financial Statements.

Annually, upon completion and public release of the audit of the financial statements of SLM Corporation (the ultimate parent company of Sallie Mae) by a generally recognized national accounting firm, Sallie Mae shall promptly provide a copy of such audited financial statements to USA Funds. Likewise, annually, upon completion and release of the audit of USA Funds' financial statements by a generally recognized national accounting firm, USA Funds shall promptly provide a copy of such audited financial statements to Sallie Mae.

F. Marketing Plan.

1. USA Funds and Sallie Mae shall meet annually to agree on an annual written plan that sets forth how Sallie Mae will market and promote the guarantee of USA Funds with lenders and schools. Such plan shall be completed by September 30 of each year. USA Funds and Sallie Mae shall meet quarterly to update and revise such marketing plan. Sallie Mae shall annually perform a school and lender satisfaction survey and report the results to USA Funds.
2. Sallie Mae shall use its best efforts to promote the guarantee of USA Funds pursuant to and in accordance with the Annual Marketing Plan (through the use of at least eight marketing professionals dedicated solely to marketing the guarantee of USA Funds) unless (a) Sallie Mae has entered into or enters into a guarantor servicing agreement with another guarantor that is inconsistent with the promotion of the guarantee of USA Funds, or (b) a school or lender customer indicates to Sallie Mae a preference for another guarantor(s) after Sallie Mae has made reasonable attempts to promote the guarantee of USA Funds. Sallie Mae shall not enter into a guarantor servicing agreement with another guarantor that restricts the best effort promotion of the guarantee of USA Funds in states other than states for which such other guarantor is designated. USA Funds shall be entitled to provide Sallie Mae with written marketing instructions that deviate from the Annual Marketing Plan (the "Modified Marketing Instructions"). In the event that any such Modified Marketing Instructions result in a material change to the Annual Marketing Plan, the parties shall meet to discuss the impact, if any, that such Modified Marketing Instructions have on Sallie Mae's costs and expenses related to providing the marketing services as originally set forth in the Annual Marketing Plan. As a result of such meetings, the parties shall reach a mutually acceptable agreement as to any change to the fees that are paid by USA Funds as a result of Sallie Mae implementing any such Modified Marketing Instructions.
3. Sallie Mae shall take no affirmative action to harm the reputation of USA Funds and USA Funds shall take no affirmative action to harm the reputation of Sallie Mae.

G. Indemnifications.

1. Sallie Mae undertakes (and such undertaking will survive a termination of the Agreement) to indemnify and hold USA Funds, its Affiliates, and each of its officers, trustees, members, employees, agents and representatives (together, the "USA Funds Indemnitees"), harmless from and against any and all liability, obligation, loss, damage, cost, expense or disbursement (including reasonable legal fees and expenses) that may be imposed on or incurred by the USA Funds Indemnitees, arising out of any third party claim or suit based on the willful misconduct or negligence of Sallie Mae, or its employees, agents and contractors, in connection with the performance of this Agreement.

Sallie Mae's obligation is expressly conditioned upon the following: (1) USA Funds shall promptly notify Sallie Mae in writing of such claim or suit; (2) Sallie Mae shall have sole control of the defense or settlement of such claim or suit; and (3) USA Funds shall cooperate with Sallie Mae in a reasonable way to facilitate the settlement or defense of such claim or suit (reasonable expenses associated with such cooperation will be paid by Sallie Mae).

2. USA Funds undertakes (and such undertaking will survive a termination of this Agreement) to indemnify and hold Sallie Mae, its Affiliates, and each of its officers, directors, partners, shareholders, employees, agents and representatives (together, the "Sallie Mae Indemnitees") harmless from and against all liability, obligation, loss, damage, cost, expense or disbursement (including reasonable legal fees and expenses) that may be imposed on or incurred by the Sallie Mae Indemnitees, arising out of any third party claim or suit based on the willful misconduct or negligence of USA Funds, or its employees, agents and contractors or the directions given by USA Funds to Sallie Mae, in connection with the performance of this Agreement.

USA Funds' obligation is expressly conditioned upon the following: (1) Sallie Mae shall promptly notify USA Funds in writing of such claim or suit; (2) USA Funds shall have sole control of the defense or settlement of such claim or suit; and (3) Sallie Mae shall cooperate with USA Funds in a reasonable way to facilitate the settlement or defense of such claim or suit (reasonable expenses associated with such cooperation will be paid by USA Funds).

H. Disclaimer of Warranties; Limitation of Liability.

1. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, SALLIE MAE MAKES NO WARRANTY, REPRESENTATION, PROMISE OR GUARANTEE, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, INCLUDING, WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
2. NEITHER PARTY SHALL IN ANY CASE BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, INDIRECT OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES OR COSTS RELATING TO LOSS OF PROFITS, BUSINESS OR REVENUE, BUSINESS INTERRUPTION, LOSS OF GOODWILL, OR LOSS OF THE USE OF ANY DATA) ARISING FROM THE SERVICES PROVIDED HEREUNDER, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
3. Except with respect to Sallie Mae's obligations under Section III.G.1, Section III.H.4 and Section III.H.5, Sallie Mae's sole liability, and USA Funds' sole and exclusive remedy for any cause of action whatever, regardless of the form of action, arising from or relating to this Agreement is limited to Sallie Mae correcting any errors in the Sallie Mae servicing system, and modifying Sallie Mae's system and procedures to comply with the Act and other federal and state law and regulation.

4. Notwithstanding any other provision of this Agreement to the contrary, Sallie Mae's sole liability, and USA Funds' exclusive and sole remedy, for loss of reinsurance on a Loan shall be no greater than three percent (3%) of the outstanding amount due on each Loan for which USA Funds' loss of reinsurance on such Loan resulted from a material breach of this Agreement by Sallie Mae or an Inadequate Service Level performed by Sallie Mae.
5. The sole liability of Sallie Mae and USA Funds' exclusive and sole remedy under this Agreement for assessments by the Department of Education of liability against USA Funds (other than for loss of reinsurance on a Loan) due to a violation of the Act is limited to those assessments to the extent attributable to Sallie Mae's negligence or willful misconduct.

I. Delays.

1. Whenever Sallie Mae or USA Funds has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, the one having knowledge shall within five (5) business days of receiving such knowledge give written notice of delay to the other, including all relevant information with respect thereto.
2. A party shall not be liable to the other party for failure to provide the Services if any delay or failure is due to causes beyond the control and without the fault or negligence of such party. Performance shall be excused for as long as it is reasonably necessary.

J. Use and Ownership of Information and Documentation.

1. Data Ownership and Access.

All documents, records, data and other materials containing specific Loan information that are used or generated by Sallie Mae solely in providing the Services (the "Loan Specific Information") are and shall remain the property of USA Funds; provided, however, that Sallie Mae shall be permitted to use the Loan Specific Information in connection with providing the Services hereunder, such use shall be in accordance with all applicable state and federal law, as set forth in Article II.A.2. Except as otherwise agreed in writing (i.e., Exhibit D), Sallie Mae shall promptly provide all such Loan Specific Information to USA Funds upon request; provided, however, that if copies are required to be made in order to allow Sallie Mae to continue to provide the Services, such copies, beyond a reasonable number of copies required as part of the normal provision of Services, shall be made at USA Funds' expense. Sallie Mae may perform analysis of the records and data of USA Funds for its internal use, and may publish results of any analysis with the written permission of USA Funds, so long as such analysis and use is permitted under all applicable state and federal law, as set forth in Article II.A.2.

2. Ownership/License of Systems Related Materials.

All writings, documents, reports, papers, drawings, data, tabulations, books, computer programs, systems and other works written, developed, used or made by or on behalf of Sallie Mae in connection with or arising out of this Agreement and relating to the Systems (the "Systems Related Materials"), other than the Loan Specific Information, are and shall remain the sole and exclusive property of Sallie Mae. USA Funds shall not acquire any ownership or use rights (except as set forth in the next sentence) to the Systems Related Materials. During the term of this Agreement, USA Funds employees in the course of their employment shall have the non-exclusive and non-transferable right and privilege to use in connection with this

Agreement any and all software (in object code form only) prepared specifically for use in the administration of this Agreement and the provision of Services.

3. Other Documentation and Printed Materials.

Except for the Loan Specific Information, all other documentation, printed materials and other works written, developed or made by or on behalf of Sallie Mae in connection with this Agreement (the "Other Materials") are the intellectual property of Sallie Mae. Except for Systems Related Materials, at the request of USA Funds, Sallie Mae shall promptly provide to USA Funds a copy of the Other Materials in order for USA Funds, during the term of this Agreement, to reproduce and distribute the Other Materials (at USA Funds expense) solely to promote the USA Funds guarantee.

Notwithstanding the previous provisions in this section III.J.3, in the event that Sallie Mae and USA Funds mutually agree (as documented in the applicable Project Work Order) for USA Funds to provide 100% of the funding for a particular Project Work Order that involves the creation of Other Materials, and USA Funds does pay such 100% of funding, the Other Materials (other than any Pre-Existing Other Materials) developed by or on behalf of Sallie Mae under such Project Work Order (the "Fully Funded Other Materials") shall be owned solely by USA Funds.

During and after the term of this Agreement, Sallie Mae shall have the right to use, reproduce, display, perform, distribute, and prepare derivative works based on, the Fully Funded Other Materials as long as such use of the Fully Funded Other Materials does not directly promote any FFELP guarantee other than USA Funds, unless as otherwise mutually agreed to by the parties.

For purposes of clarity, the Pre-Existing Other Materials shall continue to be owned solely by Sallie Mae; provided, however, that USA Funds shall have the right, during and after the term of this Agreement, to use, reproduce, display, perform, distribute, and prepare derivative works based on, the Pre-Existing Other Materials only as part of the Fully Funded Other Materials (and not on a standalone basis or as a part of any other materials) to promote the USA Funds guarantee. For purposes of this section III.J.3, the term "Pre-Existing Other Materials" shall mean any materials that were developed by or on behalf of Sallie Mae prior to or independently of the Other Materials that are then incorporated into the Other Materials.

For purposes of clarity, all User Interfaces, Website Content and USA Funds Interfaces which are considered Fully Funded Other Materials shall be owned solely by USA Funds. Notwithstanding the foregoing, in no event shall the following be considered Fully Funded Other Materials, and ownership thereof shall remain with Sallie Mae or the relevant third party: Common Development Frameworks, Sallie Mae Interfaces, Web Services, Common Application Infrastructure Components, business logic (unless built into the User Interface and not integrated into the Common Development Frameworks) and Sallie Mae proprietary algorithms.

For purposes of this Section III.J.3., the following terms shall have the following meanings:

"Common Application Infrastructure Components" shall mean common application infrastructure components developed for reuse across the Sallie Mae enterprise.

"Common Development Frameworks" shall mean frameworks that are reusable patterns, code, and methods that have been standardized and developed to be reusable and to facilitate more agile development in the future.

"Sallie Mae Interfaces" shall mean interfaces to Sallie Mae Systems or systems of third party licensors or partners of Sallie Mae other than USA Funds.

"USA Funds Interfaces" shall mean interfaces developed solely for USA Funds or for partners with an exclusive relationship with USA Funds.

"User Interfaces" shall mean all screen flows, Website Content, look and feel, design, format, USA Funds' proprietary branding, and any application logic or code contained within the user interfaces that does not become integrated into the Common Development Frameworks.

"Web Services" shall mean web services and common protocols used to communicate with other application components, as well as common business services that have been standardized for reuse across the Sallie Mae enterprise.

"Website Content" shall mean any web content developed and used exclusively for USA Funds.

