OFFERING MEMORANDUM

$666,000,000

CIT EDUCATION LOAN TRUST 2009-1

Issuing Entity

Education Loan Backed Notes, Series 2009-1

EDUCATION LENDING SERVICES, INC.
Administrator and Master Servicer

EDUCATION FUNDING RESOURCES, LLC
Seller

We are offering our notes in the following class:

Class	Original Principal Amount	Interest Rate	Stated Maturity Date
Class A Notes	$ 666,000,000	3-month LIBOR plus 0.75%	March 25, 2039

The notes will be secured by student loans made to students and parents of students under the Federal Family Education Loan Program (FFELP). Interest and principal will be distributable to the noteholders quarterly on the 25th day of each March, June, September and December (or if such day is not a business day, the next business day), beginning in September 2009.

Credit enhancement for the notes consists of excess interest on the student loans, overcollateralization, the reserve fund and the capitalized interest account.

For each interest accrual period, LIBOR will be determined as set forth in this offering memorandum under "*DESCRIPTION OF THE NOTES—Determination of LIBOR*".

On any distribution date, at the direction of the administrator, with the consent of the majority excess distribution certificateholders, the issuing entity may redeem all, but not less than all, of the outstanding notes, as described herein under "*DESCRIPTION OF THE NOTES—Optional Redemption*". Any such redemption will result in a prepayment in full of the notes on such distribution date.

The notes are issued by the issuing entity and constitute obligations of the issuing entity payable solely from the student loans and other assets of the issuing entity. The notes are not obligations of Education Lending Services, Inc., Education Funding Resources, LLC, or any of their affiliates, except the issuing entity.

This document constitutes a prospectus (the "Prospectus") for the purposes of Directive 2003/71/EC (the "Prospectus Directive"). References throughout this document to the "Offering Memorandum" shall be taken to read "Prospectus" for such purpose. The Prospectus has been approved by the Irish Financial Services Regulatory Authority (the "Financial Regulator") as competent authority under the Prospectus Directive. The Financial Regulator only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Application has been made to The Irish Stock Exchange Limited for the notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that this listing will be obtained. The issuance and settlement of the notes are not conditioned on the listing of the notes on The Irish Stock Exchange Limited.

No person has been authorized to give any information or to make any representations other than those contained in this offering memorandum and, if given or made, such information or representations must not be relied upon. This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any securities other than the notes listed above or an offer of such notes to any person in any state or other jurisdiction in which such offer would be unlawful. The delivery of this offering memorandum at any time does not imply that the information herein is correct as of any time subsequent to its date.

You should carefully consider the risk factors beginning on page 14 of this offering memorandum.

Citi

Initial Purchaser

September 16, 2009

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APPENDIX A: GLOSSARY OF DEFINED TERMS A-1

IMPORTANT NOTICE ABOUT THE INFORMATION PRESENTED IN THIS OFFERING MEMORANDUM

This offering memorandum describes the specific terms of the notes being offered hereby. You are urged to read this offering memorandum in full to obtain information concerning the notes.

Unless otherwise indicated, references in this offering memorandum to:

- "the Class A notes" or "the notes" refers to the Class A notes offered pursuant to this offering memorandum;
- "student loans" or "FFELP loans" refers to loans made under the Federal Family Education Loan Program to students and parents of students;
- "we," "us," "our," "the trust" and "the issuing entity" refer to CIT Education Loan Trust 2009-1, the issuer of the notes;
- "you" refers to investors in the notes;
- "indenture" refers to the Indenture of Trust among the issuing entity, the indenture trustee and the eligible lender trustee, which authorized the issuance of the notes;
- "seller" refers to Education Funding Resources, LLC, the seller of the student loans;
- "master servicer" refers to Education Lending Services, Inc., the master servicer of the student loans; and
- "initial purchaser" refers to Citigroup Global Markets Inc., the initial purchaser for the notes.

Additional terms used in this offering memorandum are defined in the Glossary of Defined Terms attached as Appendix A to this offering memorandum, which is incorporated herein as part of this offering memorandum.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING MEMORANDUM HAS BEEN PREPARED BY THE SELLER. NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE A REPRESENTATION OR WARRANTY BY THE INITIAL PURCHASER OR ANY PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE ISSUING ENTITY, THE STUDENT LOANS OR THE NOTES.

IT IS EXPECTED THAT INVESTORS INTERESTED IN PURCHASING THE NOTES WILL CONDUCT THEIR OWN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE NOTES. REPRESENTATIVES OF THE SELLER WILL BE AVAILABLE TO ANSWER QUESTIONS FROM INVESTORS INTERESTED IN PURCHASING NOTES CONCERNING THE NOTES, THE ISSUING ENTITY AND THE STUDENT LOANS AND WILL MAKE AVAILABLE UPON REQUEST, BUT WITHOUT UNREASONABLE EFFORT OR EXPENSE, SUCH OTHER INFORMATION AS INVESTORS MAY REASONABLY REQUEST. INVESTORS ARE STRONGLY URGED TO REVIEW THIS OFFERING MEMORANDUM.

THE NOTES DO NOT REPRESENT AN OBLIGATION OF OR INTEREST IN THE INITIAL PURCHASER, THE SELLER, THE ISSUING ENTITY, THE MASTER SERVICER, THE SUBSERVICER, THE OWNER TRUSTEE, THE INDENTURE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE NOTES WILL BE OFFERED BY THE INITIAL PURCHASER WHEN, AS, AND IF ISSUED, SUBJECT TO PRIOR SALE OR WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE AND SUBJECT TO THE APPROVAL OF CERTAIN LEGAL MATTERS BY COUNSEL AND CERTAIN OTHER CONDITIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS AND ARE BEING OFFERED ONLY TO PERSONS THAT ARE (A) IN THE UNITED STATES, "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY RULE 144A AND (B) OUTSIDE THE UNITED STATES, TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS PURSUANT TO RULES 901 THROUGH 905 OF THE SECURITIES ACT ("REGULATION S"). ACCORDINGLY, THE NOTES WILL NOT BE TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED HEREIN. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO TRANSFER OF A NOTE SHALL BE MADE UNLESS SUCH TRANSFER IS NOT SUBJECT TO REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE OR FOREIGN SECURITIES LAWS. IF AN INVESTOR DESIRES TO TRANSFER A NOTE, PROSPECTIVE TRANSFEREES WILL BE DEEMED TO MAKE CERTAIN REPRESENTATIONS WITH RESPECT TO THEIR ABILITY TO INVEST IN THE NOTES AS SET FORTH IN AN INVESTMENT LETTER, FORMS OF WHICH ARE ATTACHED TO THE INDENTURE.

IF A FOREIGN PURCHASER IS ACQUIRING A NOTE, OR AN INTEREST THEREIN, IN RELIANCE ON REGULATION S, SUCH INVESTOR BY ITS ACQUISITION THEREOF IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) UNTIL THE EXPIRATION OF THE "DISTRIBUTION COMPLIANCE PERIOD" WITHIN THE MEANING OF REGULATION S, ANY OFFER, SALE, PLEDGE OR OTHER TRANSFER THEREOF SHALL NOT BE MADE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) AND (B) IF A NOTE IS TRANSFERRED TO A HOLDER WITHIN THE UNITED STATES OR SUCH HOLDER IS A U.S. PERSON, SUCH NOTE SHALL BE ACQUIRED BY A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE NOTES OFFERED HEREBY OR AN OFFER OF SUCH NOTES TO ANY PERSON IN

ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER WOULD BE UNLAWFUL. THE DELIVERY OF THIS OFFERING MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

THIS DOCUMENT CONSTITUTES THE PROSPECTUS AND IS PROVIDED SOLELY FOR THE PURPOSE OF THE APPLICATION TO THE IRISH STOCK EXCHANGE LIMITED FOR THE NOTES TO BE ADMITTED TO THE OFFICIAL LIST AND TRADING ON ITS REGULATED MARKET AND SHALL NOT BE USED OR DISTRIBUTED FOR ANY OTHER PURPOSES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE NOTES. ANY SUCH OFFER OR SOLICITATION MAY ONLY BE MADE ON THE BASIS OF THE OFFERING MEMORANDUM DATED JUNE 26, 2009 RELATING TO, AND PREPARED IN CONNECTION WITH THE OFFER AND SALE OF, THE NOTES.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE SELLER, THE ISSUING ENTITY, THE MASTER SERVICER, THE SUBSERVICER, OR THE INITIAL PURCHASER OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING, REGULATORY OR TAX ADVICE. PRIOR TO PURCHASING ANY NOTES, A PROSPECTIVE PURCHASER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, ACCOUNTING, REGULATORY AND TAX ADVISORS TO DETERMINE THE APPROPRIATENESS AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES IN ITS SPECIFIC CIRCUMSTANCES AND ARRIVE AT AN INDEPENDENT EVALUATION OF THE INVESTMENT BASED, AMONG OTHER THINGS, ON ITS OWN VIEWS AS TO THE RISKS ASSOCIATED WITH THE STUDENT LOANS, WHICH WILL AFFECT THE RETURN ON THE NOTES.

