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November 24, 2004

**VIA FACSIMILE AND REGULAR MAIL**

U.S. Securities and Exchange Commission  
Division of Investment Management  
Office of Chief Counsel  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0506

**Re: Amended and Restated No-Action Letter Request  
College and University Facility Loan Trust One (File No. 811-05291)  
College and University Facility Loan Trust Two (File No. 811-05506)  
Sarbanes Oxley Act of 2002: Section 302  
Investment Company Act: Section 30  
Investment Company Act: Rules 30a-2, 30a-3 and 30b2-1**

Ladies and Gentlemen:

We are writing on behalf of our clients College and University Facility Loan Trust One ("Trust One") and College and University Facility Loan Trust Two ("Trust Two") (collectively, the "Trusts"), to submit this Amended and Restated No-Action Letter Request that was originally filed with the Securities and Exchange Commission ("Commission") on December 12, 2003. We are requesting that the staff of the Division of Investment Management of the Commission ("Division") confirm that, in the circumstances described herein, it will not recommend any enforcement action if the Trusts (i) file a modified certification pursuant to Section 30 of the Investment Company Act of 1940 (the "Investment Company Act") and Rule 30a-2 in connection with the Trusts' filings on its semi-annual reports on Form N-CSR and on its quarterly schedule of portfolio holdings reports on Form N-Q, forms of which are attached hereto as Exhibit A and Exhibit B, respectively; and (ii) do not maintain disclosure controls and procedures and internal control over financial reporting (in each case, as defined in Rule 30a-3) or include the information required by Rule 30a-3 in the reports filed by the Trusts under Section 30 of the Investment Company Act.

U.S. Securities and Exchange Commission  
November 24, 2004  
Page 2

## I. BACKGROUND

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), was adopted, in part, to enhance the quality of the process of gathering and providing information by operating companies and registered management investment companies. Section 302(a) of the Sarbanes-Oxley Act requires that the Commission, by rule, require the principal executive officer and principal financial officer (or their functional equivalents) of a company that files reports under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") to make the certification required by Section 302(a). The Commission has extended the certification requirement to registered management investment companies, regardless of whether they are subject to Section 13(a) or 15(d) of the Exchange Act. See Investment Company Act Release No. 25914 (January 27, 2003) at note 18. The Trusts are required to file these certifications in each semi-annual report on Form N-CSR and quarterly schedule of portfolio holdings reports on Form N-Q that they file under the Investment Company Act. In addition, Rule 30a-3 requires registered management investment companies to maintain disclosure controls and procedures and internal control over financial reporting. Registrants are also required to disclose the conclusions of their principal executive and principal financial officers, or persons performing similar functions, regarding the effectiveness of the registrant's disclosure controls and procedures and changes in the registrant's internal control over financial reporting in their semi-annual reports on Form N-CSR and quarterly schedule of portfolio holdings reports on Form N-Q.

Rules 13a-14(g) and 15d-14(g) define an asset-backed issuer as (i) any issuer whose reporting obligation results from the registration of securities it issued, (ii) that are primarily serviced by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, (iii) that by their terms convert into cash within a finite time period, (iv) plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders. The regulatory regime for asset-backed securities differs from that of registered investment companies. For instance, asset-backed issuers are permitted to file specially tailored certifications under Rules 13a-14(d) and 15d-14(d) under the Exchange Act and Section 302 of the Sarbanes-Oxley Act, and are not required to include the information required by Items 307 and 308 of Regulation S-K, relating to disclosure controls and procedures and internal control over financial reporting, in their reports required to be filed under the Exchange Act. Issuers of asset-backed securities are subject to reporting requirements that reflect that they are typically passive pools of assets, without a board of directors or persons acting in a similar capacity. Issuers of asset-backed securities generally file modified periodic reports that do not contain financial statements. See Certification of Disclosure in Companies' Quarterly and Annual Reports, Investment Company Act Release No. 25722 (August 29, 2002) (hereinafter "Release 25722"); see also Management's Reports on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, Investment Company Act Release No. 26068 (June 5, 2003) (hereinafter "Release 26068"); and Rule 13a-15 and Rule 15d-15. The Trusts prepare financial statements because the Trusts registered as investment companies with the Commission prior to the adoption of Rule 3a-7 under the Investment Company Act. As described in more detail below, the Trusts have many features in common with asset-backed issuers. In our view, the Trusts meet the current definition of an asset-backed issuer under the

U.S. Securities and Exchange Commission  
November 24, 2004  
Page 3

Exchange Act and, if adopted, would meet the proposed definition in Item 1101 of proposed Regulation AB (Release No. 34-49644), but for the proposed exclusion for investment companies.