4. Non-Disclosure.

- a. Due to the confidential or sensitive nature of Proprietary Information, each party to this Agreement hereby expressly agrees that it will maintain such Proprietary Information of the other party in strict confidence and in compliance with all applicable state and federal law as set forth in Article II.A.2, and it will not disclose the Proprietary Information of the other party, nor use the Proprietary Information of the other party, for any purpose other than in connection with its performance under this Agreement. However, a party may disclose any Proprietary Information of the other party as required pursuant to any state or federal law, regulation or judicial order provided, however, that (A) such party shall promptly notify the other party of that fact in writing to permit such other party the reasonable opportunity to appear in any judicial proceeding involved or otherwise act to preserve its rights, and (B) such disclosure is not greater than what was required to be produced or disclosed.
- b. Each party to this Agreement hereby agrees to have each of its employees, agents, and independent contractors who may be required to work with the other party's Proprietary Information in the performance of its respective obligations under this Agreement individually and collectively comply with the confidentiality standards of this Agreement.

K. Disaster Recovery/Insurance.

1. Sallie Mae shall maintain at all times during the term of this Agreement a disaster recovery plan, which plan shall include provisions for continuing core operations of Sallie Mae in the case of an event (e.g., fire, flood or tornado) that prevents it from performing the Services at its principal location. Material substantive modifications to such plan that are made by Sallie Mae from time to time shall be promptly communicated to USA Funds. In the event Sallie Mae shall fail to maintain such a disaster recovery plan, it shall obtain an insurance policy providing adequate coverage for any loss as a result of any interruption in business.
2. During the term of this Agreement, Sallie Mae shall at all times maintain at its own expense Errors and Omissions Liability Insurance, including personal injury, with limits of not less than One Million Dollars (\$1,000,000) for each occurrence, and Ten Million Dollars (\$10,000,000) in the aggregate.

3. During the term of this Agreement, Sallie Mae shall at all times maintain at its own expense General Liability Insurance, with limits of not less than One Million Dollars (\$1,000,000) for each occurrence, and Five Million Dollars (\$5,000,000) in the aggregate.
4. During the term of this Agreement, Sallie Mae shall at all times maintain at its own expense Employee Dishonesty Insurance, with limits of not less than One Million Dollars (\$1,000,000) for each occurrence.
5. USA Funds shall be named an additional insured on the Errors and Omissions and General Liability policies. Upon the request of USA Funds, Sallie Mae shall provide certificates evincing such insurance is in effect. Sallie Mae shall give USA Funds written notice prior to the effective date of any cancellation, or reduction in the coverage amount below the above minimums.

L. Delegation of Authority.

Senior officers of Sallie Mae and any of its Affiliates responsible for the provision of the marketing services described in Article III.F. shall have the authority to execute guarantee and disbursement services agreements as limited agents of USA Funds. Any modifications to the pre-approved standard template agreements must be approved by USA Funds. The originals of such agreements shall be forwarded to USA Funds within ten (10) business days of execution.

M. Changes to the Act or Other Applicable Law.

Notwithstanding any other provision of this Agreement, the parties agree to renegotiate the terms of this Agreement in good faith if the Act or other applicable law is changed to such an extent as to materially alter the role of the guarantor in the FFELP, to materially alter the fees paid the guarantor, or to have the effect of significantly changing the guarantee or processing volumes of USA Funds, or the amount or type of activities to be performed by Sallie Mae for USA Funds.

N. Claim Review Functions.

Sallie Mae agrees that it will ensure sufficient separation of responsibility and authority between its lender claims review/processing operations performed on behalf of USA Funds pursuant to this Agreement and its lending or loan servicing operations, including independence in direct reporting requirements and such management and systems controls as may be necessary so that claims filed by Sallie Mae on behalf of Sallie Mae lender Affiliates or other Sallie Mae lender clients receive no more favorable treatment than that accorded the claims filed by a lender or servicer that is not an Affiliate of or part of Sallie Mae.

In addition, USA Funds and Sallie Mae shall meet annually to agree on an annual plan that sets forth how Sallie Mae will review claims from lenders, including activities typically associated with the claims process (repurchases, supplemental claims, etc.). Such plan shall be completed by September 30 of each year. Further, Sallie Mae will promptly seek USA Funds' approval for any material changes to these processes to the extent such changes impact claim eligibility determinations.

O. Defaulted Portfolio Management.

Sallie Mae and USA Funds shall meet annually to review the previous year's experience and to discuss and share ideas and to communicate USA Funds' desired vision regarding the philosophies and strategies for defaulted Loan collections for the upcoming fiscal year of USA Funds. Shortly after this annual meeting, and before September 30 of each year, Sallie

Mae will prepare and provide to USA Funds a Portfolio Management Plan ("the PM Plan"). USA Funds will review the PM Plan for compliance with the Act.

At least quarterly, Sallie Mae and USA Funds will meet to discuss progress toward the PM Plan's goals and Sallie Mae shall provide to USA Funds the following:

- Performance data for the entire USA Funds portfolio of defaulted Loans and for each collection vendor, including collection vendor performance rankings
- Number and dollar amount of defaulted Loans assigned to each collection vendor
- Fees paid to each collection vendor
- A written report on borrower litigation relating to Loans and administrative wage garnishment non-compliant employer litigation relating to Loans.

All fees paid to collection vendors used by Sallie Mae to collect on defaulted Loans (regardless of whether such collection vendors are Sallie Mae Affiliates) shall be treated under the Agreement as "collection costs." All fees to collection vendors shall be paid solely on a contingency basis and all collection vendors shall be compensated at the same contingent rates or within the same band of contingent rates for comparable services. Further, fees paid to both Sallie Mae Affiliate collection vendors and non-Sallie Mae Affiliate collection vendors shall not materially exceed the range of fees currently being paid in the market for the set of comparable services taken together unless USA Funds shall otherwise agree in writing.

Sallie Mae shall provide to USA Funds on a periodic basis the placement allocation schedule (the "Placement Allocation Schedule") then-currently used by Sallie Mae to generally determine the number and characteristics of the defaulted Loans assigned by Sallie Mae to be worked by each non-Sallie Mae Affiliate collection vendor. Sallie Mae shall assign defaulted Loans to non-Sallie Mae Affiliate collection vendors in general accordance with the then-current Placement Allocation Schedule and other general business circumstances and conditions applicable to such collection vendors.

In order to provide for benchmarking, not more than ninety-five percent (95%) of the dollar volume of USA Funds first placements of defaulted Loans shall be placed with Sallie Mae Affiliate collection vendors in any USA Funds fiscal year beginning with the fiscal year that commences on October 1, 2002. The remaining portion of first placements will be placed with one or two non-Sallie Mae Affiliate collection vendors as appropriate and determined by Sallie Mae. Not more than seventy percent (70%) of the dollar volume of USA Funds new placements of second or later placements of defaulted Loans shall be placed with Sallie Mae Affiliate collection vendors in any USA Funds fiscal year except as USA Funds shall otherwise consent in writing, which consent shall not be unreasonably withheld. For purposes of this Article III.O, the term "first placement" of a defaulted Loan means the initial placement of the Loan for collection with any collection vendor.

Except for the Transition Period (as defined below), Sallie Mae Affiliate collection vendor's performance on second or later placements of defaulted Loans shall be held to comparable performance standards as non-Sallie Mae Affiliate collection vendors as specified in the next sentence. Specifically, in the event that a particular Sallie Mae Affiliate collection vendor's PM Plan performance rating on second or later placements of defaulted Loans as measured over the most recently completed three (3) calendar quarters (not including any time period within the Transition Period (as defined below)) results in such Sallie Mae Affiliate collection vendor having a PM Plan performance ranking in the lowest one-third (such one-third calculation to be rounded down to the nearest whole number) of all active collection vendors collecting on second or later placements of defaulted Loans (including both Sallie Mae Affiliates and non-Sallie Mae Affiliates) measured over the same time period, Sallie Mae shall not assign more than the Lowest Possible Number (as defined below) of new second or later placements of defaulted Loans to such particular Sallie Mae Affiliate collection vendor during the next calendar quarter (the "Performance Based Restriction"). For purposes of this

paragraph, the term "Lowest Possible Number" shall mean the number of new second or later placements that could be assigned to the worst performing non-Sallie Mae Affiliate collection vendor (as calculated pursuant to the then-current Placement Allocation Schedule). To allow for a reasonable period of transition, each Sallie Mae Affiliate collection vendor shall be allowed a transition period of twelve (12) months from the time that it becomes affiliated with Sallie Mae and begins working on second or later placements of defaulted Loans (the "Transition Period") before such Sallie Mae Affiliate collection vendor is subject to the Performance Based Restriction.

Subject to execution by USA Funds of appropriate confidentiality agreements, (a) as to Sallie Mae Affiliate collection vendors whose fees are currently treated as collection costs, Sallie Mae will provide to USA Funds a copy of the earn-out provisions contained within the agreements pursuant to which Sallie Mae acquired those Affiliates, and (b) with respect to any new annual management incentive plans that Sallie Mae may create for Sallie Mae Affiliate collection vendors engaged in the collection of defaulted Loans from time to time (including any Sallie Mae Affiliate collection vendor acquired in the future), Sallie Mae shall provide to USA Funds the earn-out provisions or other provisions pertaining to incentives relating to collection performance on USA Funds' portfolio of defaulted Loans.

P. Deconversion Plan.

1. Within one year of receipt of notice by either party, under Article VII.A, that the term of this Agreement will not be extended, Sallie Mae shall prepare and submit to USA Funds a Deconversion Plan. Such Deconversion Plan shall include a detailed listing of the tasks required to execute the Deconversion, the proposed schedule for such tasks, an estimate of the approximate number of hours necessary to complete each such task, and the current charges for business area support and administrative support required by the Deconversion Plan. All Deconversion activities provided by Sallie Mae will be charged to USA Funds at deconversion fees based on documentable expenses and commercially reasonable rates.
2. Within ninety (90) days of receipt of notice by Sallie Mae that USA Funds is terminating this Agreement for cause under Article VII.B.1, Sallie Mae shall prepare and submit to USA Funds a summary Deconversion Plan. Such summary Deconversion Plan shall include a listing of the tasks required to complete a detailed Deconversion Plan and execute the Deconversion, as described in the previous paragraph. All Deconversion activities provided by Sallie Mae will be charged to USA Funds at deconversion fees based on documentable expenses and commercially reasonable rates. If this Agreement is terminated by USA Funds for cause pursuant to Article VII.B.1, Sallie Mae shall continue to provide the Services (including the license granted in Section III.J.2) to USA Funds during the duration of the Deconversion and USA Funds shall continue to pay for such Services in accordance with this Agreement.

Q. Affiliates.

The parties recognize that USA Funds may enter into certain business transactions that could result in another guarantor under the Act becoming an Affiliate of USA Funds. The following provisions shall apply with respect to any such guarantor Affiliate of USA Funds:

1. Same Processing Model and Policies. In the event that USA Funds desires that Sallie Mae process a USA Funds Affiliate's Loan volume in the same manner and according to the same Policies that govern Sallie Mae's provision of the Services under this Agreement, such USA Funds Affiliate's Loan volume will be processed under a new, separate agreement directly between Sallie Mae and such USA Funds Affiliate. Except as otherwise agreed to in writing by Sallie Mae and USA Funds, Sallie Mae agrees to offer to provide to such USA Funds Affiliate services to process

such Loan volume pursuant to an agreement that contains terms and conditions substantially similar to those set forth in this Agreement, provided that (i) USA Funds agrees to guarantee such Affiliate's obligations and liabilities under such new agreement, and (ii) such new agreement contain mutually acceptable provisions regarding any change in fees in order to appropriately reflect changes in costs incurred by Sallie Mae under such new agreement.

2. Different Processing Model and/or Policies. In the event that USA Funds desires that Sallie Mae process a USA Funds Affiliate's Loan volume in a manner that is, and/or according to policies that are, different from those that govern Sallie Mae's provision of the Services under this Agreement, the parties shall meet to discuss and negotiate a mutually acceptable new, separate agreement to cover the processing of such USA Funds Affiliate's Loan volume.