NOTWITHSTANDING ANY OTHER EXPRESS OR IMPLIED AGREEMENT TO THE CONTRARY, THE ISSUING ENTITY, THE SELLER, THE MASTER SERVICER, THE SUBSERVICER, THE INITIAL PURCHASER, AND EACH RECIPIENT HEREOF AGREE THAT EACH OF THEM AND EACH OF THEIR EMPLOYEES, REPRESENTATIVES, AND OTHER AGENTS MAY DISCLOSE, IMMEDIATELY UPON COMMENCEMENT OF DISCUSSIONS, TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE ISSUING ENTITY AND THE ISSUANCE OF THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO ANY OF THEM RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

IRISH STOCK EXCHANGE INFORMATION

IN CONNECTION WITH THE PROPOSED LISTING OF THE NOTES ON THE OFFICIAL LIST OF THE IRISH STOCK EXCHANGE LIMITED, THE SELLER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. TO THE BEST OF THE SELLER'S KNOWLEDGE, HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS IN

ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

REFERENCE IN THIS OFFERING MEMORANDUM TO ANY WEBSITE ADDRESSES SET FORTH IN THIS OFFERING MEMORANDUM WILL NOT BE DEEMED TO CONSTITUTE A PART OF THIS OFFERING MEMORANDUM IN CONNECTION WITH THE LISTING OF THE NOTES.

IRS CIRCULAR 230 NOTICE

THE DISCUSSIONS CONTAINED IN OR CROSS REFERENCED BY THIS OFFERING MEMORANDUM AS TO TAX CONSIDERATIONS ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL INCOME TAX PENALTIES. SUCH DISCUSSIONS ARE WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION ADDRESSED IN THIS OFFERING MEMORANDUM. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE FOREGOING DISCLAIMER HAS BEEN PROVIDED TO SATISFY OBLIGATIONS UNDER CIRCULAR 230, GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE.

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OFFERING MEMORANDUM SUMMARY

The following summary highlights selected information about the notes and may not contain all of the information that you may find important in making your investment decision. It provides only an overview to aid your understanding and is qualified by the full description of the information contained in this offering memorandum. You should read this entire offering memorandum before deciding whether to purchase any of the notes.

Principal Parties

• Issuing Entity	CIT Education Loan Trust 2009-1.
• Seller	Education Funding Resources, LLC.
• Administrator and Master Servicer	Education Lending Services, Inc.
• Subservicer	Education Loan Servicing Corporation, d/b/a Xpress Loan Servicing (“XLS”).
• Guarantor	Pennsylvania Higher Education Assistance Agency (“PHEAA”).
• Originators	Although the student loans were originated or acquired by Education Funding Resources, LLC or one or more of its affiliates, the identity of the actual originator of any particular student loan is not material, as the requisite underwriting criteria are in all cases prescribed by the Higher Education Act of 1965, as amended (the “Higher Education Act”).
• Owner Trustee	BNY Mellon Trust of Delaware.
• Indenture Trustee and Paying Agent	Manufacturers and Traders Trust Company (“M&T”).
• Eligible Lender Trustee	Manufacturers and Traders Trust Company (“M&T”).
• Initial Purchaser	Citigroup Global Markets Inc.

The Notes

The issuing entity is offering the Class A LIBOR Floating Rate Education Loan Backed Notes, in the amount of $666,000,000.

Dates

Closing Date. The closing date for this offering is on or about June 26, 2009.

Cut-off Date. The cut-off date for the student loans will be June 26, 2009. The issuing entity will be entitled to receive all collections and proceeds on the student loans held by the issuing entity on and after the cut-off date.

Statistical Cut-off Date. In this offering memorandum, we have presented information relating to a portfolio of student loans that we intend to acquire on the closing date. Information relating to this portfolio of student loans is as of the statistical cut-off date, which is the close of business on April 30, 2009. We believe that the information set forth in this offering memorandum with respect to those student loans as of the statistical cut-off date is representative of the characteristics of those student loans as they will exist at the date on which we acquire them, although certain characteristics of the student loans may vary.

Distribution Dates. The distribution dates for the notes are the 25th of each March, June, September and December, beginning in September 2009. If the 25th day of any March, June, September or December is not a business day, the distribution date will be the next business day.

Monthly Expense Payment Dates. On or prior to the 25th day of each month (or, if the 25th day of any month is not a business day, the next business day) beginning in July 2009, the administrator will instruct the indenture trustee to pay certain expenses related to the notes and the student loans held by the issuing entity, including, consolidation loan rebate fees and floor income rebate fees to the United States Department of Education (the "Department of Education"), aggregate master servicing fees, the fees of M&T as indenture trustee and as the eligible lender trustee. See "*DESCRIPTION OF THE NOTES—Distributions—Distributions on each Monthly Expense Payment Date*". We refer to the day of each month on which those fees are required to be paid as the "monthly expense payment date". We refer to those fees, as well as the fees of the administrator and the owner trustee as the "issuing entity fees". See "*—Issuing Entity Fees*". The issuing entity fees will be paid prior to distributions of principal and interest on the notes.

Record Dates. Interest and principal will be payable to holders of record as of the close of business on the record date, which is the business day before the related distribution date.

Information about the Notes

The notes are debt obligations of the issuing entity. The notes are payable solely from collections and other payments on the student loans and other assets of the issuing entity. The notes are not obligations of Education Lending Services, Inc., Education Funding Resources, LLC, or any of their affiliates, except the issuing entity.

Interest that accrues on the principal amount of the notes during each accrual period will be paid on the related distribution date.

An accrual period for the notes begins on a distribution date and ends on the day before the next distribution date. The first accrual period for the notes, however, will begin on the closing date and end on the day before the first distribution date.

Interest Rates. The Class A notes will bear interest at a per annum interest rate equal to three-month LIBOR, except for the first accrual period, plus 0.75%.

The indenture trustee will determine LIBOR on the days specified in this offering memorandum under "*DESCRIPTION OF THE NOTES—Determination of LIBOR*". With respect to the first accrual period, LIBOR will be determined by reference to a straight line interpolation between two-month LIBOR and three-month LIBOR, based on the actual number of days in such accrual period. The indenture trustee will calculate interest based on the actual number of days elapsed in each accrual period divided by 360. See "*DESCRIPTION OF THE NOTES—Interest Rates*".

Payments

Interest Payments. Interest accrued on the outstanding principal amount of the notes during each accrual period will be payable on the related distribution date.

Principal Payments. While the notes are outstanding, principal will be payable on the notes in an amount generally equal to the Principal Distribution Amount for that distribution date. The "Principal Distribution Amount" with respect to any distribution date, is an amount equal to the excess, if any, of (i) the outstanding principal amount of the notes immediately prior to such distribution date, over (ii) the difference between (A) the Adjusted Pool Balance for such distribution date and (B) the Specified Overcollateralization Amount for such distribution date. However, on the stated maturity date for the notes, the Principal Distribution Amount will be the amount needed to reduce the outstanding principal amount of the notes to zero.

Stated Maturity Dates. The stated maturity date of the Class A notes is the distribution date in March 2039. The actual maturity of the Class A notes could occur earlier than the related stated maturity date or the expected maturity date if, for example:

- there are prepayments on the student loans held by the issuing entity;
- the issuing entity redeems the notes in full on any distribution date at the direction of the administrator, with the consent of the majority excess distribution certificateholders; or
- the master servicer exercises its option to purchase any remaining student loans held by the issuing entity on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance.

Expected Maturity Dates. The projected weighted average life and expected maturity date of the notes under various assumed prepayment scenarios will be included in Exhibit I to this offering memorandum.

Denominations. We will issue the notes in minimum denominations of $100,000 or an integral multiple of $1,000. The notes will be available only in book-entry form through The Depository Trust Company ("DTC"), Clearstream Banking, société anonyme, Luxembourg, formerly Cedelbank ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). You will not receive a physical certificate representing the notes except in very limited circumstances.

Security for the Notes. The notes will be secured by the assets of the issuing entity, primarily the student loans, which student loans will consist of loans originated under the Federal Family Education Loan Program, known as FFELP. See "*—Information about the Issuing Entity—Assets of the Issuing Entity—Student Loans*" below.

