

GSS DATA SERVICES, INC.

402 West Broadway  
20<sup>th</sup> Floor  
San Diego, CA 92101

February 18, 2016

VIA EMAIL (david.duclos@usbank.com)

U.S. Bank National Association  
Corporate Trust Services-SFS  
One Federal Street  
3<sup>rd</sup> Floor  
Boston, MA 02111  
Attention: David Duclos

**Re: National Collegiate Student Loan Trusts 2003-1, 2004-1, 2004-2, 2005-1, 2005-2, 2005-3 (the "NCSLT Trusts")**

Dear Mr. Duclos

GSS Data Services, Inc. ("GSS"), as administrator for the NCSLT Trusts pursuant to the Administration Agreements (the "Administration Agreements") for the NCSLT Trusts entered into by and among the applicable NCSLT Trust, Wilmington Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee"), U.S. Bank National Association, as indenture trustee (the "Indenture Trustee"), The National Collegiate Funding LLC, as depositor, and GSS, as administrator (in such capacity, the "Administrator"), has today submitted to U.S. Bank National Association a Monthly Issuer Order (each, an "MIO") for each of the NCSLT Trusts. Each MIO contains instructions to pay specified amounts as "Servicing Fees & Expenses" to Odyssey Education Resources LLC ("Odyssey") on the February 25, 2016 Monthly Servicing Payment Date. The expenses purportedly have been incurred by Odyssey pursuant to a Servicing Agreement, dated as of December 30, 2014 (the "Odyssey Servicing Agreement"), among Odyssey, as a servicer, and each of the NCSLT Trusts. The instructions to pay such expenses to Odyssey are being given by the Administrator solely pursuant to directions from the NCSLT Trusts pursuant to an Issuer Order, dated January 20, 2016 (the "Issuer Order"), executed on behalf of the NCSLT Trusts by Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee (a copy of which is attached hereto as Exhibit A), directing the Administrator to cause the payment of certain invoices attached hereto as Exhibit B (the "Invoices") submitted on behalf of Odyssey. Note that the Administrator is not required to indemnify the Indenture Trustee, the NCSLT Trusts or the Owner Trustee under the Administration Agreement when it acts at the instruction of the Issuer (NCSLT Trusts) or the Owner Trustee.

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Absent the Issuer Order, the Administrator would not have submitted the Invoices for payment due to the following unresolved concerns:

### **1. No Evidence of Satisfaction of Rating Agency Conditions.**

None of the NCSLT Trusts have provided the Administrator with evidence that (a) Odyssey has been properly appointed as a “Servicer” pursuant to each of the Indentures (each, an “Indenture”) entered into between the applicable NCSLT Trust and the Indenture Trustee, (b) the Odyssey Servicing Agreement constitutes a “Servicing Agreement” for purposes of the Indentures and (c) the NCSLT Trusts are permitted to pay any fees and expenses to Odyssey under the Odyssey Servicing Agreement as increased “Servicing Fees” for purposes of the Indentures. The Administrator did not participate in, nor was it even notified of, any process to satisfy the Rating Agency Condition (as defined in the corresponding Indenture) with respect to Odyssey or the Odyssey Servicing Agreement.

Each Indenture provides that the Rating Agency Condition must be satisfied for each of the following: (a) the appointment of a new Servicer under an Indenture, (b) the execution and delivery of a new Servicing Agreement between the Issuer and a Servicer under which such Servicer agrees to service Financed Student Loans (as defined in the corresponding Indenture) under an Indenture and (c) an increase in the Servicing Fees paid under an Indenture.