R. Conversion Plan.

In the event that any loan data is required to be converted from a computer system that previously stored and/or processed the loan data (regardless of whether such computer system was operated by Sallie Mae or a third party) to Sallie Mae's computer system, the parties agree to develop a mutually acceptable conversion plan that includes, without limitation, a list of the tasks necessary to convert such loan data and the fees to be paid by USA Funds or its Affiliate to Sallie Mae for such conversion activities.

ARTICLE IV RESPONSIBILITIES OF USA FUNDS

USA Funds shall:

1. Compensate Sallie Mae for its Services in the manner and amount described in Exhibit B to this Agreement.
2. Provide prompt direction to Sallie Mae, as required or requested, in resolving issues that arise from Lenders, Educational Institutions, and Borrowers.
3. Remain responsible for the ongoing management of its Loan program.
4. Place all defaulted Loans with Sallie Mae for portfolio management.
5. Pursuant to and during the term of this Agreement, use Sallie Mae exclusively as its and its Affiliates (unless and to the extent as otherwise mutually agreed to in writing by Sallie Mae and such USA Funds Affiliate) provider of the Services set forth herein. Notwithstanding the immediately preceding sentence, USA Funds shall not be in violation of this exclusivity provision in the event that a USA Funds Affiliate, at such time as it becomes a USA Funds Affiliate, has a pre-existing agreement with a non-USA Funds Affiliate third party pursuant to which such third party provides services to such USA Funds Affiliate that are similar to some or all of the Services provided by Sallie Mae hereunder. In such case, USA Funds shall cause such USA Funds Affiliate to terminate such pre-existing agreement as soon as practicable under the terms of such pre-existing agreement. Thereafter, the parties will act in accordance with Section III.R of this Agreement to begin converting the USA Funds Affiliate's loan data to Sallie Mae's systems.
6. Cooperate with Sallie Mae in effecting the terms of this Agreement.

ARTICLE V RESPONSIBILITIES OF SALLIE MAE

A. The Work.

1. Sallie Mae agrees to perform the Services at the corresponding Service Levels. Performance shall include the preparation, generation and submission of all reports, studies and documents required pursuant to the Act or reasonably requested by USA Funds. In the event that certain Services cannot be performed by Sallie Mae, or its Affiliates, or provided to USA Funds due to any contractual or other legal restriction, the parties agree to revise the list of Services accordingly (with a concomitant reduction in the fees) and USA Funds may use another service provider to perform any such service no longer provided by Sallie Mae or its Affiliates.
 2. Sallie Mae agrees to (1) provide for storage of the original or a true copy of the promissory notes for Loans, or an electronic record that evidences the Loans; (2) provide imaged copies of such promissory notes; and (3) retrieve the original notes from storage and forward them to USA Funds or its designee when so requested in writing by USA Funds, all in accordance with the terms and conditions set forth in Exhibit D.
 3. At the request of an Educational Institution or Lender customer of USA Funds, Sallie Mae will supply one copy of the current version of the Common Manual to each new Educational Institution or Lender customer of USA Funds that does not already have one, and updates thereto for all USA Funds' Educational Institution and Lender customers. Sallie Mae shall maintain the current electronic version of the Common Manual on its web site.
 4. To enhance USA Funds' guarantee, Sallie Mae will make its products and services available to USA Funds' Educational Institution and Lender customers that contract with Sallie Mae to receive them. USA Funds may, at its option, pay charges associated with these products and services on behalf of its Educational Institution and Lender customers.
 5.
 - a. Sallie Mae will schedule and conduct user group training courses at its facility in Indiana on at least a semi-annual basis to update USA Funds staff concerning major changes made to the system and procedures. Sallie Mae reserves the right to combine training for its other guarantor customers with these courses. Such user group training will be offered to USA Funds at no additional fee.
 - b. Additional training may be provided to USA Funds at a mutually agreed upon fee.
 6. Sallie Mae will provide USA Funds with the standard forms Sallie Mae provides to other guarantors. Those forms will reflect USA Funds' program identity when appropriate, and will be made available to USA Funds and its Educational Institution and Lender customers without any additional fee by Sallie Mae. Customized forms may be requested by USA Funds and produced by Sallie Mae subject to mutual agreement by the parties as to the fee charged for such forms.
 7. Sallie Mae shall maintain toll free access, including telephone access, to its call centers and customer assistance representatives.
- B. Inspection and Evaluation. Upon reasonable notice of not less than three (3) business days to Sallie Mae's Vice President responsible for guarantor policy and compliance (with a copy to Sallie Mae's Vice President of Guarantor Services), USA Funds may conduct performance reviews, on-site inspections and audits of Sallie Mae's operations and internal controls for the purpose of investigating and/or verifying Sallie Mae's compliance with its obligations under this Agreement (including compliance with applicable laws and regulations) and general assessment of the effectiveness of Sallie Mae's internal controls related to financial and business risk, and to investigate reported problems (collectively referred to as an "Audit"). USA Funds may choose which particular business functions to Audit. Any such

Audit shall last a reasonable amount of time. At the beginning of each fiscal year, USA Funds shall provide Sallie Mae with an audit plan that sets forth the specific business areas that USA Funds contemplates will be audited during that fiscal year. In the event that USA Funds desires to revise any such audit plan, USA Funds shall provide prior written notification to Sallie Mae. The parties agree to follow the procedures described in the Audit Guidelines set forth in Exhibit G, as may be amended from time to time, when USA Funds conducts an Audit.

Sallie Mae agrees to make data related to USA Funds available during regular business hours to U.S. federal or other independent auditors acting at USA Funds' request or with USA Funds' authorization, or to USA Funds auditors and program reviewers upon prior written request of USA Funds. Data includes, but is not limited to, the Loan information collected and stored by Sallie Mae pertaining to the student, borrower, co-signors, school and lender applicable to each such Loan. Data also includes Subcontracting Agreements with collection vendors as long as the terms of such Subcontracting Agreements do not prohibit such disclosure to a third party such as USA Funds. USA Funds may also request to view a copy of other Subcontracting Agreements on a contract-by-contract basis. Any such request shall include a reasonably detailed explanation of the rationale behind such request. Sallie Mae shall consider such request and, acting reasonably, either accept or reject such request. Data also includes documentation reasonably necessary given the scope of the Audit to understand and evaluate risks and performance, including control procedures, of the guarantor servicer's duties. Examples of this kind of data include, but are not limited to, applicable policies, procedures, letter libraries and systems (including computer system parameters, system flow charts, documentation and data files).

The parties acknowledge and agree that the computer source code of Sallie Mae's systems is confidential, proprietary and trade secret information of Sallie Mae. In the event that USA Funds reasonably believes, after exhausting all other audit processes, that the only way to accomplish the Audit is to review the applicable portions of the computer source code of a Sallie Mae system (the "Source Code"), USA Funds shall provide written notice to Sallie Mae's Vice President of Guarantor Services. Upon receipt of such notice, representatives of Sallie Mae and USA Funds shall meet to discuss this issue and share possible solutions as to how to reasonably accomplish the Audit without accessing such Source Code. If, after such discussions, USA Funds still reasonably believes that the only way to accomplish the Audit is to review the Source Code, Sallie Mae shall establish a physical "clean room" environment at Sallie Mae's offices located in Fishers, Indiana (the "Clean Room") in which a limited number of USA Funds employees will be permitted to review the applicable portions of the Source Code; provided, however, that (i) the amount of Source Code to be reviewed by USA Funds shall be limited to just that portion of Source Code necessary to accomplish the Audit, (ii) each USA Funds employee with access to the Source Code shall be required to sign an appropriate confidentiality agreement, (iii) no machine or other mechanism capable of reproducing or copying the Source Code shall be permitted in the Clean Room, (iv) no portion of the Source Code or written notes containing any portion of the Source Code shall be permitted outside of the Clean Room, and (v) a Sallie Mae representative shall be present in the Clean Room at all times.

Sallie Mae will provide at no additional cost a reasonable amount of workspace (provided that such empty workspace is available at Sallie Mae's facilities), system access, and a reasonable level of administrative support for such Audit activities. However, Sallie Mae reserves the right to require compensation from USA Funds for reports other than those generally available as a condition of providing these reports. In connection with and during any Audit, USA Funds agrees to comply, and to require any such third parties to comply, with Sallie Mae's standard security procedures and make reasonable efforts not to interfere with or interrupt Sallie Mae's normal day-to-day business operations.

USA Funds agrees to provide to Sallie Mae, via the affected business area management or other management personnel as directed by Sallie Mae, a copy of the Audit summary report prepared by USA Funds, if any, and other formal reports, if any, that USA Funds' auditors prepare or receive of findings and recommendations resulting from any such Audit (collectively, the "Audit Findings"). If requested by USA Funds or its auditor, Sallie Mae agrees to provide USA Funds with its written response to such Audit Findings in a reasonably timely manner.

C. Interface with Schools, Lenders, and Borrowers.

Sallie Mae shall encourage all USA Funds' Educational Institution, Lender, and borrower customers making inquiries regarding USA Funds' Policies to contact USA Funds directly via telephone, facsimile or e-mail, or visit the USA Funds website, if applicable.

D. Retention of Records.

All records of Sallie Mae shall be retained in accordance with prudent business practice and with the Act and other applicable law. Records may be maintained in any media and under conditions suitable to preserve their integrity. Records relating to specific Loans shall be kept in accordance with the Act and other applicable laws.

E. Failure to Meet Service Levels.

1. The Service Levels are an essential element of this Agreement. Sallie Mae shall provide weekly written reports on guarantee processing, status management, call center services, and loan disbursement services for at least the criteria set forth in Exhibit C. All other measured Service Levels must be reported monthly.
2. In the event of any failure by Sallie Mae to provide any of the Services in accordance with the Service Levels during a particular performance measurement period associated with such Service Levels (an "Inadequate Service Level"), USA Funds may provide written notice to Sallie Mae of such failure.
3. If USA Funds has provided such notice to Sallie Mae and such Inadequate Service Level is not remedied and brought up to the required Service Level for such Service during the next applicable performance measurement period that begins at least five (5) business days after Sallie Mae's receipt of such notice, USA Funds may provide written notice to Sallie Mae requesting that a comprehensive analysis be performed by Sallie Mae to identify the cause of such Inadequate Service Level. Within ten (10) business days of receipt of such written notice requesting a comprehensive analysis, Sallie Mae shall deliver a written report to USA Funds that identifies the cause of such Inadequate Service Level and a corrective action plan (the "Corrective Action Plan") to address any possibility of the recurrence of such Inadequate Service Level, which Corrective Action Plan must be mutually acceptable to both parties, acting reasonably.
4. If such Inadequate Service Level is not remedied within the parameters set forth in the Corrective Action Plan, and a modification to such Corrective Action Plan is not mutually agreed to by the parties, USA Funds may initiate the dispute resolution process set forth in Article III(C) of this Agreement.

ARTICLE VI

COMPENSATION

The fees that USA Funds will pay to Sallie Mae for the Services provided by Sallie Mae under this Agreement are identified on Exhibit B. Sallie Mae will invoice USA Funds monthly for such fees. Payment of the undisputed amounts of the fees will be due within thirty (30) days of receipt of the invoice. In the event that USA Funds disputes any fees set forth on an invoice, USA Funds shall promptly initiate the dispute resolution process set forth in Article III.C of this Agreement. If USA

Funds does not remit payment of the undisputed amount to Sallie Mae within thirty (30) days after receipt of the invoice, USA Funds will pay Sallie Mae a late charge of the lesser of one and one-half percent (1.5%) per month or the maximum amount permitted by applicable state law for unpaid amounts due Sallie Mae. Collection costs incurred by Sallie Mae, including reasonable attorney fees, will be reimbursed by USA Funds. All fees will be payable in U.S. dollars and do not include any taxes. If Sallie Mae is required to pay sales or other taxes based upon the Services rendered to USA Funds (other than taxes based on Sallie Mae's net income), USA Funds will reimburse Sallie Mae the amount of taxes paid by Sallie Mae. Sallie Mae acknowledges that USA Funds is exempt from state, federal, and local taxes and USA Funds agrees to provide Sallie Mae with an appropriate exemption certificate or other documentation issued by the applicable taxing authority.