Information about the Issuing Entity

Formation of the Issuing Entity

The issuing entity is a Delaware statutory trust established by the seller as a special purpose entity for the purpose of issuing the notes.

The only activities of the issuing entity will be acquiring, holding and managing the student loans and the other assets of the issuing entity and related proceeds, issuing and making payments on the notes and the excess distribution certificates, entering into a potential future interest rate cap agreement, if any, and other related activities.

The excess distribution certificates will represent the ownership of the residual interest in the issuing entity.

Education Funding Resources, LLC as seller, will sell the student loans to the issuing entity under a transfer and sale agreement. M&T, as eligible lender trustee for the issuing entity, will hold legal title to the student loans for the issuing entity under an eligible lender trust agreement.

Assets of the Issuing Entity

The assets of the issuing entity will include:

- the student loans;
- collections and other payments on the student loans;
- funds it will hold in an acquisition account, a collection account, a reserve account, a capitalized interest account, a distribution account and a floor income rebate account (collectively, the "trust accounts"); and
- its rights under any potential future interest rate cap agreement.

Student Loans. All of the student loans are consolidation loans made under FFELP to students and parents of students. Consolidation loans are used to combine a borrower's obligations under various federally authorized student loan programs into a single loan.

As of the statistical cutoff date, the student loans had the following characteristics:

Aggregate outstanding principal balance without accrued capitalized interest:	$699,340,048
Total accrued capitalized interest:	$3,000,256
Aggregate outstanding principal balance:	$702,340,304
Weighted average interest rate:	5.88%
Weighted average original term to maturity:	277 months
Weighted average remaining term to maturity:	266 months

Education Funding Resources, LLC, as the seller, or one of its affiliates, originated or acquired the student loans in the ordinary course of its student loan financing business. The issuing entity expects to purchase from the seller, student loans in the aggregate principal amount (including principal and accrued capitalized interest thereon) of approximately $702,340,304, on or about the closing date. See "*ACQUISITION OF THE STUDENT LOANS*" in this offering memorandum.

PHEAA will guarantee the student loans as to principal and interest to the extent provided in the Higher Education Act and such guaranty is reinsured by the Department of Education.

The student loans acquired from the seller will fulfill the criteria described in this offering memorandum.

Under current law, special allowance payments on all of the student loans are based on the three-month commercial paper rate plus the applicable margin set forth under "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Special Allowance Payments*". For this purpose, the three-month commercial paper rate is the average of the bond equivalent rates of the three-month commercial paper (financial) rates in effect for each of the days in a calendar quarter as reported by the Federal Reserve in Publication H.15 (or its successor) for that calendar quarter.

Collection Account. The indenture trustee will establish and maintain the collection account under the indenture. The indenture trustee will deposit into the collection account all collections and other payments on the student loans, including all interest subsidy payments and special allowance payments. The first collection period will be the period from the date of original issuance and delivery of the notes through August 31, 2009. Thereafter, a collection period will be the three-month period ending on the last day of February, May, August and November, in each case for the distribution date in the following month.

Distribution Account. The indenture trustee will establish and maintain the distribution account under the indenture. The indenture trustee will deposit specified amounts on deposit in the collection account upon the instructions of the administrator into the distribution account as set forth under "*DESCRIPTION OF THE NOTES—Distributions—Distributions on each Monthly Expense Payment Date*".

Reserve Account. The indenture trustee will establish and maintain the reserve account under the indenture. See "*—Credit Enhancement*" below for a description of the features of the reserve account.

Capitalized Interest Account. The indenture trustee will establish and maintain the capitalized interest account under the indenture. See "*—Credit Enhancement*" below for a description of the features of the capitalized interest account.

Acquisition Account. The indenture trustee will establish and maintain the acquisition account under the indenture. On the closing date, the indenture trustee will deposit approximately $651,744,149 of the proceeds of the sale of the notes into the acquisition account. Using the amounts in the acquisition account and the proceeds of a cash equity contribution from the holders of the excess distribution certificate, we expect to purchase from the seller a pool of student loans in the aggregate principal amount (including principal and accrued capitalized interest thereon) of approximately $702,340,304 on or about the closing date. See "*ACQUISITION OF THE STUDENT LOANS*" and "*CHARACTERISTICS OF THE STUDENT LOANS*" in this offering memorandum.

Floor Income Rebate Account. The indenture trustee will establish and maintain a floor income rebate account under the indenture. On or before each monthly expense payment date, the administrator will instruct the indenture trustee to transfer from the collection account to the floor income rebate account an approximate amount based on the Administrator's reasonable determination of the monthly accrual of interest paid by borrowers on student loans originated on or after April 1, 2006 that exceeds the special allowance support levels applicable to such student loans, which amount we refer to in this offering memorandum as "floor income." The Department of Education may offset the amount of floor income owed to it by the issuing entity from interest subsidy payments and/or special allowance payments otherwise due to the issuing entity. In this event, the corresponding amount of floor income deposited into the floor income rebate account will be transferred to the Collection Account on the next distribution date and become part of Aggregate Available Funds. If the Department of Education does not offset such amounts, then the administrator will instruct the indenture trustee to remit to the Department of Education, from the floor income rebate account, the required amount of floor income.

Administrator

Education Lending Services, Inc. will act as the administrator of the issuing entity under an administration agreement.

Compensation of the Administrator

The administrator will receive an administration fee equal to $80,000 per annum payable proportionately on each distribution date.

Administration of the Trust Estate

Distributions

On each monthly expense payment date, the indenture trustee, upon the instructions of the administrator, will distribute the following fees from amounts on deposit in the collection account in the following order of priority: (i) the monthly consolidation loan rebate fee to the Department of Education at an annualized rate generally equal to 1.05% on principal of and interest on Federal Consolidation Loans described under "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Fees—Rebate Fee on Federal Consolidation Loans*" in this offering memorandum, (ii) any floor income required to be paid to the Department of

Education as described under "—*Floor Income Rebate Account*" above, (iii) the aggregate master servicing fees and (iv) the fees of M&T as indenture trustee and as eligible lender trustee.

On each distribution date that is not a redemption date, the indenture trustee, at the direction of the administrator, will make the deposits and distributions in the order of priority set forth in clauses (1) through (5) below. These distributions will be made from amounts on deposit in the distribution account from and to the extent of the Available Funds on that distribution date.

1. To the Class A noteholders, the Class A Interest Distribution Amount;

2. to the Class A noteholders, the Principal Distribution Amount, until the Class A notes have been paid in full;

3. to the reserve account, the amount, if any, necessary to reinstate the balance of the reserve account to the reserve account requirement;

4. to any potential future cap counterparty under any potential future interest rate cap agreement, the amount of any payment due under such potential future interest rate cap agreement; and

5. to the excess distribution certificateholders, any remaining amounts after application of the preceding clauses.

Notwithstanding the foregoing, on each distribution date occurring on and after the accelerated principal trigger date, the indenture trustee will distribute as accelerated payments of principal on the notes all amounts that would otherwise be paid to the excess distribution certificateholders on each such distribution date.

The "accelerated principal trigger date" is the earlier to occur of (a) the distribution date in December 2025 and (b) the distribution date immediately following the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance (in the event the student loans held by the issuing entity are not sold on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance as described below under "—*Administration of the Trust Estate—Optional Purchase*")

If an event of default occurs under the indenture and as a result the maturity of the notes is accelerated, payments will not be made in the order described above. Instead, payments will be made as described in this offering memorandum under "*DESCRIPTION OF THE NOTES—Distributions Following an Event of Default and Acceleration of the Maturity of the Notes*".

Fees and Expenses of the Issuing Entity

The indenture trustee will make payments of certain fees and expenses prior to distributions of principal and interest on the notes. Those fees and expenses include payments to the Department of Education as consolidation loan rebate fees and floor income rebate fees, the aggregate master servicing fees and the fees of the administrator, the indenture trustee, the eligible lender trustee and the owner trustee. We have estimated the consolidation loan rebate fees, the master servicing fees, and the indenture trustee and eligible lender trustee fees

to be approximately equal to 1.555% per annum of the outstanding principal balance of the student loans. Such fees and expenses will be payable from Aggregate Available Funds prior to distributions on the notes. See "*DESCRIPTION OF THE NOTES—Issuing Entity Fees*" in this offering memorandum for a more detailed description of the issuing entity fees.