The “Rating Agency Condition” under each Indenture requires that each Rating Agency (as defined in the corresponding Indenture) be provided with 10 days’ prior notice of any proposed action (or such shorter period as shall be acceptable to the Rating Agencies) and that none of the Rating Agencies shall have notified the Administrator, the Indenture Trustee and the Remarketing Agents (as defined in the corresponding Indenture), if applicable, in writing that such action will in and of itself result in a reduction or withdrawal of the then current rating of the notes issued by the corresponding NCSLT Trust (the “Notes”), based upon the review by each such Rating Agency of payment and default performance of the Financed Student Loans, financial information relating to the NCSLT Trust, the Trust Estate, the Guarantee Agency, the Servicers or the Administrator (each as defined in the corresponding Indenture), and such other information that such Rating Agency determines to review.

While the Administrator has been provided with a letter, dated February 4, 2015 (the “NC OWNERS Letter”) from NC OWNERS LLC, the owner of the NCSLT Trusts, and has been copied on an Officer’s Certificate of the Issuer (the “Officer’s Certificate”) and an opinion of Chaitman LLP, special litigation counsel to the NCSLT Trusts (the “Opinion”), each addressed to the Indenture Trustee, stating that the requirements for such Rating Agency Conditions have been satisfied for the execution and delivery of the Odyssey Servicing Agreement, it is unreasonable for the Administrator to merely rely upon statements by an NCSLT Trust, its owner or its counsel that such requirements have been satisfied in connection with approving payments to be made to an entity, Odyssey, that is related to the owners of the NCSLT Trusts. In point of fact, the Administrator cannot legally rely on the Officer’s Certificate or Opinion as it is not an addressee of those documents. Although the Administrator has expressed these concerns

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to NC OWNERS LLC and Chaitman LLP, the Administrator has not been provided with any such evidence of compliance. Further, the NCSLT Trusts have provided written instructions to the Administrator to not engage in any communication with the Rating Agencies concerning or in any way relating to Odyssey; therefore, the Administrator cannot independently verify such compliance. In addition, the Administrator never received any requests from the NCSLT Trusts or the Rating Agencies for the information required to be provided to the Rating Agencies in connection with satisfying a Rating Agency Condition, nor has it been provided with any evidence that each Rating Agency determined that it did not need to review such information in connection with the satisfaction of the Rating Agency Condition.

None of the NC OWNERS Letter, the Officer's Certificate or the Opinion addressed the payment of the fees and expenses to Odyssey as increased "Servicing Fees" pursuant to each Indenture. Section 3 of the Odyssey Servicing Agreement provides that "any Servicing Fee and other fees and expenses payable under [the Odyssey Servicing] Agreement to [Odyssey] shall be a "Servicing Fee" for purposes each of the Indentures." The definition of "Servicing Fee" in each Indenture provides that the Servicing Fee "may be increased upon satisfying the Rating Agency Condition." To date, the NCSLT Trusts have not provided the Administrator with any evidence that the Rating Agency Condition has been satisfied with respect to the payment of any Servicing Fee and other fees and expenses payable under the Odyssey Servicing Agreement.

### **2. The Odyssey Servicing Agreement Conflicts with the Existing Special Servicing Agreement.**

All of the delinquent and defaulted Financed Student Loans owned by the NCSLT Trusts are presently required to be serviced by U.S. Bank National Association, as the backup special servicer (the "Backup Special Servicer"), pursuant to the Special Servicing Agreement, dated as of March 1, 2009 (the "Special Servicing Agreement"), among First Marblehead Education Resources, Inc., the Backup Special Servicer and the NCSLT Trusts. The Odyssey Servicing Agreement purports to provide many of the same services being performed by the Backup Special Servicer, and both of the Special Servicing Agreement and the Odyssey Servicing Agreement provide for servicing Financed Student Loans owned by the NCSLT Trusts that are more than 30 days delinquent. As all of the Financed Student Loans owned by the NCSLT Trusts that are more than 30 days delinquent are presently required to be serviced by the Backup Special Servicer, there are no Financed Student Loans available for Odyssey to service pursuant to the Odyssey Servicing Agreement, and for which it could request reimbursement for expenses.