ARTICLE VII

TERM AND TERMINATION

A. Term.

This Agreement shall remain in force until October 1, 2010, unless terminated in accordance with its terms. Beginning October 1, 2006, on every successive October 1 the term will increase by one (1) year unless, prior to such October 1, either party gives prior written notice of its desire not to extend the term.

B. Termination.

Notwithstanding any other provision of this Agreement to the contrary, the Agreement may be terminated upon the following conditions:

1. Termination for Cause.

- a. Sallie Mae may terminate this Agreement if USA Funds fails to pay the undisputed portion of any Sallie Mae invoice when such payment is due, and such failure is not cured by USA Funds within sixty (60) days after receipt of a non-payment notice from Sallie Mae.
- b.
 - (i) In the event that Sallie Mae provides an Inadequate Service Level to USA Funds with respect to a particular Service, the parties shall follow the procedures set forth in Section V(E). If, after such procedures are fully exhausted, the Inadequate Service Level has not been remedied, USA Funds may, as its sole and exclusive remedy, terminate this Agreement by providing written notice to Sallie Mae not less than one hundred twenty (120) days prior to termination.
 - (ii) Upon a material violation of a material provision of the Agreement (other than relating to an Inadequate Service Level, which shall be governed by the provisions set forth in Section VII(B)(1)(b)(i) above); and failure to cure the violation lasting thirty (30) days or more after being given written notice of such violation, the parties shall initiate the dispute resolution process set forth in Section III(C). If, after such dispute resolution process is fully exhausted, the violation has not been cured, the other party may terminate this Agreement by providing written notice to the violating party not less than one hundred twenty (120) days prior to termination.
- c. Notwithstanding any provision to the contrary, in the event either party shall cease to conduct business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to any proceeding under the United States Bankruptcy Code, as amended, or any other statute of any state relating to insolvency or the protection of the rights of creditors, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a

period of sixty (60) days, then at the sole option of the other party this Agreement may be immediately terminated.

- d. Notwithstanding any provision to the contrary, in the event of a willful and material misappropriation of funds by Sallie Mae, this Agreement may be terminated by USA Funds following five (5) business days after notice of such misappropriation of funds and such misappropriation has not been cured.

2. Termination Provisions.

- a. At any time when this Agreement may expire or be terminated there will be activities required by both Sallie Mae and USA Funds to ensure the orderly transfer of the services from Sallie Mae to USA Funds or another servicer entity designated by USA Funds. Except as otherwise agreed in writing (i.e., Exhibit D), each party shall within ninety (90) days of expiration or termination of this Agreement, return to the other all papers, materials and other properties of the other held for the purpose of performance of this Agreement. In addition, each party will assist the other party in orderly termination of this Agreement as may be necessary for the orderly, nondisrupted business continuation of each party.
- b. In the event that this Agreement expires or is terminated, other than terminated by USA Funds under Article VII, Section (B)(1)(b) or (B)(1)(d), USA Funds shall pay Sallie Mae for all work performed by Sallie Mae in connection with the Deconversion and consistent with the most recently published Deconversion Plan, as modified by mutual written agreement of the parties at the time of Deconversion. The charge for such work shall be computed at deconversion fees based on documentable expenses and commercially reasonable rates.
- c. In the event of termination of this Agreement by either party, USA Funds agrees to pay Sallie Mae for those Services that have been performed for USA Funds in the manner set out in this Agreement.

3. Right to Cure. Except as otherwise provided in this Agreement, Sallie Mae shall be entitled to perform functions under this Agreement to the extent such performance will reasonably cure any loss, cost, damage or expense suffered by USA Funds as a result of Sallie Mae's failure to fulfill its obligations under this Agreement. Such right to cure shall continue for a period of time up to thirty (30) days, which period of time shall commence upon the earlier of notice to Sallie Mae from USA Funds of a failure to perform in accordance with the terms of this Agreement or the time Sallie Mae becomes aware of the failure, whether or not USA Funds is aware of or has provided notice of said failure. USA Funds will give Sallie Mae prompt notice of any breach of this Agreement by Sallie Mae or any negligence that USA Funds asserts against Sallie Mae.

ARTICLE VIII

MISCELLANEOUS

- A. Assignment. This Agreement will inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns; provided, however, that:
1. USA Funds shall not assign any rights or delegate its obligations under this Agreement in whole or in part without the prior express written consent of Sallie Mae, which consent will not be unreasonably withheld; provided, however, that USA Funds shall have the right without the consent of Sallie Mae to assign its rights and delegate its obligations hereunder to any Affiliate or any transferee of all or substantially all of the business and assets of USA Funds, provided that such

transferee has at least as favorable creditworthiness as USA Funds, and provided further that USA Funds gives thirty (30) days prior notice.

2. Sallie Mae shall not assign any rights or delegate its obligations under this Agreement in whole or in part without the prior express written consent of USA Funds, which consent will not be unreasonably withheld; provided, however, that Sallie Mae shall have the right without the consent of USA Funds to assign its rights and delegate its obligations hereunder to any Affiliate or any transferee of all or substantially all of the business and assets of Sallie Mae, provided that such transferee has at least as favorable creditworthiness as Sallie Mae, and provided further that Sallie Mae gives thirty (30) days prior written notice.
- B. Amendment. This Agreement may not be varied by oral agreement, but only as agreed to in writing by all parties.
- C. Waiver of Rights. No failure by any party to exercise, or any delay in exercising, and no course of dealing with respect to any right of such party or any obligation of any other party under this Agreement will operate as a waiver, unless, and only to the extent, agreed to in writing by all parties. Any single or partial exercise by any party of its rights shall not preclude such party from any other or further exercise of such right or the exercise of any other right. Any single or partial waiver by any party of any obligation of any other party under this Agreement will constitute a waiver of such obligation only as specified in such waiver and will not constitute a waiver of any other obligation.
- D. Cumulative Remedies. Except as otherwise provided in this Agreement, no remedy by the terms of this Agreement conferred upon or reserved to a party is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or existing at law or in equity or by statute on or after the date of this Agreement including, without limitation, the right to such equitable relief by way of injunction to prevent the breach or threatened breach of any of the provisions of this Agreement or to enforce the performance.
- E. Severability. Any provision of this Agreement that is held to be prohibited, unenforceable, or not authorized by any court of competent jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability, or non-authorization without invalidating the remaining provisions or affecting the validity, enforceability, or legality of such provision in any other jurisdiction.
- F. Governing Law; Venue; Entire Agreement. Except to the extent that this Agreement may be governed by Federal law, this Agreement is governed by, interpreted, construed and enforced in accordance with the laws of the State of Indiana, without reference to its principles of conflict of laws. A lawsuit under this Agreement shall only be adjudicated in a court of competent jurisdiction located within the State of Indiana.

This Agreement constitutes the entire agreement between the parties and supersedes any and all prior agreements, written or oral, not incorporated herein, with respect to the subject matter of this Agreement. All prior writings, correspondence, memoranda, agreements, representations, statements, warranties, covenants, negotiations, and undertakings, express or implied, of any kind or character whatsoever with respect to the subject matter of this Agreement are superseded.

- G. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been given if sent by registered or certified mail, overnight carrier, or personal delivery (including, without limitation, by telephone facsimile transmission), addressed (i) if to USA Funds, to the attention of the General Counsel, at 10475 Crosspoint Blvd., Indianapolis, Indiana, 46256-3323, (ii) if to Sallie Mae, to the attention of the Executive Vice President, Guarantor Services and Sales Operation, at 11100 USA Parkway, Fishers, Indiana, 46037, with a copy to the General Counsel, at 12061 Bluemont Way.

Reston, Virginia, 20190, or (iii) at such other address as the party to be notified has designated upon reasonable notice. Notices made pursuant to this paragraph by overnight carrier, or personal delivery will be deemed to be effective upon receipt. Notices made pursuant to this paragraph by registered or certified mail will be deemed to be effective no later than the fifth business day following the mailing of such notice.


- H. Confidential. The terms and conditions of this Agreement shall be considered confidential.
- I. Execution. This Agreement will not be binding on either party until it has been executed and delivered by both parties. Delivery may be by facsimile. This Agreement may be executed in any number of counterparts, each of which shall be an original, but which together constitute one and the same instrument.
- J. Litigation Costs and Attorney Fees. If any action, at law or equity, including an action for declaratory relief, is brought to enforce or interpret this Agreement, then the prevailing party shall be entitled to recover its reasonable costs, expenses, and attorney fees from the other party, in addition to any other relief that may be awarded.

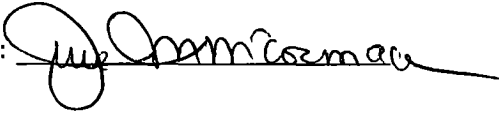
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, United Student Aid Funds, Inc. and Sallie Mae, Inc. have each caused this Agreement to be executed by their respective authorized representative as of the date first above written.

UNITED STUDENT AID FUNDS, INC.

SALLIE MAE, INC.

By: 

By: 

Name: Carl C. Dalstrom

Name: June M. McCormack

Title: President and Chief Executive Officer

Title: Executive Vice President

**EXHIBIT A TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

The tasks that Sallie Mae shall perform are:

1. Guarantee Processing

Application processing activities associated with applications for guarantee received via paper, electronically, or the Internet. Ensure all Applications are complete. Perform data entry on paper Applications.

2. Image Applications

Image Loan Applications, and distribute Lender notification packets, including Notice of Guarantee.

3. Status Management

Update guarantee data, perform SSCR activities, and provide, receive, and process data from and to the National Student Loan Clearinghouse, the NSLDS, and other industry partners.

4. Customer Assistance

Provide detailed assistance to schools and lenders over the phone, via paper correspondence, and Email. One (1) unique toll free telephone number provided to schools and lenders shall be answered, "USA Funds Services." In addition, Sallie Mae's school and lender toll free telephone number will be modified by July 1, 2002 to include an IVR option for a school or lender to select an option that is specific to USA Funds' customers that will be answered "USA Funds Services."

5. Call Center Services

Answer questions and provide general assistance to borrowers, schools, and lenders on guarantee and disbursement issues, and post-default issues. Sallie Mae shall annually perform a borrower satisfaction survey and report the results to USA Funds. First call resolution and quality measures will be developed to quantify the effectiveness of the call center services.

6. Loan Disbursement Services

Provide disbursement approval, fund disbursement processing, cancellation and refund processing, and change request support.

7. Defaulted Portfolio Management

Determine the selection of collection vendors (consistent with the provisions of Article III.O), enter into contracts with selected collection vendors, determine the account placements to those vendors (consistent with the provisions of Article III.O), manage administrative wage garnishment program (including undertaking non-compliant employer litigation), process consolidations and rehabilitations, manage federal and state tax offset programs, and manage vendor relationships. The parties understand and agree that the selection of collection vendors and the placement (so long as such is in compliance with the provisions of Article III.O) of any or all defaulted Loans with any such collection vendors shall be at Sallie Mae's sole discretion, and that such collection vendors may include Affiliates of Sallie Mae. USA Funds shall designate to which lenders loan rehabilitations are offered; provided, however, that USA Funds will designate one or more Sallie Mae Affiliates (as chosen by Sallie Mae) to receive offers to purchase rehabilitated Loans as set forth below:

Dollar Amount of Rehabilitated Loans per USA Funds fiscal year Percent* offered to Sallie Mae

For the first \$100 million	50%
For the 2nd and 3rd \$100 million	
- No increase in Default Rate	75%
- Increase in Default Rate	50%
For dollar amount of rehabilitated Loans above \$300 million	
- At least 0.2 percentage point decrease in Default Rate	100%
- No increase in Default Rate	75%
- Increase in Default Rate	50%

*Percent of the total dollar amount of rehabilitated Loans in such USA Funds fiscal year.