Credit Enhancement

Credit enhancement is intended to protect you against losses and delays in payments on your notes by absorbing losses on the student loans and other shortfalls in cash flows. Credit enhancement for the notes will consist of excess interest, overcollateralization, the reserve account and the capitalized interest account. If losses on the student loans exceed the amount of available credit enhancement, such losses will not be allocated to write down the principal amount of the Class A notes. Instead, such losses may result in shortfalls in payments of principal and interest on the notes.

Excess Interest. Excess interest is created when interest collections received on the student loans during a collection period and related investment earnings on amounts on deposit in the trust accounts exceed the interest payable on the notes and the fees and expenses of the issuing entity. Excess interest with respect to the student loans is intended to provide "first loss" protection for the notes. Excess interest (as part of all interest collections) will be collected and deposited into the collection account and will become part of the Aggregate Available Funds. There can be no assurance as to the rate, timing or amount, if any, of excess interest.

Overcollateralization. Overcollateralization represents the amount by which the principal balance of the student loans, including interest that is expected to be capitalized, exceeds the outstanding principal amount of the notes. The amount of overcollateralization will vary from time to time depending on the rate and timing of the principal payments on the student loans, capitalization of interest and the occurrence of losses on the student loans. On the closing date, overcollateralization is expected to equal approximately 5.46% of the outstanding principal amount of the notes. The overcollateralization will be available to absorb losses on the student loans that are not otherwise covered by excess interest on the student loans, if any, or amounts on deposit in the reserve account and the capitalized interest account as described below under "*—Reserve Account*" and "*—Capitalized Interest Account*", and to cover shortfalls in interest on the notes that could result from the relatively low interest rate on the student loans on the one hand as compared to the interest rate on the notes and fees and expenses of the issuing entity on the other hand. See "*DESCRIPTION OF THE NOTES—Credit Enhancement—Overcollateralization*" in this offering memorandum.

Overcollateralization Amount. The overcollateralization amount represents the amount by which the Adjusted Pool Balance exceeds the outstanding principal amount of the notes. On the closing date, the initial overcollateralization amount is expected to equal approximately 7.06% of the Adjusted Pool Balance. The application of Available Funds described below under "*—Administration of the Trust Estate—Distributions*" is designed to maintain the overcollateralization amount at the Specified Overcollateralization Amount. See "*DESCRIPTION OF THE NOTES—Credit Enhancement—Overcollateralization Amount*" in this offering memorandum.

Reserve Account. The indenture trustee will make an initial deposit from the net proceeds from the sale of the notes into the reserve account on the closing date. The deposit will be in cash or eligible investments equal to $1,755,851. Funds in the reserve account may be replenished on each distribution date by Available Funds remaining after all prior required distributions have been made. See "*DESCRIPTION OF THE NOTES—Distributions*" in this offering memorandum.

Amounts remaining in the reserve account on any distribution date in excess of the reserve account requirement, after the payments described below, will be deposited into the collection account. If, on any distribution date, there are no outstanding student loans in the trust, the amounts on deposit in the reserve account will be used to pay principal and interest on the notes on such distribution date. If the amount on deposit in the reserve account on any distribution date is sufficient to pay the outstanding principal amount and interest accrued on the notes, amounts on deposit in the reserve account will be so applied on that distribution date. See "*DESCRIPTION OF THE NOTES—Credit Enhancement—Reserve Account*" in this offering memorandum.

The reserve account requirement is the amount required to be maintained in the reserve account. The reserve account requirement for any distribution date means the greater of (a) 0.25% of the Pool Balance, or (b) $1,053,510. In no event will the reserve account requirement exceed the outstanding principal amount of the notes.

The reserve account will be available to cover any shortfalls in payments of the Class A Interest Distribution Amount after application of amounts on deposit in the capitalized interest account.

In addition, the reserve account will be available on the maturity date for the Class A notes, to cover shortfalls in payments of the Class A noteholders' principal and accrued interest.

The reserve account enhances the likelihood of payment to noteholders. In certain circumstances, however, the reserve account could be depleted. This depletion could result in shortfalls in distributions to noteholders.

Capitalized Interest Account. The indenture trustee will make an initial deposit from the net proceeds from the sale of the notes into the capitalized interest account on the closing date. The deposit will be in cash or eligible investments equal to $12,500,000. Funds on deposit in the capitalized interest account will not be replenished.

If, on any distribution date, amounts on deposit in the distribution account are insufficient to make the required interest distributions to noteholders on that date, to the extent of that insufficiency, amounts on deposit in the capitalized interest account will be used to make the required interest distributions before application of amounts on deposit in the reserve account. The capitalized interest account will be available to cover shortfalls in payments of the Class A Interest Distribution Amount.

Funds on deposit in the capitalized interest account on the September 2009, December 2009, March 2010, June 2010, September 2010, December 2010, March 2011, June 2011 and September 2011 distribution dates in excess of $12,500,000, $10,700,000, $9,800,000, $8,900,000, $8,000,000, $7,100,000, $6,300,000, $5,400,000 and $0.00, respectively, will be transferred to the collection account and included in Aggregate Available Funds on that distribution date.

The capitalized interest account further enhances the likelihood of timely interest payments to noteholders on each distribution date occurring on or before the distribution date occurring in September 2011. Because it will not be replenished, in certain circumstances the capitalized interest account could be depleted. This depletion could result in shortfalls in interest distributions to noteholders. See "*DESCRIPTION OF THE NOTES—Distributions—Capitalized Interest Account*" in this offering memorandum.

Potential Future Interest Rate Cap Agreement. At any time after the closing date, at the direction of the administrator, the issuing entity may enter into one or more interest rate cap agreements (collectively, the "potential future interest rate cap agreement") with one or more eligible cap counterparties (collectively, the "potential future cap counterparty") to hedge some or all of the interest rate risk of the notes. Any payment due by the issuing entity to a potential future cap counterparty would be payable only out of funds payable after all amounts due under clauses (1) through (3) of "*DESCRIPTION OF THE NOTES—Distributions*" in this offering memorandum have been paid. Any payments received from a potential future cap counterparty would be included in Aggregate Available Funds. It is not anticipated that the issuing entity would be required to make any payments to any potential future cap counterparty under any potential future interest rate cap agreement other than an upfront payment and, in some circumstances, a termination payment. See "*DESCRIPTION OF THE NOTES—Potential Future Interest Rate Cap Agreement*" in this offering memorandum.

Transfer of the Assets to the Issuing Entity

Under a transfer and sale agreement, the seller will sell the student loans to the issuing entity, with the eligible lender trustee holding legal title to the student loans.

If the seller breaches a representation regarding a student loan under the transfer and sale agreement, generally the seller will have to cure the breach, repurchase or replace that student loan or reimburse the issuing entity for losses resulting from the breach.

Servicing of the Assets

Education Lending Services, Inc., as the master servicer, will be responsible for servicing, maintaining custody of and making collections on the student loans. It will also bill and collect payments from the guaranty agencies and the Department of Education. The master servicer may subcontract some or all of its servicing obligations to one or more eligible third party servicers. On the closing date, XLS will be the subservicer for all of the student loans held by the issuing entity.

Upon the discovery of a breach of any covenant under the master servicing agreement with respect to a student loan that has a material adverse effect on the interest of the issuing entity, the master servicer will purchase that student loan from the issuing entity unless the breach is cured within the period specified in the master servicing agreement. However, any breach that relates to compliance with the requirements of the Higher Education Act or the guarantor but that does not affect the guarantor's obligation to guarantee payment of a student loan will not be considered to have a material adverse effect. In addition, a finding by the Department of Education that the Higher Education Act was violated with respect to a student loan or that a student loan is no longer insured because of a violation of the Higher Education Act may be required before the issuing entity can enforce the master servicer's purchase or reimbursement obligation.

See "*SERVICING OF THE STUDENT LOANS*" in this offering memorandum for a more detailed description of the provisions of the master servicing agreement.

Compensation of the Master servicer

The master servicer will receive a master servicing fee equal to 1/12 of an amount not to exceed 0.50% per annum of the average monthly outstanding principal balance of student loans serviced. The master servicing fee will be payable in arrears out of Aggregate Available Funds on each monthly expense payment date. Master servicing fees will include amounts from any prior monthly expense payment dates that remain unpaid. The master servicing fee may also include specified amounts payable to the master servicer for tasks it performs.

Optional Redemption

On any distribution date, at the direction of the administrator, with the consent of the majority excess distribution certificateholders, the notes may be redeemed by the issuing entity, in whole but not in part, at the redemption price. The issuing entity may redeem the outstanding notes with amounts available to it resulting from (i) collections on the student loans held by the issuing entity, (ii) amounts on deposit in the trust accounts or (iii) the proceeds of any sale of student loans held by the issuing entity to entities described below. On any distribution date, the redemption price for the notes will be the amount sufficient to:

- reduce the outstanding principal amount of the notes on such distribution date to zero;
- pay to noteholders the interest payable on such distribution date;
- pay the outstanding fees due, according to the indenture; and
- in the case of any such optional redemption, pay a make-whole payment to the noteholders.