We note that the staff of the Division of Corporation Finance has granted relief from the certification requirements under Section 302 of the Sarbanes-Oxley Act and the disclosure required by Item 307 of Regulation S-K to securitization trusts with assets and structures substantially similar to asset-backed issuers (Mitsubishi Motors Credit of America, Inc. (March 27, 2003)); liquidation trusts (Hechinger Liquidation Trust (May 15, 2003)); and royalty trusts (Bank of America, N.A. (November 13, 2002)). Although we are not aware of any similar relief granted by the Division, we think that such relief is appropriate where, as here, the assets and structure of the registrant are substantially similar to an asset-backed issuer.

We set forth below a discussion of the assets and structure of the Trusts. We note that the assets and structure of the Trusts, which were registered in 1988, are substantially similar to the assets and structure of many recent asset-backed issuers for which relief from the certification and disclosure requirements described above has been granted. We believe that, as a result of these similarities, the requested position is consistent with the public interest, the protection of investors, the purposes of the Sarbanes-Oxley Act and Rules 30a-2 and 30a-3 of the Investment Company Act.

## II. DISCUSSION

The Trusts are Massachusetts business trusts. Trust One and Trust Two were established pursuant to declarations of trust (as amended from time to time) on September 10, 1987 and March 11, 1988, respectively, by the Bank of Boston, succeeded by U.S. Bank ("Owner Trustee"), not in its individual capacity but solely as Owner Trustee. The Owner Trustee acts as the manager of the Trusts. The Trusts are registered under the Investment Company Act as diversified, closed-end, management investment companies.

The Trusts were formed for the sole purpose of raising funds through the issuance of certain sequential pay bonds ("Bonds"). The Trusts registered and issued sequential pay bonds pursuant to a Registration Statement on Form N-2 under the Securities Act of 1933, as amended (the "1933 Act"), and under the Investment Company Act. The Trusts each acquired a fixed portfolio of loans from the United States Department of Education ("Education") that were made by Education to various postsecondary educational institutions located in the U.S. (collectively the "Loans") in exchange for all of the certificates of beneficial interest ("Certificates") in the net assets of the Trusts and the net proceeds from the sale of the Bonds. The transfer of the Loans to the Trusts was absolute and without recourse to Education. The assets of the Trusts consist of the Loans and proceeds of the Loans.

The Trusts are single purpose, passive entities that do not engage in any business or activity other than holding the Loans and certain closely related activities, such as paying related expenses and distributing cash dividends to holders of the Certificates. The Trusts do not have principal executive officers or principal financial officers, nor do the Trusts have a board of directors from which to form an audit committee. Pursuant to orders from the Commission, the Trusts are exempt from certain provisions of the Investment Company Act because of the unique nature of the Trusts.

U.S. Securities and Exchange Commission  
November 24, 2004  
Page 4

The Trusts are passive, closed-end management investment companies that operate without the traditional methods of management (no board of directors) and investment. *See* College and University Facility Loan Trust, Investment Company Act Release No. 15903 (July 31, 1987) (notice); Investment Company Act Release No. 15990 (September 18, 1987) (order); College and University Facility Loan Trust Two, Investment Company Act Release No. 16366 (April 14, 1988) (notice); Investment Company Act Release No. 16388 (May 2, 1988) (order). The Trusts are pass-through entities similar to asset-backed issuers or royalty trusts. The Trusts receive cash payments throughout the year from the Loans and the Owner Trustee pays all of the expenses of the Trusts and the Trustee distributes cash dividends to holders of the Certificates on a semi-annual basis. Pursuant to no-action letters received by Trust One (January 6, 1988) and Trust Two (May 27, 1988), the Trusts are permitted to utilize the “amortized cost method of accounting” for financial reporting purposes with respect to the valuation of the Loans. Part of the basis for not requiring the Trusts to use the mark-to-market method of accounting with respect to the Loans was that, unlike most registered management investment companies, the Loans owned by the Trusts are not marketable securities which are bought and sold as market conditions change. The Trusts are not a party to any trading of the Certificates or the Bonds.

The Bonds constitute “full recourse” obligations of the Trusts. The collateral securing the Bonds consists primarily of the collateral security for the Loans and funds held under the applicable indenture (the “Trusts Indenture”) and the investment agreements. The Loans were originated by or previously assigned to Education under the College Housing Loan Program or the Academic Facilities Loan Program. The Loans, which have been assigned to J.P. Morgan Trust Company, N.A., as successor to Bank One Trust Company, NA, formerly The First National Bank of Chicago (the “Bond Trustee”), are secured by various types of collateral, including mortgages on real estate, general recourse obligations of the borrowers, pledges of securities and pledges of revenues. Payments on the Loans are invested by the Bond Trustee in various fund accounts and are invested in short term permitted investments under investment agreements so as to be available for each bond payment date (or other applicable payment due date) as specified in the Trusts Indenture. All payments on the Bonds are made from the proceeds of the Loans and any earnings thereon.