To determine if an increase or decrease has occurred in the Default Rate, the two previous years would be compared. For example, to calculate the number of rehabilitated Loans that are offered to Sallie Mae for purchase during USA Funds fiscal year 2003, the Default Rate for USA Funds fiscal year 2002 would be compared to the Default Rate for USA Funds fiscal year 2001. Default rates will be rounded to the nearest 0.1%.

Example:

Assumptions:

Default Rate for FY 2001 = 2.6%

Default Rate for FY 2002 = 2.3%

Total Dollar Amount of Rehabilitated Loans for FY 2003 = \$305 million

Results:

During FY 2003, USA Funds would offer to sell to the particular Sallie Mae Affiliate(s) \$205 million in rehabilitated Loans [(50% of \$100 million) + (75% of \$100 million) + (75% of \$100 million) + (100% of \$5 million)].

8. Claim Review

Review and process default and non-default claims from Lenders, and approve or reject payments. Review and process supplemental claims. Process repurchases.

9. Bankruptcy Portfolio Management

Track the status of Loans as they enter bankruptcy, institute status changes upon resolution of the bankruptcy, respond to calls and correspondence, review Chapter 13 plans, assist USA Funds in objecting to Chapter 13 plans, and assist USA Funds in responding to adversary complaints or, at the direction of USA Funds, forward adversary complaints to an entity designated by USA Funds. All attorney fees incurred in connection with the bankruptcy portfolio management function shall be paid directly by USA Funds.

10. School and Lender Outreach and Customer Training

Offer the use of the USA Funds guarantee to states, schools, lenders, and borrowers; educating schools and lenders as to USA Funds and its products and services; and provide FFELP training to schools and lenders. Execute USA Funds agreements as provided for in this Agreement. Provide USA Funds with extract reports containing USA Funds marketing related data from the Sallie Mae customer contact database. The parties agree to work together to develop a mutually acceptable plan to provide USA Funds with electronic access to a customer contact database that is kept current by the Sallie Mae sales staff.

11. System Development and Support

Maintain, and fix material errors in, all systems required to provide the Services under this Agreement (including systems corresponding to the R&D Activities in accordance with applicable Project Work

Order(s) entered into after the effective date of this Third Restated and Amended Agreement and as may be set forth in Exhibits E and F), and maintain, and fix material errors in, the default aversion system required to support the services provided to USA Funds under the Default Aversion Services Agreement. Develop, test, implement, enhance, operate, and support new systems, system-related products, and Internet-based services that support USA Funds' customers and staff, and give Sallie Mae added capability to better serve USA Funds as set forth in the applicable Project Work Order.

12. Technology and Support

Provide the technological infrastructure, administrative software, system access, telecommunications capability, data base management, and help desk support to USA Funds' Fishers office in order that it can effectively perform its functions, including:

- a. Sallie Mae will provide to USA Funds one T-1 line for Internet access and access to EAGLE through a leased line. USA Funds will pay the usage fees for the telephone lines. Sallie Mae will provide USA Funds with extract reports containing USA Funds reported issues from Sallie Mae's issues tracking system.
- b. Sallie Mae shall, if such activity does not violate existing Sallie Mae agreements, allow USA Funds to use its LAN access, including GroupWise and Microsoft products. Upon request, Sallie Mae shall provide USA Funds its own designated LAN/server.
- c. Sallie Mae shall provide the necessary hardware, communication link, and maintenance for the USA Funds website.

13. Administrative and Financial Tasks

- Meeting Services
- Mail Center
- Corporate Training – eligible to enroll in standard, open enrollment Sallie Mae classes (including computer-based training courses to the extent permitted by the applicable third party license)
- Management of Defaulted Loan Payments
- Paying Lender Claims
- Production and Reconciliation of Federally Required Reports
- Federal Default Fee Billing, if applicable
- Ad hoc Reporting
- Other administrative and financial tasks as agreed in writing by USA Funds and Sallie Mae

14. Policy Communications and Support

Assist Sallie Mae operational units to understand, implement, and continue to comply with FFELP legislative and regulatory requirements and USA Funds' Policies, in consultation as necessary with USA Funds' policy staff. Interpretations of USA Funds' Policies and federal requirements impacting a Loan's guarantee must be approved by USA Funds' policy staff.

15. Corporate Communications

Provide editorial, design, and publishing assistance for FFELP program materials and web content development assistance, all as reasonably requested.

16. Products and Services to Schools

Promote, distribute, and update FFELP guarantee and disbursement-related products and services to schools, and provide related training and support.

17. Document Storage and Retrieval

Store guarantee and disbursement-related documents, borrower records, and other corporate records of USA Funds and provide retrieval services.

18. Forms Printing and Distribution

Design, develop, produce, store, and distribute the forms and documents necessary for USA Funds to provide its guarantee services to its customers and standard administrative forms.

19. Office Space

Sallie Mae shall provide office space and furniture for up to eight (8) employees of USA Funds as reasonably available at Sallie Mae facilities specified by USA Funds. The office space and furniture shall be reasonably consistent in size and quality as compared with office space and furniture provided to employees of Sallie Mae with like positions.

**EXHIBIT B TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

FFELP Processing Fees

Fee Category	Fees																						
Issuance and School & Lender Outreach Fee	<p>0.40% x dollar amount of new Stafford and PLUS net originations.</p> <p>For loans guaranteed after September 30, 2006, 0.375% x dollar amount of new Stafford and PLUS net originations.</p> <p>Total Issuance and School & Lender Outreach Fee paid to Sallie Mae may not exceed the total HEA Loan Processing & Issuance fee received by USA Funds from the Department of Education, less for loans guaranteed after September 30, 2006, 0.025% x dollar amount of new Stafford and PLUS net originations.</p>																						
Account Maintenance Fee	<p>Annual rate of 0.09% x dollar amount of loans outstanding (original principle balance of loans guaranteed).</p> <p>The Account Maintenance Fee rate is equal to HEA Account Maintenance Fee rate less 1 basis point, and the total annual Account Maintenance fee may not exceed the total HEA Account Maintenance Fee received by USA Funds Operating Fund, less one basis point. The amount of the HEA Account Maintenance Fee received by USA Funds Operating Fund shall include any amounts transferred by USA Funds from its Federal Fund to its Operating Fund to make up any statutory shortfall in Account Maintenance Fee payments from the Department of Education. USA Funds agrees to make such a transfer from its Federal Fund to its Operating Fund unless by doing so it would result in its Federal Fund falling below the balance required by statute.</p>																						
Direct Collection Costs	Collection costs equal to the direct vendor fees paid by Sallie Mae.																						
Defaulted Portfolio Management Fee	<p>Collection Incentive Factor x Net Collection Revenue (Statutory Gross Collection Retention less Direct Collection Costs). The Collection Incentive Factor varies directly with the current federal fiscal year Default Rate and is calculated as follows:</p> <p>Collection Incentive Factor = 0.25 + ("Incentive Slope Factor" times the percentage points the current federal fiscal year Default Rate is below the 5.0% Default Rate). The total variable fee may not exceed 0.75 and may not be less than 0.25 and is rounded to the nearest 0.001.</p> <p>"Incentive Slope Factor" is based on the dollar amount of Loans rehabilitated during the current federal fiscal year and is determine as follows:</p> <table border="0"> <thead> <tr> <th align="left"><u>Federal Fiscal Year Rehabilitation Volume</u></th> <th align="right"><u>Incentive Slope Factor</u></th> </tr> </thead> <tbody> <tr> <td>\$0 less than or equal to \$100 million</td> <td align="right">11.110</td> </tr> <tr> <td>Greater than \$100 million & less than or equal to \$150 million</td> <td align="right">11.400</td> </tr> <tr> <td>Greater than \$150 million & less than or equal to \$200 million</td> <td align="right">11.675</td> </tr> <tr> <td>Greater than \$200 million & less than or equal to \$250 million</td> <td align="right">11.875</td> </tr> <tr> <td>Greater than \$250 million & less than or equal to \$300 million</td> <td align="right">12.075</td> </tr> <tr> <td>Greater than \$300 million & less than or equal to \$350 million</td> <td align="right">12.275</td> </tr> <tr> <td>Greater than \$350 million & less than or equal to \$400 million</td> <td align="right">12.475</td> </tr> <tr> <td>Greater than \$400 million & less than or equal to \$450 million</td> <td align="right">12.675</td> </tr> <tr> <td>Greater than \$450 million & less than or equal to \$500 million</td> <td align="right">12.875</td> </tr> <tr> <td>Greater than \$500 million</td> <td align="right">13.075</td> </tr> </tbody> </table> <p>Example:</p> <p>Default Rate = 2.3%</p> <p>Rehabilitation Annual Volume \$175 million</p> <p>Percentage points below 5.0% Default Rate = 2.7% (5.0% less 2.3%)</p> <p>Collection Incentive Factor = 0.25 + (11.675 x 2.7%) = 0.565</p> <p>The Defaulted Portfolio Management Fee will be calculated and billed to USA Funds on a</p>	<u>Federal Fiscal Year Rehabilitation Volume</u>	<u>Incentive Slope Factor</u>	\$0 less than or equal to \$100 million	11.110	Greater than \$100 million & less than or equal to \$150 million	11.400	Greater than \$150 million & less than or equal to \$200 million	11.675	Greater than \$200 million & less than or equal to \$250 million	11.875	Greater than \$250 million & less than or equal to \$300 million	12.075	Greater than \$300 million & less than or equal to \$350 million	12.275	Greater than \$350 million & less than or equal to \$400 million	12.475	Greater than \$400 million & less than or equal to \$450 million	12.675	Greater than \$450 million & less than or equal to \$500 million	12.875	Greater than \$500 million	13.075
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**EXHIBIT C TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

Service Levels

1. Guarantee Processing

- a. Application Receipt Identification – 100% of overnights on same day of receipt; 100% of all within one (1) business day
- b. Paper Application Guarantee Service – 90% within three (3) business days, 95% within five (5) business days
- c. Electronic Application Guarantee Service – 85% within one (1) business day, 98% within three (3) business days
- d. PLUS Credit Denial Processing -- 100% within one (1) business day

2. Status Management / Customer Requests

- a. Priority Customer Changes – 95% within 1 business day for on-line, 95% within 2 business days for manual/paper
- b. Other Customer Requests – 10 business days for forms and correspondence, 15 business days for reports including SSCRs

3. Customer Assistance

Sallie Mae shall respond to customer initiated problems as quickly as possible as set forth below in Item 4.

4. Customer Assistance and Call Center Services

- a. 70% of calls answered within 20 seconds
- b. 95% of Email acknowledged within two (2) business days and answered within four (4) business days
- c. 95% of paper correspondence answered within four (4) business days

5. Loan Disbursement Services

- a. Disbursement Approval of Promissory Notes: 95% within three (3) business days of receipt of a completed promissory note
- b. Disbursements delivered on-time (more specific standard being developed by Sallie Mae, which will be approved by USA Funds)
- c. Disbursement Change Requests: 95% processed within two (2) business days
- d. Returned Funds/Cancel Requests: 95% processed within two (2) business days

6. Claim Review

- a. Review protocol will be negotiated annually
- b. 90% of Default Claims paid within 60 days
- c. 100% of Default Claims paid in compliance with the Act
- d. 100% of Non-Default Claims paid in compliance with the Act
- e. Overall quality rating of (as defined in the annual claim review plan) 97%

7. Sales, Marketing, and Customer Training

Sallie Mae will host a minimum of 55 USA Funds customer training sessions per year, via the ERC.