In the case of any such optional redemption, the make-whole payment will equal the present value (as determined by the administrator) of the spread over three-month LIBOR for the notes which would accrue from (and including) the related distribution date to (and including) the maturity date (based on an amortization of the outstanding principal balance of the notes in accordance with that set forth in the 100% column in the table entitled "Percentages of Original Principal of the Notes Remaining at Certain Distribution Dates at Various CLR Percentages" on page I-5 in this offering memorandum and assuming that the master servicer exercises it's option to purchase all of the student loans on the first distribution date on which it is eligible to do so, as described under "*—Optional Purchase*" below) discounting the amount payable with respect to such amount on each distribution date during such period based on the value of "USD-ISDA-Swap Rate" for a maturity equal to the period of time from the date of determination of such scheduled amount to such relevant distribution date and an assumed principal balance, each as determined by the administrator.

To effect an optional redemption, the issuing entity may only sell student loans as described in clause (iii) above (a) to entities that are not affiliated with the seller, the master servicer, the subservicer or any of their affiliates and with which the seller, the master servicer, the subservicer or any of their affiliates do not have a pre-

existing arrangement to purchase such student loans and (b) to a bankruptcy remote special purpose vehicle which may be affiliated with the seller, the master servicer, the subservicer or any of their affiliates, or to a bankruptcy remote Delaware trust with a similar organizational structure to the issuing entity that, in each case, finances the acquisition of such student loans through a securitization transaction with third party lenders or investors which purchase debt or equity (or any combination thereof) of greater than 50% of the debt and equity issued in such transaction.

The indenture trustee shall deposit the net proceeds of any such sales of student loans into the collection account to be used on the related distribution date to retire the notes, pay the outstanding fees due and pay the make-whole payment due to noteholders, according to the indenture.

Optional Purchase

The master servicer may purchase or arrange for the purchase of all remaining student loans on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance. The exercise of this purchase option will result in the early retirement of the notes. The purchase price will equal the greater of (i) the aggregate outstanding balance of the remaining student loans as of the end of the preceding collection period, including all interest accrued thereon, and (ii) a prescribed minimum purchase amount that, together with the balance of the reserve account and other Aggregate Available Funds, would be sufficient to:

- reduce the outstanding principal amount of the notes on the related distribution date to zero;
- pay to noteholders the interest payable on the related distribution date; and
- pay the outstanding fees due, according to the indenture.

Termination of the Trust Estate

The trust estate under the indenture will terminate upon:

- the maturity or other liquidation of the last student loan and the disposition of any amount received upon its liquidation; and
- the payment of all amounts required to be paid to the noteholders.

See "*DESCRIPTION OF THE INDENTURE—Satisfaction of Indenture*" in this offering memorandum.

ERISA Considerations

Subject to the considerations discussed under "*ERISA CONSIDERATIONS*" in this offering memorandum, the notes are eligible for purchase by employee benefit plans.

Federal Income Tax Consequences

Subject to important considerations described in this offering memorandum:

- Federal tax counsel for the issuing entity is of the opinion that the notes will be characterized as debt for federal income tax purposes.
- Federal tax counsel is also of the opinion that, for federal income tax purposes, the issuing entity will not be characterized as an association or publicly traded partnership taxable as a corporation.

See "*FEDERAL INCOME TAX CONSEQUENCES*" in this offering memorandum.

Ratings

It is a condition to the sale of the Class A notes that they be rated "AAA" by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P") and "Aaa" by Moody's Investors Service, Inc. ("Moody's").

Listing Information

Application has been made to The Irish Stock Exchange Limited for the notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such a listing will be obtained. The issuance and settlement of the notes are not conditioned on the listing of the notes on The Irish Stock Exchange Limited.

Irish Listing Agent and Paying Agent

McCann FitzGerald Listing Services Limited will act as the Irish listing agent and Custom House Fund Services (Ireland) Limited will act as the paying agent in Ireland for the notes. The seller will at all times maintain an Irish paying agent with a specific office in Dublin, Ireland. The Irish paying agent will make no representations as to the validity or sufficiency of the notes, the student loans, this offering memorandum or other related documents.

Identification Numbers

The notes will have the following CUSIP Numbers and International Securities Identification Number (ISIN):

Class	144A CUSIP Number	144A ISIN	Regulation S CUSIP Number	Regulation S ISIN
Class A Notes	12557U AA3	US12557UAA34	U1718N AA5	USU1718NAA55

RISK FACTORS

You should consider the following risk factors in deciding whether to purchase the notes.

The notes may be repaid earlier than you expect, and if this happens, your yield may be affected and you will bear reinvestment risk

The notes may be repaid before you expect them to be if:

- the administrator, with the consent of the majority excess distribution certificateholders, directs that the notes shall be redeemed by the issuing entity from (i) collections on the student loans held by the issuing entity, (ii) amounts on deposit in the trust accounts or (iii) the proceeds of any sale of student loans held by the issuing entity to entities described under "*DESCRIPTION OF THE NOTES—Optional Redemption*", or

- on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance, the master servicer exercises its option to purchase all of the remaining student loans held by the issuing entity.

Any optional redemption of the notes or exercise by the master servicer of its option to purchase all of the remaining student loans held by the issuing entity would result in the early retirement of the notes. If this happens, your yield on the notes may be affected. You will bear the risk that you cannot reinvest the money you receive in comparable securities at as high a yield.

The make-whole payment due to the holders of the notes in the case of an optional redemption pursuant to the first bullet point above might not be sufficient to ensure that holders of the notes receive the same return on their investment as they would have received if such optional redemption had not occurred. Conversely, because such make-whole payment will increase the aggregate redemption price due to the holders of the notes, the issuing entity may not have sufficient funds to effectuate an optional redemption.

See "*DESCRIPTION OF THE NOTES—Optional Redemption*" and "—*Optional Purchase*" in this offering memorandum.

On each distribution date occurring on and after the Accelerated Principal Trigger Date, the indenture trustee will distribute as accelerated payments of principal on the notes all amounts that would otherwise be paid to the excess distribution certificateholders on such distribution date. Any such accelerated payments of principal may result in the early retirement of the notes. If this happens, your yield on the notes may be affected. You will bear the risk that you cannot reinvest the money you receive in comparable securities at as high a yield.

See "*DESCRIPTION OF THE NOTES— Distributions"* in this offering memorandum.

Future increases in fees and expenses payable by the issuing entity will reduce the amount of funds available to the issuing entity to pay principal and interest on the notes

Fees and expenses constituting issuing entity fees are payable by the issuing entity prior to the payment of principal and interest on the notes. Certain of those fees and expenses are not fixed and may reasonably be expected to increase over time. Material increases in fees and expenses will reduce the amount of funds available to pay principal and interest on the notes and may result in insufficient funds being available for such payment. See "*DESCRIPTION OF THE NOTES—Issuing Entity Fees*" in this offering memorandum.

A default by the master servicer or the subservicer or a termination of the servicing agreements may have an adverse effect on the notes

The servicing agreements may be terminated upon not less than 180 days' notice. If the master servicer or the subservicer defaults on its obligations to service the student loans or the master servicing agreement or the subservicing agreement is terminated, we cannot be certain of (a) the cost to transfer the servicing obligations to a successor, (b) the ability of that successor to perform the servicing obligations and duties of the master servicer or the subservicer under the servicing agreements, or (c) the master servicing fees that would be charged by a successor master servicer. Any of these events may adversely affect the payment of principal and interest on the notes.

The notes may have a degree of basis risk that could compromise the issuing entity's ability to pay principal and interest on the notes

There is a degree of basis risk associated with the notes. Basis risk is the risk that shortfalls might occur because, among other things, the interest rate at which the issuing entity receives payments on the student loans and the interest rate payable on the notes adjust on the basis of different indices. If these indices diverge, the issuing entity's ability to pay your principal and/or interest on the notes could be adversely affected.

Changes to the Higher Education Act may result in adverse changes to the student loans

The Higher Education Act or other relevant federal or state laws, rules and regulations may be amended or modified in the future in a manner, including as part of any reauthorization of the Higher Education Act, that could adversely affect the federal student loan programs as well as the student loans made under these programs and the financial condition of the guarantor. Among other things, the level of guarantee payments may be adjusted from time to time. Future changes could affect the ability of the seller or the master servicer to satisfy their obligations to purchase or substitute student loans. Future changes could also have a material adverse effect on the revenues received by the guarantor that are available to pay claims on defaulted student loans in a timely manner. We cannot predict whether any changes will be adopted or, if adopted, what impact those changes would have on the issuing entity or the notes.