The Trusts will hold the Loans to maturity (except for permitted substitutions). The Trusts are prohibited by the Trusts Indenture from selling the Loans, incurring any indebtedness or issuing new Bonds or other debt securities. Therefore, the holders of the Bonds look solely to cash flows on the Loans for repayment of the Bonds. The Loans are administered by a third party servicer under a servicing agreement, and collections are paid by the servicer to the Bond Trustee.

Generally, after the discharge of the Trusts Indenture, the Trusts shall continue until all principal of and interest on all of the Bonds shall have been paid in full, at which time any remaining trust property, net of appropriate expenses, will be distributed by the Owner Trustee to the holders of the Certificates.

If the Trusts were formed today, the Trusts would qualify for an exclusion from registration under the Investment Company Act as an issuer of asset-backed securities pursuant to Rule 3a-7 of the Investment Company Act. However, the Trusts were registered in 1987-1988, prior to the

U.S. Securities and Exchange Commission  
November 24, 2004  
Page 5

adoption of Rule 3a-7. (See Investment Company Act Release No. 19105 (November 27, 1992)) The temporary investment of Loan proceeds pending distribution to security holders, described above, is incidental to the Trusts' business of holding and disposing of fixed-income securities. The Trusts would incur significant costs if the Trusts were required to deregister under the Investment Company Act, and the Trusts would still be required to file the applicable periodic reports to comply with the Investment Company Act's reporting provisions pursuant to covenants included in their trust agreements. In addition, an amendment of these covenants would require obtaining the consent of the holders of two-thirds of the aggregate principal amount of the Bonds outstanding, which the Owner Trustee has determined would be cost prohibitive, and there can be no guarantee that such consents would be obtained.

Pursuant to our conversations with the Staff, we have attached hereto as Exhibit A the proposed form of Section 302 certification that the Trusts would intend to file with all of the semi-annual Form N-CSR that would be executed by an officer of the Owner Trustee. Certifications 1 through 3 are based on the requirements for Form N-CSR. Certifications 4 through 6 are based on certifications 3 through 5 for issuers of asset-backed securities. In addition, we have also attached hereto as Exhibit B a proposed form of Section 302 certification that the Trusts would intend to file with all of the quarterly schedule of portfolio holding reports on Form N-Q.

The Division has previously provided telephone guidance confirming that it will not recommend any enforcement action with respect to the filing of the Form N-CSR if the Trusts (i) file a modified certification pursuant to Section 30 of the Investment Company Act and Rule 30a-2; and (ii) do not maintain disclosure controls and procedures (as defined in Rule 30a-3) or include the information required by Rule 30a-3 in the reports filed by the Trusts under Section 30 of the Investment Company Act. At the time the Trusts received this guidance, the Division was still considering the Trusts' requested relief from the requirement to maintain internal control over financial reporting. Based upon our recent discussions with the Division, we understand the Division plans to grant our requested relief with respect to the internal control over financial reporting requirement. This Amended and Restated No-Action Letter reflects the series of discussions with the Division on this and other points.

We believe that it is also appropriate and consistent to include requested relief relating to the Form N-Q in this Amended and Restated No-Action Letter Request. Specifically, the disclosure relating to controls and procedures and the separate certification requirements associated with the Form N-Q are identical in all material respects to the requirements under the Form N-CSR. Specifically, the disclosure under Item 2., Controls and Procedures, on the Form N-CSR. The separate certification required in connection with filing the Form N-Q is tailored to reflect the quarterly schedule of portfolio holdings information required to be disclosed on the Form N-Q, but the certification contains no material differences from the certification required on the Form N-CSR. We have attached hereto a form of this proposed certification as Exhibit B which is consistent with the modified certification filed with the Trusts' Form N-CSR, except that certifications 1 and 3 have been modified to refer to Form N-Q and to reflect the quarterly reporting period. Under the proposed form of certification relating to the Form N-Q filings, the Trusts would be required to disclose on a quarterly basis material information related to the servicer fulfilling its obligations under the

U.S. Securities and Exchange Commission  
November 24, 2004  
Page 6

servicing agreement and all significant deficiencies relating to the servicer's compliance with the minimum servicing standards described in the proposed certification.