8. Technology

- a. Sallie Mae must maintain hardware sufficient to consistently meet performance standards
- b. Sallie Mae must maintain hot site for disaster recovery purposes
- c. Sallie Mae must provide USA Funds with access to USA Funds' data on EAGLE II through a leased line
- d. Sallie Mae must provide USA Funds with the use of a T1 line for internet access
- e. Sallie Mae must isolate USA Funds on a separate server upon the request of USA Funds
- f. Sallie Mae must provide USA Funds with access to the Solution Center
- g. Sallie Mae must maintain a monthly average EAGLE system availability of 99%

9. Technology Support

- a. Sallie Mae must make available the same desktop administrative software provided to Sallie Mae employees
- b. Sallie Mae must make available the same help desk support as provided to Sallie Mae employees
- c. Sallie Mae must provide support to USA Funds' website upon the request of USA Funds

10. Administrative and Financial Services

Same performance standards for services provided to Sallie Mae staff

11. Corporate Communications

Same performance standards for services provided to Sallie Mae staff

12. Provision of and Support for Products and Services for Schools and Lenders

- a. Annual review of products and service offerings to be part of the annual marketing plan
- b. Electronic Services Support
 - 95% answer rate
 - 50% first call resolution

13. Document Storage and Retrieval

Archived information available for retrieval within 24 hours of request

14. Forms Printing and Distribution

As necessary to comply with form requirements and to meet customer demand

15. Notwithstanding the foregoing, both parties acknowledge that industry norms and marketplace preferences dictate changes to performance service levels from time to time. Sallie Mae retains the right to modify the Service Levels set forth above so long as (a) the modifications apply to all guarantees or loans of the same type, regardless of the identity of the guarantor client, and (b) the modifications (i) do not cause a violation of the Act or other applicable law, (ii) do not materially and adversely affect Sallie Mae's or USA Fund's ability to guaranty and service loans in a professional, cost-efficient, and customer-oriented manner, and (iii) do not cause such servicing to fall below industry standards as demonstrated in benchmarking studies conducted by or for Sallie Mae.

**EXHIBIT D TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

**TERMS AND CONDITIONS FOR STORAGE AND
RETRIEVAL OF PROMISSORY NOTES**

1. Sallie Mae agrees to maintain custody of certain promissory notes of loans guaranteed by USA Funds pursuant to Title IV, Part B of the Higher Education Act of 1965, as amended, ("Custodial Notes") in accordance with the terms and conditions of this Agreement.
2. At the time the loan is guaranteed, and if requested by the lender, Sallie Mae will provide a copy of the front side of each Custodial Note to the lender who owns the loan with respect to such Custodial Note ("Loan"). Such lender is hereinafter referred to as "Lender."
3. USA Funds will not require Lender to produce the Custodial Note in filing of a claim on the USA Funds guarantee.
4. The Custodial Notes may be stored with a third party in its storage facility provided that such storage facility contains fire protection at least equal to that commonly maintained in the document storage industry, and restricts access to the Custodial Notes. Sallie Mae may contract with one of its affiliate corporations for assistance in providing services under this Agreement; however, any such contract will not relieve Sallie Mae of its responsibility under this Agreement.
5. Upon written notice from USA Funds, Sallie Mae will recognize a security interest of a trustee or other entity associated with providing credit to the lender.
6. Sallie Mae agrees to not release the Custodial Notes from its custody without the prior written consent of USA Funds and/or the current owner of the applicable loan.
7. Upon written request of USA Funds, whether as a result of the termination of the Guarantee Services Agreement or otherwise, Sallie Mae will retrieve Custodial Notes and deliver them to USA Funds or its designee.
8. Sallie Mae, if requested, will provide copies of documents required to test data in connection with a conversion of the USA Funds loans database from the Sallie Mae servicing system to a subsequent servicer of such loans for USA Funds. Sallie Mae will not charge for the production of such copies.
9. For the life of the loan represented by such documents, Sallie Mae will not charge USA Funds for storage of the Custodial Notes received by Sallie Mae during the term of the Sallie Mae Agreement for USA Funds or its successors or consensual assigns.
10. Except as provided in Paragraph 8, Sallie Mae shall be entitled to reimbursement of expenses required due to retrieval of documents in accordance with the fees set forth on Schedule A.
11. In the event a Custodial Note is lost or destroyed by Sallie Mae resulting in a failure of the U.S. Department of Education to pay USA Funds reinsurance on the Loan, Sallie Mae will pay USA Funds the amount of such reinsurance lost.

**SCHEDULE A --
FEES FOR RETRIEVAL OF PROMISSORY NOTES**

1. Sallie Mae will be entitled to a fee for retrieval of documents stored for USA Funds under this Agreement. That fee is calculated as follows:

Number of Custodial Notes Requested x Fee per Custodial Note Requested

2. The Fees per Custodial Note Requested are as follows:

If Custodial Note is required by a court for litigation (a copy will not suffice) or 25 or less Custodial Notes are requested	No Charge
If more than 25 Custodial Notes are requested	Actual Cost
If Expedited Retrieval is requested (Additional per Note)	\$10.00

3. "Expedited Retrieval" means, with respect to Custodial Notes held by Sallie Mae for USA Funds under this Agreement, retrieval of such documents by Sallie Mae at USA Funds' request and in a time frame that is shorter than what is specified in the definition of "Nonexpedited Retrieval" for the corresponding number of documents to be retrieved.

4. "Nonexpedited Retrieval" means with respect to Custodial Notes being held by Sallie Mae for USA Funds under this Agreement, retrieval of such documents by Sallie Mae at USA Funds' request within the corresponding time frame indicated below for the number of documents USA Funds requests to be retrieved:

<u>Number of Documents Per Request*</u>	<u>Time Frame for Retrieval</u> (In business days)
0-20	Three
21-100	Fifteen
101-1000	Thirty
more than 1000	To be negotiated at time of request

* The above specified time frames for retrieval are based on the assumption that they will make only one request for retrieval for that period. Multiple requests will be satisfied within time frames to be negotiated when such requests are made.

5. These fees, except with regard to custodial notes required by a court for litigation, maybe increased after October 1, 2000. No charge will be made for retrieval of custodial notes required by a court for litigation. Any such increase will not exceed the greater of the increase in the Consumer Price Index or in the charge to Sallie Mae, if any, by the external storage facility vendor.

**EXHIBIT E TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

Research & Development

USA Funds will make available annually a pool of funds for research and development activities (the "R&D Activities") that enhance the value of the USA Funds guarantee to USA Funds customers, or otherwise supports the mission of USA Funds. R&D Activities could include a wide variety of projects, including but not limited to system, operational/process, product and/or service related projects, which consider all aspects of customer enhancements and new business development initiatives.

R&D Planning Cycle

USA Funds and Sallie Mae will engage in an R&D planning cycle on an annual basis designed to result in a rolling 2-year research and development plan (the "R&D Plan") coinciding with USA Funds' fiscal year of October 1 through September 30. The portion of the R&D Plan that addresses the first year will be more specific in nature documenting the projects and corresponding budgets. The portion of the R&D Plan that addresses the second year will be more conceptual in nature defining both budget and direction in which funds should be allocated. The development of the 2-year R&D Plan will be iterative in nature, and the process will be continually refined as agreed to by both parties.

The development of each R&D Plan will begin in April of each year. USA Funds will provide to Sallie Mae, by July 31st of each year, the final budget commitment for the first year of the 2-year period to be covered by such R&D Plan, subject to final approval by USA Funds of the R&D Plan, and an estimated budget commitment for the second year (based on the conceptual plan provided by Sallie Mae to USA Funds for such second year) of the 2-year period to be covered by such R&D Plan. For purposes of illustration only, USA Funds will provide to Sallie Mae, by July 31, 2006, the final R&D Plan budget commitment (subject to final USA Funds Board approval not later than September 30, 2006) for the time period beginning October 1, 2006 and ending September 30, 2007 and an estimated budget commitment for the time period beginning October 1, 2007 and ending September 30, 2008. USA Funds and Sallie Mae will meet as necessary to develop the R&D Plan in order to have the final R&D Plan completed and approved by each party by August 31st of each year. The actual R&D Activities to commence under an R&D Plan will begin on October 1st of each year.

R&D Team Responsibilities

A full-time research and development team of Sallie Mae personnel (the "R&D Team") will work to assess projects and proposals, present projects for review and approval, and steward the work under Project Work Orders through completion. The R&D Team is responsible for gathering customer input via the use of focus groups and industry related activities. During the design, development and implementation of a particular Project Work Order, this team will act as a liaison between USA Funds and the Sallie Mae personnel actually performing the R&D Activities. Bi-weekly meetings will be held between USA Funds and the R&D Team to provide project updates. Quarterly meetings will be held to focus on R&D Plan management and development. The R&D Team shall assist USA Funds to assess actual product performance compared to projected product performance and the appropriate time line for measuring such performance.

Project and Funding Approval

USA Funds and Sallie Mae will each have the opportunity to suggest and present specific project ideas and proposals to each other. Although typically such project ideas and proposals will be consistent with the current year's R&D Plan, either party may suggest projects that were not contemplated by the R&D Plan. For any suggested project, the R&D Team will evaluate the project and provide a feasibility analysis and an early stage estimate of the cost of the proposed project and present such information to USA Funds in order for USA Funds to make a funding decision.

For any proposed project that is to be implemented, the parties will develop and execute a mutually acceptable Project Work Order (in substantially the form attached hereto provided, however, the parties

recognize that the form and its content may vary from time to time depending upon the applicability of certain provisions or based upon the nature of the particular project and circumstances such as whether the project involves the development of a new product, the enhancement of or changes to an existing product, or involves research/analysis type projects). The Project Work Order shall set forth, among other things, the scope of the project, the allocation of costs (including on-going or future allocation of costs for maintenance and costs in order to effect a change in the Act or other law), any project milestones and sign-off procedures, the estimated number of hours (if the project is to be billed on an hourly basis), the payment schedule for such fees, whether the product is exclusive to USA Funds, and customer availability restrictions, if any. Depending on the scope of any particular project, some Project Work Orders may result in work to be performed over a span of multiple R&D Plan years. If mutually agreed upon, work may have already commenced prior to final approval and execution of the applicable Project Work Order.

Either party may suggest changes or modifications to a Project Work Order by submitting to the other party a document describing the change and the rationale for the change (a "Project Change Request"). The Project Change Request must also set forth the effect of any such change on price, schedule, original estimate of hours and other terms of the applicable Project Work Order. A Project Change Request must be signed by both parties to authorize implementation of the agreed upon changes. In some cases, work may have already commenced prior to final approval and execution of the applicable Project Change Request.

Funding allocations will be defined as set forth in the applicable Project Work Order as each project is approved. Technology hours for work that benefit both USA Funds and/or its customers and Sallie Mae's other guarantor servicing customers will be charged at a proportional rate based on fees (excluding R&D Fees) paid by the guarantor servicing customers to Sallie Mae. Funding for projects that benefit both USA Funds and Sallie Mae will be charged between USA Funds and Sallie Mae as set forth in the applicable Project Work Order. USA Funds will typically pay 100% of the costs for projects that are substantially USA Funds mission-based.

Except as set forth in the applicable Project Work Order or unless otherwise mutually agreed to by Sallie Mae and USA Funds, cost for maintenance and costs in order to effect a change in the Act or other law will not be charged against the R&D Fee, but are subsumed in the fees set forth in Exhibit B (other than the R&D Fee).

Fee Structure and Payment

Sallie Mae will charge USA Funds on an hourly basis or on a fixed fee per project basis, as specified in the applicable Project Work Order. For any system development work to be performed and charged to USA Funds at an hourly rate under a Project Work Order, the hourly rate for such system development work is designed to capture all costs associated with the system development work, including but not limited to systems development staff, technology infrastructure staff, and business systems support staff. As such, only systems development personnel will be allowed to charge time for any such system development work. The hourly rate for system development work (the "System Development Hourly Rate") engaged in during the time period October 1, 2005 through September 30, 2006 is set forth in Exhibit B and will be increased annually by a mutually acceptable percentage increase as set forth in the applicable R&D Plan; provided, however, that such percentage increase shall not be less than the percentage increase in the Consumer Price Index during the 12-month period immediately preceding the effective date of the then-current increase of the System Development Hourly Rate. The hourly rate for system development work as set forth in a Project Work Order will remain in effect until the end of USA Funds' then-current fiscal year (September 30th). New System Development Hourly Rates will be set forth in the R&D Plan and will go into effect at the beginning of USA Funds' new fiscal year (October 1st) and apply to any new or existing Project Work Order that involves system development work.