You may have difficulty selling the notes

There is currently no market for the notes. We cannot assure you that any market will develop or, if it does develop, that it will provide you with liquidity of investment or will continue for the life of the notes. Moreover, it is expected that substantially all of the Class A notes will be purchased by one investor. If a secondary market for the notes does develop, the spread between the bid price and the asked price for the notes may widen, thereby reducing the net proceeds to you from the sale of the notes. The notes will not be listed on any securities exchange other than The Irish Stock Exchange Limited. There have been times in the past where there have been very few buyers of asset-backed securities (i.e., there has been a lack of liquidity), and there may be these times in the future. On April 3, 2008, CIT Group Inc. announced that it would stop originating all FFELP loans effective immediately. Thus there will be limited or no securitizations by the seller of its student loans in the future. In addition, if any changes in regulations occur that negatively impact the treatment of securitizations, the seller may be less likely to securitize its remaining student loans in the future. A lack of future securitizations by the seller may result in less liquidity for the notes.

The notes are being offered and sold pursuant to an exemption from registration under the Securities Act, and applicable state securities laws. Therefore, the notes may be transferred or resold only in transactions registered under or exempt from the registration requirements of the Securities Act, and applicable state securities laws.

Despite recent federal market interventions and programs, the current period of general market illiquidity may continue or even worsen and may adversely affect the secondary market for your notes. Recent and continuing events in the global financial markets, including the weakened financial condition of several major financial institutions, problems related to subprime mortgages and other financial assets, the forced sale of asset-backed and other securities by certain investors, increased illiquidity, the reduction of value of various assets in secondary markets and the lowering of ratings on certain asset-backed securities, may adversely affect the liquidity and/or reduce the market value of your notes. As a result, you may not be able to sell your notes when you want to do so, or you may not be able to sell your notes at prices that will enable you to realize your desired yield. The market values of the notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to you.

The notes will be payable solely from the assets of the issuing entity and you will have no other recourse against the issuing entity or any other entity

The issuing entity will pay principal of and interest on the notes solely from the funds and assets held by it. No insurance or guarantee of the notes will be provided by any government agency or instrumentality, by Education Funding Resources, LLC, CIT Group Inc. or any of their affiliates, by any insurance company or by any other person or entity. Therefore, your receipt of payments on the notes will depend solely on the amount and timing of payments and collections on the student loans (including payments by the guaranty agency) and amounts on deposit in the trust accounts.

If those sources of funds are insufficient to repay the notes, you will have no additional recourse against the issuing entity, or against Education Funding Resources, LLC, CIT Group Inc., any of their affiliates or any other entity.

The student loans acquired by the issuing entity will be unsecured. If PHEAA experiences financial deterioration or failure, you may suffer delays in payment or losses on your securities

All of the student loans acquired by the issuing entity and held by it will be unsecured and will be guaranteed by PHEAA, subject to the limitations described herein. As a result, the only security for payment of a student loan will be the guarantee, if any, provided by PHEAA. PHEAA's financial condition and ability to honor guarantor claims could be adversely affected by a number of factors, including:

- the continued voluntary waiver by PHEAA of the default fee payable by a borrower upon disbursement of a student loan;
- the amount of claims made against PHEAA as a result of borrower defaults;
- the amount of claims reimbursed to PHEAA from the Department of Education, which range from 75% to 100% of the guaranteed portion of the loan, depending on the date the loan was made and the historical performance of PHEAA; and
- changes in legislation that may reduce expenditures from the Department of Education that support federal guarantors or that may require guarantors to pay more of their reserves to the Department of Education.

If the financial condition of PHEAA deteriorates, it may fail to make guarantee payments in a timely manner, or at all. In that event, you may suffer delays in payment or losses on the notes.

A failure of the Department of Education to make reinsurance payments may adversely affect the ability of the issuing entity to timely repay the notes

The financial condition of a guaranty agency may be adversely affected if it submits a large number of reimbursement claims relating to FFELP loans to the Department of Education, which results in a reduction of the amount of reimbursement that the Department of Education is obligated to pay to the guaranty agency. The Department of Education may also require a guaranty agency to return its reserve funds to the Department of Education upon a finding that the reserves are unnecessary for the guaranty agency to pay its program expenses or to serve the best interests of the federal student loan program. The inability of any guaranty agency to meet its guarantee obligations could reduce the amount of principal and interest paid by the issuing entity to you as an owner of its notes or delay those payments past their due date. If the Department of Education has determined that a guaranty agency is unable to meet its guarantee obligations relating to FFELP loans, the loan holder may submit claims directly to the Department of Education and the Department of Education is required to pay the full guarantee claim amount due with respect thereto. See "*DESCRIPTION OF FFELP GUARANTY AGENCIES*" in this offering memorandum. However, the Department of Education's obligation to pay guarantee claims directly in this fashion is contingent upon the Department of Education making the determination that a guaranty agency is unable to meet its guarantee obligations. The Department of Education may not ever make this determination with respect to a guaranty agency and, even if the Department of Education does make this determination, payment of the guarantee claims may not be made in a timely manner.

Payment offsets by guaranty agencies or the Department of Education could prevent the issuing entity from paying you the full amount of the principal and interest due on the notes

The eligible lender trustee of the issuing entity may in the future use the same Department of Education lender identification number for FFELP loans it holds on behalf of other issuing entities established by the seller. In that case, the billings submitted to the Department of Education and the claims submitted to the guaranty agencies will be consolidated with the billings and claims for payments of the FFELP loans for other issuing entities using the same lender identification number. Payment of those billings by the Department of Education as well as claim payments by the applicable guaranty agencies will be made to the eligible lender trustee, or to the master servicer on behalf of the eligible lender trustee, in lump sum form. Those payments must be allocated by the eligible lender trustee among the various issuing entities that reference the same lender identification number.

If the Department of Education or a guaranty agency determines that an eligible lender trustee owes it a liability on any FFELP loan, including loans held by the issuing entity or loans held by other issuing entities, the Department of Education or the applicable guaranty agency may seek to collect that liability by offsetting it against payments due to the eligible lender trustee under the terms of the applicable guaranty agreement. Any offsetting or shortfall of payments due to the eligible lender trustee could adversely affect the amount of Aggregate Available Funds for any collection period and thus the issuing entity's ability to pay you principal and interest on the notes.

The transaction documents for all issuing entities associated with the seller will contain provisions for the proper allocation of those payments and offsets. Even with such allocation provisions, however, the amount of funds available to the issuing entity would not necessarily be adequate to compensate the issuing entity and the investors in its notes for any previous reduction in Aggregate Available Funds.

You may incur losses or delays in payment on the notes if borrowers default on their student loans

If a borrower defaults on a student loan, the issuing entity will experience a loss equal to the non-reimbursable percentage of the outstanding principal and interest with respect to the defaulted student loan. The reimbursable percentage of the outstanding principal and interest with respect to the defaulted student loan is equal to a percentage rate level of 98% for loans made prior to July 1, 2006 and at the 97% level for loans first disbursed on or after July 1, 2006. If defaults occur on the student loans and the credit enhancement described in this offering memorandum is insufficient, you may suffer a delay in payment or losses on your notes.

If the issuing entity suffers a loss as a result of a borrower default and amounts in the reserve account are not sufficient to cover that loss, you may suffer a delay in payment or a loss on your investment.

Borrowers of student loans are subject to a variety of factors that may adversely affect their repayment ability and the ability of the issuing entity to pay its noteholders

For a variety of economic, social and other reasons, the issuing entity may not receive all of the payments that are due on the student loans held by it. A deterioration in economic conditions could be expected to adversely affect the ability or willingness of borrowers to repay student loans. Furthermore, student loans are not secured by any assets of the borrowers. Failures by borrowers to make timely payments of the principal and interest due on the student loans held by the issuing entity will affect the revenues of the issuing entity, which may reduce the amounts available to the issuing entity to pay principal and interest due on the notes.

The issuing entity may be affected by delayed payments from borrowers called to active military service. Interest rate limitations imposed on student loans made to certain persons on active duty in military service could reduce the amount of funds available to the issuing entity to pay principal and interest on the notes

The Higher Education Act, the Servicemembers Civil Relief Act and similar state and local laws provide payment relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their student loans. Recent and ongoing military operations by the United States have increased the number of citizens who are in active military service, including persons in reserve status who have been called or may be called to active duty.