In our view, the proposed certifications are appropriate due to the hybrid nature of the Trusts as registered investment companies which are substantially similar to asset-backed issuers under the Exchange Act. The proposed certification is (i) consistent with the certification required of asset-backed issuers and (ii) includes certifications relating to the financial statements and other financial information included in the semi-annual Form N-CSR. In addition, the Trusts have agreed to file as exhibits with each Form N-CSR and Form N-Q filing the following: (i) the Annual Compliance Statement of the Servicer and the Attestation Report of the Independent Accountant (both dated as of the respective calendar year) and (ii) a copy of any servicing or distribution report received by the Owner Trustee with respect to the period covered by the Form N-CSR or Form N-Q which was required to be provided by the applicable Trust's servicing agreement. The distribution or servicing information is provided to the Bond Trustee and Owner Trustee of the Trust on a quarterly basis. The annual compliance statement from the servicer and the attestation report provided by the independent public accountant cover the servicing standards for the entire calendar year and would be made annually at the end of each calendar year, and not in conjunction with every filing that a Trust makes on Form N-CSR or Form N-Q. We have been advised that obtaining mid-year attestation reports by independent public accountants specifically for the Trusts would be prohibitively expensive and impractical as the Trusts' report is prepared in conjunction with an annual review of other third-party trusts. The modified certifications and exhibits filed by the Trusts provide a reasonable substitute for certifying to disclosure controls and procedures and internal control over financial reporting, as reflected by the Commission's proposed release on Regulation AB.

### **III. RELIEF REQUESTED**

Based upon the foregoing, the Trusts hereby respectfully request that the Staff agree that it will not recommend enforcement action if the Trusts (i) file a modified certification pursuant to Section 30 of the Investment Company Act and Rule 30a-2 in connection with the Trusts filings on its semi-annual reports on Form N-CSR and on its quarterly schedule of portfolio holdings reports on Form N-Q; and (ii) do not maintain disclosure controls and procedures and internal control over financial reporting (in each case, as defined in Rule 30a-3) or include the information required by Rule 30a-3 in the reports filed by the Trusts under Section 30 of the Investment Company Act. Should the Commission adopt amended certification requirements for asset-backed issuers, the Owner Trustee will contact the Staff to discuss obtaining additional no-action assurances.

This no-action letter request is an amended and restated request pursuant to the original request filed with the Commission on December 19, 2003 (as amended).

We are available to discuss this matter further should the Staff wish any additional information. In this regard, please feel free to contact me at (202) 585-8535. If the Staff believes that it is unable to concur with the conclusions expressed in this letter, we request the opportunity to confer with the Staff prior to a written response to this letter.

NIXON PEABODY LLP

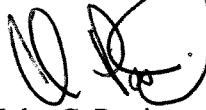
U.S. Securities and Exchange Commission

November 24, 2004

Page 7

In accordance with Securities Act Release No. 6269, enclosed are seven additional copies of this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John C. Partigan', written over a circular stamp or mark.

John C. Partigan

Enclosure

Exhibit A

Form Certification

I, [Officer of Owner Trustee], certify that:

1. I have reviewed this report on Form N-CSR of the [Registrant];
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. Based on my knowledge, the distribution or servicing information required to be provided to the trustee by the servicer under the pooling and servicing, or similar, agreement, for inclusion in these report is included in this report;
5. Based on my knowledge and upon the annual compliance statement included in the report and required to be delivered to the trustee in accordance with the terms of the pooling and servicing, or similar, agreement, and except as disclosed in this report, the servicer has fulfilled its obligations under the servicing agreement; and
6. The report discloses all significant deficiencies relating to the servicer's compliance with the minimum servicing standards based upon the report provided by an independent public accountant, after conducting a review in compliance with the Uniform Single Attestation Program for Mortgage Bankers or similar procedure, as set forth in the pooling and servicing, or similar, agreement, that is included in this report.

In giving the certifications above, I have reasonably relied on information provided to me by the following unaffiliated parties: [GMAC Commercial Mortgage Corporation and J.P. Morgan Trust Company National Association.]

Date: \_\_\_\_\_

\_\_\_\_\_  
[Officer Owner Trustee]  
[Title]



Exhibit B

Form Certification

I, [Officer of Owner Trustee], certify that:

1. I have reviewed this report on Form N-Q of the [Registrant];
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. Based on my knowledge, the distribution or servicing information required to be provided to the trustee by the servicer under the pooling and servicing, or similar, agreement, for inclusion in these reports is included in this report;
5. Based on my knowledge and upon the annual compliance statement included in the report and required to be delivered to the trustee in accordance with the terms of the pooling and servicing, or similar, agreement, and except as disclosed in this report, the servicer has fulfilled its obligations under the servicing agreement; and
6. The report discloses all significant deficiencies relating to the servicer's compliance with the minimum servicing standards based upon the report provided by an independent public accountant, after conducting a review in compliance with the Uniform Single Attestation Program for Mortgage Bankers or similar procedure, as set forth in the pooling and servicing, or similar, agreement, that is included in this report.

In giving the certifications above, I have reasonably relied on information provided to me by the following unaffiliated parties: [GMAC Commercial Mortgage Corporation and J.P. Morgan Trust Company National Association.]

Date: \_\_\_\_\_

\_\_\_\_\_  
[Officer Owner Trustee]  
[Title]