For purposes of clarity, examples of activities for which the System Development Hourly Rate will be assessed and examples of elements that the System Development Hourly Rate captures or includes are set forth in Exhibit H.

Exhibit H also sets forth examples of items that are not to be included in, and that will not be charged against, the System Development Hourly Rate, but, instead, that are to be separately considered and, if applicable, specified and included, together with their projected funding allocation thereof, in each Project Work Order.

The hourly rate for any non-system development work will be negotiated and set forth in the applicable Project Work Order. Hourly rate work under Project Work Orders will be billed monthly to USA Funds based on the number of hours actually worked by or on behalf of Sallie Mae. Monthly invoices will include a reasonable amount of detail to support the hourly fees set forth on the invoice. Fixed fee projects will be charged in accordance with the fees and payment schedule set forth in the applicable Project Work Order. Travel expenses incurred by or on behalf of Sallie Mae at the request of USA Funds or in connection with a Project Work Order will be reimbursed to Sallie Mae at cost.

Total payment for the R&D Team will be at Sallie Mae's costs (the "R&D Team Costs"). The term "R&D Team Costs" is defined as all salary, benefits, fully loaded overhead costs and related travel expenses associated with the activities of the R&D Team. Each R&D Plan will include an estimate of the R&D Team Costs for that particular R&D Plan year. The R&D Team Costs will be applied against and billed to USA Funds on a monthly basis as part of the overall R&D Fee. Sallie Mae will bill USA Funds at the end of each month of USA Funds' fiscal year based on the estimate of the annual R&D Team Costs as set forth in the applicable R&D Plan; therefore, payment for the final month of USA Funds' fiscal year will be adjusted to reflect the actual R&D Team Costs incurred for the entire USA Funds' fiscal year period (October 1 through September 30). In the event that a member of the R&D Team works less than 100% on USA Funds related activity, the R&D Team Costs for that person will be adjusted on a pro-rata basis.

USA Funds Staff Participation on R&D Projects

Sallie Mae recognizes that USA Funds plays a critical role in the R&D Activities and should be considered a significant stakeholder in the outcome of the R&D Activities. Although the parties recognize that from time to time Sallie Mae may hold R&D Activity meetings where, given the confidential nature of the subject matter to be discussed at such meeting (e.g., impact on other Sallie Mae strategic business initiatives, other customer confidential information, Sallie Mae trade secrets, etc.), it would not be appropriate for USA Funds to attend, the R&D Team will seek to invite USA Funds to participate with the R&D Team in the design, test output review and/or implementation aspects of the R&D Activities where ever possible and will inform USA Funds of significant milestones, problems, design decisions, and other material events.

PROJECT WORK ORDER¹

The following provisions are designated in accordance with the Third Restated and Amended Guarantee Services Agreement, dated as of June 28, 2006, by and between Sallie Mae, Inc. ("Sallie Mae") and United Student Aid Funds, Inc. ("USA Funds"), which is incorporated herein by reference.

Description and Scope of Work: Brief description of the project and the scope of the work.

Value Proposition: Description and analysis of the benefits that would accrue to customers (schools and lenders) and the benefits accruing to USA Funds and Sallie Mae. The benefits should be measurable and measured. USA Funds Benefits may include:

- Revenue generating
- Default reduction
- Expense reduction
- Goodwill – im age
- Customer loyalty
- Mission related
- Competitive edge
- Statutory/Regulatory compliance

Road Map: Include key milestones and expectations over the next two to three years. Also include both short and long term objectives that can be tracked, evaluated, and reported on. Description of how benefits will be measured.

Activities: Define the development and ongoing support roles of both USA Funds and Sallie Mae.

Ownership: Defines ownership of the final work product.

Branding: Defines how the project will be branded externally.

School or Lender Restrictions: Defines the customer segments the product or service will target and authority for ongoing modifications to customer use.

Exclusivity/Guarantor Restrictions: Defines whether other guarantors may use the product or service and authority for ongoing modifications to guarantor use.

Budget – Future Projections²: Includes estimated and projected efforts for development, maintenance, and regulatory compliance over the next 3 to 5 years; provided, however, such time frame and estimated and projected efforts shall not relieve any party of its future or on-going maintenance and/or regulatory funding obligations. Both parties recognize that the estimated/projected costs are not a commitment to fund. Also includes high level estimate related to supporting the product, including for maintenance and regulatory compliance, beyond the initial 3 to 5 year deployment. Budgets reviewed annually and mutually approved.

Funding: This section will detail the funding allocation commitment between USA Funds and Sallie Mae for development, maintenance, and regulatory compliance of a project or product over the life of the project or product, respectively, as may be modified from time to time by the parties in a mutually-agreed upon Project Change Request. This section may also include a schedule for funding.

¹ Some portions or provisions of the sample Project Work Order may not be applicable for certain projects, *e.g.*, industry changes, regulatory changes, etc.

² Some examples of items that the parties should consider and, if applicable, specify and include, together with their projected costs and the funding allocation thereof, in each Project Work Order are set forth in Exhibit H, Section III.

Confidentiality: This section will describe the confidential nature of the project and will include any restrictions on disclosure of the project to third parties.

United Student Aid Funds, Inc.

Sallie Mae, Inc.

By: _____
Authorized Signature

By: _____
Authorized Signature

Printed Name/Title

Printed Name/Title

Date

Date

THIS PROJECT WORK ORDER AND ITS CONTENTS ARE PROPRIETARY AND CONFIDENTIAL INFORMATION THAT MAY NOT BE DISCLOSED TO ANY THIRD PARTY WITHOUT THE PRIOR WRITTEN CONSENT OF BOTH SALLIE MAE AND USA FUNDS.

**EXHIBIT F TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

**USA Funds, NELA, and Sallie Mae Agreement
Maintenance and Compliance with Law and Regulation
Effective Date: June 28, 2006**

Project/Product Category	USA Funds Maintenance and Regulatory Compliance Funding	
	FFY 2006	FFY 2007 Forward
Existing Systems for FFELP Guarantee Processes <ul style="list-style-type: none"> - EAGLE II <ul style="list-style-type: none"> o Loan Approval o Lender Funds Management o Guarantee Fee System o Customer Information o Account Loan Maintenance o Borrower Debt Management (BDM) - EAGLE I <ul style="list-style-type: none"> o Loan Payment Solutions o Default Aversion System o Borrower Pursuit System o Portfolio Management System o Claim Management System o Post Claims - WhizKid - NetWizard - OpenNet <ul style="list-style-type: none"> o Web Loan Delivery o File Management System o Standard Entrance/Exit Counseling - Other Systems <ul style="list-style-type: none"> o Fee Billing o USA Funds Template and Billing System o DMS o Enterprise Customer Data Base (Architecture-Related) o Single View o Profile Director o Common Guarantor Federal Reporting o Extract Files o Common Guarantor Reports 	Included in Base Service Fee	Included in Base Service Fee
Existing Mission-based <ul style="list-style-type: none"> - LifeSkills - Unlock the Future - Centers for Student Success 	100%	100%
Existing Partnerships <ul style="list-style-type: none"> - Siebel – Phase 1 - Enterprise Customer Data Base (Non- 	Negotiated in Project Work Order	Negotiated in Project Work Order

<p>Architecture-Related)</p> <ul style="list-style-type: none"> - 2Futuro - Retention and Repayment Success retentionRT - International Stafford MEDLOANS 		
<p>Existing Exclusive Product Offerings</p> <ul style="list-style-type: none"> - USA Funds/NELA Connection Portal - USA Funds/NELA Debt Manager - USA Funds/NELA Loan Counselor - USA Funds LifeSkills Toolkit - USA Funds OpenNet exclusives - MEDLOANS OLP - USA Funds Global Profiling System - HIWAL - LOLA - Web sites <ul style="list-style-type: none"> o usafunds.org o smshawaii.org o nela.net 	<p>Up to \$500,000 R&D Funding</p>	<p>Included in Base Service Fee</p>
<p>Existing Exclusive Services</p> <ul style="list-style-type: none"> - USA Funds Services Technical Consultants - USA Funds University - USA Funds Service Coordinators (School, Lender) - USA Funds Services Project Manager - USA Funds Server Network - USA Funds Connection Portal Administrator - NELA Connection Portal Administrator - USA Funds Loan Counselor Administrator 	<p>As agreed during budget process As agreed during budget process As agreed during budget process As agreed during budget process As agreed during budget process</p> <p>USA Funds Direct Expense USA Funds Direct Expense USA Funds Direct Expense</p>	<p>As agreed during budget process As agreed during budget process As agreed during budget process As agreed during budget process As agreed during budget process</p> <p>USA Funds Direct Expense USA Funds Direct Expense USA Funds Direct Expense</p>
<p>Future R&D Projects, USA Funds and/or NELA Exclusive Products</p>	<p>Negotiated in Project Work Order</p>	<p>Negotiated in Project Work Order</p>

**EXHIBIT G TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

USA Funds Auditing Guidelines

Internal Audits by USA Funds audit team:

- All audits can be coordinated either through the Sallie Mae audit coordinator assigned to the area within the applicable servicing center being audited or the Sallie Mae audit coordinator most convenient to the USA Funds auditor. Sallie Mae has implemented an Audit Administration Framework resulting in the establishment of a Sallie Mae audit coordinator at each Loan Servicing Center. We have established a methodology in which the local Sallie Mae audit coordinator can interact with the other appropriate Sallie Mae audit coordinators to meet the USA Funds auditor's needs, without having to force the USA Funds auditor to channel communications to a particular offsite coordinator. All initial requests for meetings and documentation will be routed through the assigned Sallie Mae audit coordinator so that Sallie Mae can monitor the timely and appropriate delivery of requested information. Sallie Mae will make every effort to ensure that such a process does not result in unnecessary delays. This requirement does not preclude USA Funds auditors from scheduling meetings with Sallie Mae personnel or obtaining additional documentation from the area under audit as necessary beyond the initial request once the audit has been engaged, however, USA Funds will copy the Sallie Mae audit coordinator on such meetings and information requests.

As outlined in the Third Restated and Amended Guarantee Services Agreement For United Student Aid Funds, Inc. and in the Default Aversion Services Agreement (hereafter referred to as the Servicing Agreements), Sallie Mae will make available to USA Funds' auditors data, procedures, technical documentation, systems, and personnel, as described in Article V.B. of the Servicing Agreements, relevant to the audit scope and objectives and applicable FFELP loans guaranteed by USA Funds. Such access will be governed by the non-disclosure clauses of the Servicing Agreements and USA Funds auditors will be required to sign Sallie Mae's Confidentiality Agreement. Data and copies of materials necessary to plan or perform audit procedures or to support audit conclusions will be provided to USA Funds auditors on request. Such materials include, without limitation, writings, logic diagrams, flow charts, decision charts, drawings, procedural diagrams, coding sheets, documentation and manuals. Sallie Mae's official written policies and procedures supporting servicing operations will be provided to USA Funds' auditors on site. However, USA Funds auditors may not copy this documentation or take it off site as Sallie Mae considers this information proprietary and confidential. If USA Funds auditors need to take policies and procedures off site, a paraphrased overview of the document(s) can be provided by Sallie Mae within thirty days after the specific procedure is requested. Material obtained by USA Funds during the audit will not be shared externally by USA Funds, except as necessary to comply with external audits required by government regulations. Documentation obtained during an audit but not retained as audit evidence will be returned to Sallie Mae, if requested, or destroyed by shredding. As outlined in the Servicing Agreements and Confidentiality Agreements, confidential and proprietary information related to trade secrets and commercial and financial information obtained by USA Funds will be safeguarded as if it were USA Funds' own data and will not be removed from Sallie Mae's premises or photocopied except as necessary for the audit and approved by Sallie Mae. USA Funds auditors may, with Sallie Mae's approval, remove or copy a part of a proprietary and confidential document that represents or serves as an example of a "working document" or evidence of a compliance with a control, including procedure checklists, QC checklists, input forms,

management memos, reconciliation or batch control forms, flow charts or decision diagrams, provided that they agree to clearly label such part as proprietary and confidential.