The Higher Education Reconciliation Act, P.L. 109-171, created a new military deferment for borrowers that are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency. The new deferment applies to FFELP loans first disbursed on or after July 1, 2006 and may last a period of not longer than three years.

The Servicemembers Civil Relief Act also limits the ability of a lender in FFELP to take legal action against a borrower during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the student loans held by the issuing entity.

Accordingly, payments received by the issuing entity on student loans made to a borrower who qualifies for such relief may be subject to certain limitations during the borrower's period of active military duty. If a substantial number of borrowers under the student loans held by the issuing entity become eligible for the relief provided under the Servicemembers Civil Relief Act, there could be an adverse effect on the total collections on those student loans and the ability of the issuing entity to pay interest on the notes if there are insufficient funds in the reserve account and the capitalized interest account.

We do not know how many student loans held by the issuing entity have been or may be affected by the application of these laws. As a result, there may be unanticipated delays in payment and losses on the such student loans.

Failure to comply with loan origination and servicing procedures for FFELP loans may result in loss of guarantee and other benefits

The Higher Education Act and its implementing regulations require holders of FFELP loans and guaranty agencies guaranteeing FFELP loans to follow specified procedures in making and collecting on those FFELP loans.

If the issuing entity fails to follow those procedures, or if any originator, the master servicer or the subservicer fails to follow those procedures, the Department of Education and the guaranty agencies may refuse to pay claims on defaulted loans submitted by the master servicer on behalf of the issuing entity. If the Department of Education or a guaranty agency refuses to pay a claim, it will reduce the revenues of the issuing entity and impair the ability of the issuing entity to pay principal and interest on the notes. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" in this offering memorandum.

If the master servicer or the subservicer fails to comply with the Department of Education's third-party servicer regulations regarding FFELP loans, payments on the notes could be adversely affected

The Department of Education regulates each servicer of FFELP loans. Under those regulations, a third-party servicer, including the master servicer or the subservicer, is jointly and severally liable with its client lenders for liabilities to the Department of Education arising from its violation of applicable requirements. In addition, if the master servicer or the subservicer fails to meet standards of financial responsibility or administrative capability included in the regulations, or violates other requirements, the Department of Education may fine the master servicer or the subservicer and/or limit, suspend, or terminate the master servicer's or the subservicer's eligibility to contract to service FFELP loans. If the master servicer or the subservicer were so fined or held liable, or its eligibility were limited, suspended, or terminated, its ability to properly service the FFELP loans held by the issuing entity and to satisfy its obligation to purchase any FFELP loans with respect to which it has breached its representations, warranties or covenants could be adversely affected. In addition, if the Department of Education terminates the master servicer's or the subservicer's eligibility to service FFELP loans, a servicing transfer will take place and there may be delays in collections and temporary disruptions in servicing on those FFELP loans. Any servicing transfer may temporarily adversely affect payments to you.

The inability of the seller to meet its repurchase obligations may result in losses on your investment

Under some circumstances, the indenture trustee will have the right to require the seller to repurchase, or substitute a student loan for, a student loan held by the issuing entity. This right arises generally from a breach of the representations and warranties of the seller or if a claim for a student loan is denied because of events occurring before the sale of the student loan to the issuing entity. We cannot guarantee to you that the seller will have the financial resources to repurchase a student loan, or have student loans available to substitute for a student loan, if a breach occurs. In this case, you, rather than the seller, may bear any resulting loss.

The ability of the issuing entity to make timely payments on its notes may change

The cash flow of the issuing entity, and its ability to make payments due on its notes, will be reduced to the extent interest is not currently payable on the student loans held by the issuing entity. The borrowers under most FFELP loans are not required to make payments during the period in which they are in school and for certain authorized periods thereafter. The Department of Education will make all interest payments while payments are deferred under the Higher Education Act on certain of the FFELP loans. For most other student loans during periods that the borrowers are not required to make payments, interest generally will be capitalized and added to the principal balance of the loans. The issuing entity holds student loans for which payments are deferred as well as student loans for which the borrower is currently required to make payments of principal and interest. The proportions of the student loans held by the issuing

entity for which payments are deferred and currently in repayment will vary during the period that the notes are outstanding. In addition, to the extent the issuing entity relies on the receipt of special allowance payments from the Department of Education for FFELP loans held by the issuing entity to make payments on the notes, the receipt of such special allowance payments, which are made quarterly, may reduce the ability of the issuing entity to make timely payments of interest on the notes.

You will bear prepayment and extension risk due to actions taken by individual borrowers and other variables beyond our control

A borrower may prepay a student loan in whole or in part, at any time. The rate of prepayments on the student loans may be influenced by a variety of economic, social, competitive and other factors, including changes in interest rates, the availability of alternative financings and the general economy. Various loan consolidation programs available to eligible borrowers, including those offered by affiliates of the seller and the Department of Education's direct consolidation loan program, may increase the likelihood of prepayments. In addition, the issuing entity may receive unscheduled payments due to defaults on the student loans and purchases by the master servicer. Because the pool includes thousands of student loans, it is impossible to predict the amount and timing of payments that will be received and paid to noteholders in any period. Consequently, the length of time that the notes are outstanding and accruing interest may be shorter than you expect.

On the other hand, the remaining term of the student loans may be extended as a result of grace periods, deferment periods and, under some circumstances, forbearance periods. Lengthening the remaining term of the student loans may delay principal payments to you. In addition, the amount available for distribution to you will be reduced if borrowers fail to pay timely the principal and interest due on the student loans. Consequently, the length of time that the notes are outstanding and accruing interest may be longer than you expect.

If student loan prepayments or defaults result in the notes being prepaid before the expected maturity date, you may not be able to reinvest your funds at the same yield as the yield on the notes. We cannot predict the default rate of borrowers or the prepayment rate of the notes, and reinvestment risks resulting from a faster or slower prepayment speed will be borne entirely by the noteholders.

Implementation of incentive programs and changes in repayment terms may result in yield uncertainties for you

The originators of the student loans held by the issuing entity may implement incentive programs pursuant to which the originator may offer incentives or change the repayment terms with respect to any or all of a borrower's student loans. We cannot predict which borrowers would qualify or decide to participate in such programs. The effect of such incentive programs might be to reduce the yield on the student loans securing the notes.

For example, if one or more of the incentive programs which offer a principal balance reduction are made available to borrowers with student loans and a higher than anticipated number of borrowers qualify, the principal balance of the affected student loans may repay faster than anticipated. Accordingly, the notes may experience faster than anticipated principal payments.

Conversely, the existence of these incentive programs may discourage a borrower from prepaying an affected student loan. If this were to occur, the principal amount of the notes may be reduced over a longer period than would be the case if there were no such incentive program.

A majority of the student loans held by the issuing entity that are eligible for a borrower benefit will provide for incentive programs allowing a borrower to reduce the interest rate on his or her student loan by up to 1.00% per annum if 36 consecutive on-time payments have been made on the student loan, and assuming certain other conditions are satisfied. Also, for so long as a borrower permits his or her monthly payments to be withdrawn automatically from a bank account, the interest rate on his or her student loan will be reduced by 0.25% per annum. The number of student loans held by the issuing entity that qualify for such incentive programs is unknown. If the number of student loans qualifying for such incentive programs is greater than expected, the ability of the issuing entity to pay principal of and interest on the notes could be adversely affected. See "*The Seller's Student Loan Programs—Description of each Borrower Benefit Program Applicable to the Student Loans*" for additional information regarding borrower benefit programs with respect to the student loans held by the issuing entity.

The master servicing agreement and the subservicing agreement for the student loans provides that any additional incentive programs, other than those described herein, that effectively reduce the yield on student loans may be applied to the student loans held by the issuing entity only if the administrator receives payment from the master servicer, the subservicer the seller or the excess distribution certificateholders of amounts sufficient to offset the effective yield reductions. We cannot guarantee that any person who has the option to make such payments will make contributions in the amount required to reimburse the issuing entity for the cost of such incentive programs.

Legislative actions may affect the student loans held by the issuing entity

Funds for payment of interest subsidies and other payments under FFELP are subject to annual budgetary appropriation by Congress. In recent years, federal budget legislation has contained provisions that restricted payments made under FFELP to achieve reductions in federal spending.

Future federal budget legislation may adversely affect expenditures by the Department of Education and the financial condition of the guaranty agencies.

The Higher Education Act or other relevant federal or state laws, rules and regulations may be amended or modified in the future, including as part of any reauthorization of the Higher Education Act, in a manner that could adversely affect the federal student loan programs as well as the student loans made under these programs and the financial condition of the guarantors.