If Odyssey is intending to service any delinquent and defaulted Financed Student Loans that are currently required to be serviced by the Backup Special Servicer pursuant to the Special Servicing Agreement, then Odyssey is required to satisfy the requirements of Section 6(E) of the Special Servicing Agreement with respect to the replacement of the Backup Special Servicer, which requirements are also identical to the requirements for replacing Odyssey pursuant to Section 6(D) of the Odyssey Servicing Agreement. Each of the Special Servicing Agreement and the Odyssey Servicing Agreement provides that the replacement of the Backup Special Servicer or Odyssey, as applicable, requires a written confirmation from each Rating Agency

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(other than Fitch, Inc.) that such appointment will not result in a reduction or withdrawal of the then current rating of the Notes. No such written confirmations have been provided to the Administrator.

**3. The Administrator Is Not Aware of any Services being Performed by Odyssey with Respect to Any of the Financed Student Loans.**

The Administrator is not aware of any services that Odyssey is performing with respect to any of the Financed Student Loans owned by the NCSLT Trusts. The Administrator has had no interaction with Odyssey with respect to the servicing of any Financed Student Loans, and Odyssey has never made a deposit of collections on any Financed Student Loans into any Collection Account established pursuant to an Indenture. Further, the NCSLT Trusts have provided written instructions to the Administrator to not engage in any communication with the Pennsylvania Higher Education Assistance Agency, the servicer for the Financed Student Loans, concerning or in any way relating to Odyssey; therefore, the Administrator cannot independently verify whether Odyssey is performing any services with respect to the Financed Student Loans.

**4. The Invoices Do Not Comply with the Administrator's Standards for Backup Documentation.**

On December 8, 2015, Lance Gotthoffer, Esq. of Chaitman LLP, submitted Invoices covering each calendar month in 2015, and Odyssey has subsequently submitted Invoices for the months of January and February 2016 (the February 2016 Invoices are not included in the MIOs). Although each invoice purports to bill the corresponding NCSLT Trust for the reimbursement of expenses for a particular calendar month, each Invoice is dated the first day of such month and is due on the last day of such month. It was unclear to the Administrator how Odyssey would know the exact amount of its expenses for the entire month on the first day of such month. Also, other than the December 2015 and January 2016 Invoices, all of the Invoices submitted were well past their purported due dates (and none of the pre-December 2015 Invoices had previously been submitted to the Administrator for payment), raising questions as to whether such expenses had truly been incurred. The Administrator requires that all invoices submitted to the Administrator for the reimbursement of expenses include backup documentation evidencing that such expenses were incurred by the entity to be reimbursed with respect to services provided pursuant to its agreement with the NCSLT Trusts, and the Administrator has consistently applied such a requirement to all such requests. The Invoices submitted on behalf of Odyssey did not contain any backup documentation evidencing that Odyssey incurred the requested reimbursements in connection with servicing of Financed Student Loans, and Odyssey refused to provide such documentation when requested to do so by the Administrator. Approving such a payment is inconsistent with the Administrator's standard practice of requiring backup documentation for the reimbursement of expenses, however, the Administrator is acting on the Issuer Order which specifically directs payment of the Invoices.

**5. The Odyssey Servicing Agreement Provides for the Sale of Financed Student Loans at Less than their Fair Market Value.**

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As the Odyssey Servicing Agreement provides for the sale of defaulted Financed Student Loans to Odyssey at less than the fair market value thereof, a possibility which was not disclosed to holders of the Notes at the times the Notes were issued by the NCSLT Trusts, the execution and delivery of the Odyssey Servicing Agreement may violate the terms of the Indentures unless the consent of the holders of the Notes to the Odyssey Servicing Agreement is obtained. Releases of Financed Student Loans from the Indentures at less than their fair market values pursuant to such a provision would expose the NCSLT Trusts, as well as the Indenture Trustee and the Administrator, to potential claims from the holders of the Notes.

Should you have any comments or question concerning the above, please do not hesitate to call.

Sincerely,

GSS DATA SERVICES, INC.

By: 

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Ryan Gray, Vice President