- USA Funds auditors will be allowed to “shadow” call center representatives to listen to incoming customer calls in Sallie Mae’s call centers, to observe procedures (for example, work queue management), and to review reports used to support or control such procedures where non-USA Funds customer data may incidentally be encountered, provided that such USA Funds’ personnel sign Sallie Mae’s Confidentiality Agreement.
- USA Funds’ audit team will provide a schedule to the Sallie Mae contract manager and Sallie Mae audit coordinator of the areas targeted for audit during the audit plan year (10/1 - 9/30) thirty days before the beginning of the audit plan year. The list will identify audit project or name and anticipated areas to be affected by the audit. Specific time frames will not be provided unless known; however, USA Funds will make every effort to avoid auditing business areas during peak processing periods unless necessary to the audit objective (e.g., to observe procedures or to investigate problems unique to peak periods) and subject to the approval of Sallie Mae’s operational management.
- The Servicing Agreements require USA Funds to provide a minimum of 3 business days notice for access to a business area for audit purposes. USA Funds Audit Services will use all reasonable efforts to provide as much advance notice as possible regarding the timing and scope of the audit and will typically notify the Sallie Mae contract manager and Sallie Mae audit coordinator 30 days prior to beginning audit field work. However, planning meetings and requests for information for background, risk assessment, and general audit planning purposes may be necessary prior to the field work start date. If audits are delayed or interrupted, USA Funds will provide an updated schedule as soon as possible, but no less than 3 business days before resuming or initiating the audit.
- Entrance meetings will be held to discuss timing, scope and assistance needs. Generally, a manager or above representing each of the affected business areas should attend the entrance meetings. These meetings will be coordinated by the appropriate Sallie Mae audit coordinator.
- Exit meetings will be held in the event there are findings or other matters to discuss. Generally, a manager or above representing each of the affected business areas should attend the exit meetings. These meetings will be coordinated by the appropriate Sallie Mae audit coordinator.
- USA Funds Audit Services will be given current organization charts or business team management lists for the areas being audited and will be permitted direct access as needed to the personnel who are responsible for and knowledgeable about the process or business area being audited. Such requests for direct access and any requests for additional documentation will be routed through the appropriate Sallie Mae audit coordinator.
- Sallie Mae audit coordinators will manage the audit for Sallie Mae, including notifying affected areas of specific audit schedules, assuring that the areas scheduled for audit has reserved workspace for the audit team. They will also participate in entrance and exit meetings, supply requested documentation, and coordinate and participate in (if applicable) meetings with the affected business area’s management.
- Matters that relate to timing and scope will be resolved between the USA Funds audit team, the appropriate Sallie Mae audit coordinator and Sallie Mae's USA Funds guarantor contract management team.
- The Sallie Mae audit coordinator will review findings and assure that responses to audit reports and suggestions for business improvement are directed to the appropriate area for response,

and that a response is delivered timely to USA Funds.

- ❑ USA Funds' audits will generally focus on three areas: 1) contractual obligations, 2) compliance with applicable law and regulation, and 3) internal controls related to material risk. To the extent that the audit team identifies potential findings with one or more of these areas they will attempt to clarify and/or resolve the issue with the Sallie Mae audit coordinator and the area subject to the audit finding.
- ❑ Business risks or opportunities for improvement that do not fall into one of the three categories above, will be presented to the appropriate USA Funds staff (customer relations, policy, etc.) to address with Sallie Mae as a contract enhancement opportunity. Sallie Mae's contract management team will work with USA Funds to evaluate the risk and determine the appropriate action, which might include clarification/correction of the risk assessment and/or discussion of funding opportunities to add to the services provided under the contract. Operations, finance, and technology areas will not be directly tasked with discussing/resolving identified business risks that are not required as part of the current service configuration, however, where necessary, representatives from these areas may be consulted jointly by USA Funds and the Sallie Mae contract manager in order to facilitate discussion of an identified business risk.

Internal Audit Reporting:

USA Funds' Audit Reporting consists of the following two levels of reports:

- ❑ Executive Audit Summary (EAS): Generally, every audit will conclude with an Executive Audit Summary. This report briefly describes the scope, objectives, risk considerations, major issues, if any, and the conclusions reached by the auditor. A draft of this report will be presented to the Sallie Mae audit coordinator and to affected business area management with a request to review the report for tone and factual content and, if desired by the business area management, to provide a brief response to the summary audit report. Typically, management will be given 10 business days to provide a response before this report is issued. The target audience for this report will be the executive management team for USA Funds. A copy of the report will be provided to the Sallie Mae audit coordinator, Sallie Mae guarantor contract manager, and appropriate members of the affected business area's management.
- ❑ Opportunity for Business Improvement (OBI): A second level of reporting is employed if the audit identifies issues of concern or generates ideas for improvement. USA Funds uses a document template called "Opportunity for Business Improvement." This template is used to document audit issues and business risks along with suggested solutions.

The purpose of the document is to give the affected business areas and the auditor the opportunity to work together to ensure the issue is properly described, including its root cause, and that the potential impact of the issue is appropriately evaluated. Once concurrence is reached between the USA Funds auditor, Sallie Mae audit coordinator, and the business area that the issue is properly described, the OBI will be issued to the appropriate business area management, the Sallie Mae audit coordinator and Sallie Mae guarantor contract manager. Sallie Mae's response to the OBI should include a description of actions taken or an action plan, including timelines to resolve the issue or an explanation of why no action is necessary. The Sallie Mae audit coordinator and Sallie Mae guarantor contract manager will determine whether a specific response or action plan requires higher levels of Sallie Mae management approval or review by other experts such as legal, risk management or Sallie Mae's internal auditors before submitting the response to USA Funds. Sallie Mae will identify in their OBI response, the name and title of the person(s) who approved the action plan.

OBI that identify concerns within audit scope (contract requirements, compliance, and internal controls as previously described) will be assessed and a response prepared by the affected business unit. OBIs that identify business risks that fall outside of the audit scope will be assessed and a response prepared by the Sallie Mae guarantor contract manager. The Sallie Mae audit coordinator will play a key role in assuring that OBIs are routed to the appropriate party for evaluation and response.

As a general rule, USA Funds will request a response within 60 days of Sallie Mae's receipt of the OBI. USA Funds will evaluate Sallie Mae's response and issue a final OBI document to the affected area's management, along with USA Funds' assessment of the resolution outlined. A copy of the OBI document will be provided to the USA Funds CFO and other executive USA Funds management as appropriate as well as to the Sallie Mae audit coordinator and Sallie Mae guarantor contract manager.

External Parties Audits:

- Audits of USA Funds by third-parties, such as government regulators and customers, may require access to Sallie Mae personnel, premises, systems and records. In such cases, USA Funds will notify the Sallie Mae audit coordinator and Sallie Mae guarantor contract manager as soon as practical after notification of the audit is received by USA Funds. Generally, 30 days advance notice should be possible, but in the event such audits are announced with less time, USA Funds will provide as much notice to Sallie Mae as is possible. Access will be provided to Sallie Mae systems and applications to the extent possible and authorized based on Sallie Mae's Information Security Policy and specific Information Security Standards.

External Audit Reports

External auditors will generally submit reports using their own report format and will generally require a response within a specified time frame. OIG and Department of Education Financial Partner audits typically require response within 45 days from receipt of their report.

- USA Funds will provide the Sallie Mae audit coordinator copies of all third-party audit findings that impose or could impose a financial penalty or other adverse impact on Sallie Mae or could require action by Sallie Mae on matters of legal, regulatory, or contractual compliance, internal controls, personnel, organization, or procedures.
- The Sallie Mae audit coordinator will forward the audit findings to the appropriate members of Sallie Mae's management, including the Sallie Mae guarantor contract manager if necessary. The Sallie Mae audit coordinator will coordinate the necessary written responses and action plans with these parties within the required time frames. Generally, Sallie Mae's response will be expected within 15 to 20 business days from the date the final response is due the external auditor.

Responsiveness Goals

Sallie Mae will make every effort to respond to USA Funds auditors' requests for information and meetings within a reasonable time frame. Sallie Mae audit coordinators and business areas should acknowledge the receipt of such requests within five business days and work with USA Funds auditors to determine a deadline for providing the requested information. In the event the agreed upon goals are not met, the USA Funds auditor will escalate the request to the next level of Sallie Mae management and copy the audit coordinator and contract manager.

Notes:

1. These guidelines supplement but do not replace the terms and conditions of the Servicing Agreements.
2. In the event there is any conflict or inconsistency between the terms and conditions of these guidelines and the terms and conditions of the Servicing Agreements, then the terms and conditions of the Servicing Agreements shall govern and control unless otherwise agreed to by the parties.

**EXHIBIT H TO THE THIRD RESTATED AND AMENDED
GUARANTEE SERVICES AGREEMENT
FOR UNITED STUDENT AID FUNDS, INC.**

USA Funds Research and Development

A. Components of the Technology Rate Charged Per Hour

I. The Technology Rate for USA Funds R&D is assessed against technology resources staffing the following activities:

- New product (COTS) research, analysis and feasibility studies
- Business Requirements Definition and/or Business Use Cases
- Conceptual and Business System Design and/or Requirements Traceability Matrix
- Prototypes and/or Clickable Demos
- Application Development
- eCommerce
- Unit Test
- String Test
- Global Implementation Activities/PMO Release Management
- Developing content for External User (Customer) Documentation

II. The Technology Rate charged per hour includes the following elements for technology environments that support applications common to both Sallie Mae and USA Funds:

- Business System Support (non-IT resources)
- Technical documentation for IT
- Sallie Mae/USA Funds Business Unit Documentation
- Common or Shared Infrastructure Support, including
 - Disaster Recovery hardware, software, periodic testing for core systems
 - System, network, database, performance/capacity monitoring
 - Operating System and other system infrastructure software
 - Development environment, hardware, software, developer tools
 - Testing environment, hardware, software
 - Information Security
 - Privacy Protection
 - Database Administration, programming, network engineers
 - Performance testing

B. Items To Consider and, If Applicable, Specify and Include in Each Project Work Order

I. Technology environments that are reserved for USA Funds' exclusive product offerings (e.g. USA Funds Connection Portal) and could be included in a Project Work Order.

- Distributed hardware, software, and database licenses and maintenance
- System, network, database, performance, capacity, and monitoring tools
- Operating System/Technology platform and other system software release upgrades and maintenance
- Development environment, hardware, software, and developer tools, if such tools is/are acquired for a specific project and are not a tool selected for the IT enterprise.
- Testing environment, hardware, software
- Architecture design and support
- New product research (COTS), analysis and feasibility studies
- Database administration, system programmers, network engineers, etc.
- Specific to any USA Funds Segmented Network - expenses for the build-out and ongoing support fall into 2 categories
 - Shareable – i.e. infrastructure that makes up the network “backbone” required to isolate a USA Funds product environment (e.g. USA Funds Connection Portal), currently funded by USA Funds at 100%. With USA Funds' agreement, Sallie Mae may elect to move some Sallie Mae web applications to this

segment – at which time Sallie Mae will begin to assume a proportional share of the network support expenses.

- Dedicated – Such expenses include all infrastructure that is dedicated 100% to the support of a USA Funds exclusive product/service offering.
 - Initial capital and all ongoing maintenance expense for hardware & software
 - Staff related expenses associated with the implementation and ongoing support and maintenance.