For example, on September 27, 2007, the President of the United States signed into law the College Cost Reduction and Access Act of 2007, which, among other things, eliminated certain government subsidies to education lenders, reduced special allowance payments made to FFELP lenders for loans first disbursed on or after October 1, 2007 and limited lender reimbursement for loans first disbursed on or after July 1, 2006 to 97% of the unpaid balance of FFELP loans for most claims filed on or after October 1, 2007 by eliminating the exceptional performer program, with a further reduction to 95% reimbursement for loans first disbursed on or after October 1, 2012. In addition, on February 26, 2009, the President submitted the Administration's 2010 budget proposal which recommends eliminating FFELP beginning with loans originated in the 2010-2011 academic year. The budget proposal must be passed by Congress prior to enactment into law and we cannot predict what action Congress will take with respect to the budget proposal. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Recent Developments*" in this offering memorandum for a more detailed description of this and other recently proposed legislation.

The provisions of the Higher Education Act expire if they are not periodically reauthorized by Congress. There has not been a full reauthorization of the Higher Education Act in almost ten years and the current reauthorization expired on March 31, 2008. The Higher Education Reconciliation Act of 2005, part of the Deficit Reduction Act of 2005, extended the current provisions of FFELP through September 30, 2012. Under this Act, a number of changes were made to the Higher Education Act, including increasing loan limits, updating interest rate provisions and decreasing origination fees.

In the past, when the Higher Education Act has been subject to reauthorization, amendments to its provisions have been common. Among other things, the guarantee reimbursement rate may be adjusted from time to time. Future changes could affect the ability of the master servicer or the seller to satisfy their obligations to purchase or substitute student loans. Future changes could also have an adverse effect on the revenues received by the guarantor that are available to pay claims on defaulted student loans in a timely manner. We cannot predict whether any changes will be adopted when the Higher Education Act becomes subject to reauthorization or at any other time or, if adopted, what impact those changes would have on the issuing entity or the securities that it issues. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" and "*DESCRIPTION OF FFELP GUARANTY AGENCIES*" in this offering memorandum.

The master servicer and the subservicer may experience increased costs due to competition created by the Federal Direct Student Loan Program and the reduction in FFELP loan origination

In 1992, Congress created the Federal Direct Student Loan Program. Under this program, the Department of Education makes loans directly to student borrowers through the educational institutions that they attend. If the Federal Direct Student Loan Program expands, the master servicer and the subservicer may experience increased costs due to reduced economies of scale to the extent the volume of loans serviced by the master servicer and the subservicer is reduced. In addition, on April 3, 2008, CIT Group Inc. announced that it would stop originating all FFELP loans effective immediately. To the extent that the volume of loans serviced by the master servicer and the subservicer is reduced due to the seller ceasing origination of FFELP loans, the master servicer and the subservicer may experience increased costs due to reduced economies of scale. Those cost increases could affect the ability of the master servicer and the subservicer to satisfy its obligations to service the student loans held by the issuing entity. Student loan volume reductions could further reduce revenues received by the guaranty agencies available to pay claims on defaulted FFELP loans. The level of competition currently in existence in the secondary market for FFELP loans could be reduced, resulting in fewer potential buyers of FFELP loans and lower prices available in the secondary market for those loans. The Department of Education has also implemented a direct consolidation loan program, which may increase the rate of repayment of the student loans. Furthermore, the President's 2010 budget proposal which recommends eliminating FFELP also encourages expansion of the Federal Direct Student Loan Program. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" in this offering memorandum.

Different rates of change in interest rate indexes may affect the cash flow of the issuing entity

The interest rates on the notes fluctuate from one interest period to another as described in this offering memorandum. Although some older Federal Consolidation Loans have a variable rate, Federal Consolidation Loans made on or after October 1, 1998 bear a fixed rate, which is determined at the time the loan is made. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" in this offering memorandum. If there is a decline in the rates payable on the student loans, the amount of interest received by the issuing entity may be reduced. If the interest rate payable on the notes does not decline in a similar manner and time, the issuing entity may not have sufficient funds to

pay interest on the notes when it becomes due. Even if there is a similar reduction in the interest rate applicable to the notes, there may not necessarily be a reduction in the other amounts required to be paid by the issuing entity prior to interest payments, such as administrative expenses, causing interest payments on the notes to be deferred to future periods. Sufficient funds may not be available in future periods to make up for any shortfalls in the current payments of interest on the notes or expenses of the issuing entity.

If the indenture trustee has difficulty liquidating the student loans held by the issuing entity, you may suffer a loss

If an event of default occurs under the indenture, the indenture trustee may sell the student loans without the consent of the noteholders. However, the indenture trustee may not be able to find a purchaser for the student loans in a timely manner or the market value of those loans may not be high enough to make noteholders whole.

If the sale of student loans from the seller to the issuing entity is not a true sale, delays or reductions in payments to you could result

The seller and the issuing entity will treat the transfer of student loans from the seller to the issuing entity as a "true sale" and will take all actions that are required so that the issuing entity, or the eligible lender trustee on behalf of the issuing entity, will be treated as the legal owner of those student loans

If the transfer of student loans from the seller to the issuing entity is deemed to be a secured financing, other persons may have an interest in those student loans superior to the interest of the issuing entity or the indenture trustee, as applicable. In addition, if the seller becomes a debtor under the United States Bankruptcy Code and a creditor or trustee in bankruptcy or the debtor itself takes the position that any of its transfers of student loans to the issuing entity was a secured financing instead of a "true sale," then delays in payments on the notes could occur or (should the court rule in favor of the creditor, trustee in bankruptcy or the debtor) reductions in the amount of payments on the notes could result.

Bankruptcy of the seller could result in accelerated prepayment on the notes, reductions in payment or delays in payment

If the seller becomes bankrupt, and the assets and liabilities of the issuing entity are included in the seller's bankruptcy estate, the United States Bankruptcy Code could materially limit or prevent the enforcement of the issuing entity's obligations, including, without limitation, its obligations under the notes. The seller's trustee in bankruptcy (or the seller itself as debtor-in-possession) may seek to accelerate payment on the notes and liquidate the assets in the issuing entity. If principal of the notes is declared due and payable, you may lose the right to future payments and face the reinvestment risks mentioned above.

Consumer Protection Laws May Affect Enforceability Of Student Loans

Numerous federal and state consumer protection laws, including various state usury laws and related regulations, impose substantial requirements upon lenders and servicers involved in consumer finance. Some states impose finance charge ceilings and other restrictions on certain consumer transactions and require contract disclosures in addition to those required under federal law. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of their loans, such as the student loans. As they relate to FFELP loans, those state laws are generally preempted by the Higher Education Act. In addition, the remedies available to the indenture trustee or the noteholders upon an event of default under the indenture may not be readily available or may be limited by applicable state and federal laws.

Less than all of the noteholders can approve amendments to the indenture or waive defaults under the indenture

Under the indenture, holders of a majority of the outstanding principal amount of the notes may amend or supplement provisions of the indenture and the notes and waive events of default and compliance provisions without the consent of the other noteholders. You will have no recourse if the noteholders vote and you disagree with the vote on those matters. The noteholders may vote in a manner that impairs the ability of the issuing entity to pay principal and interest on the notes.

Book-entry registration may limit your ability to participate directly as a noteholder

The notes will be represented by one or more certificates registered in the name of Cede & Co., the nominee for DTC, and will not be registered in the names of the noteholders. As a noteholder, you will be able to exercise your rights only indirectly through DTC and its participating organizations.

The notes are not suitable investments for all investors

The notes are not a suitable investment if you require a regular or predictable schedule of payments or payment on any specific date. The notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment in the notes, and the interaction of those factors.

Rating agencies can permit certain actions to be taken without noteholder approval

The indenture will provide that the issuing entity and indenture trustee may undertake various actions based upon receipt by the indenture trustee of confirmation from each rating agency then rating the notes that such action will not result in its rating of the notes being reduced or withdrawn. Such actions include, but are not limited to, amendments to the indenture. To the extent such actions are taken after issuance of the notes, you will be relying on the evaluation by the rating agencies of such actions and their impact on credit quality.

Withdrawal or downgrading of the initial ratings will adversely affect the prices for the notes

A security rating is not a recommendation to buy, sell or hold securities. Similar ratings on different types of securities do not necessarily mean the same thing. We recommend that you analyze the significance of each rating independently from any other rating. Any rating agency may change its rating of the notes after the closing date if that rating agency believes that circumstances have changed. Any subsequent withdrawal or downgrading of a rating on the notes will likely reduce the price that a subsequent purchaser will be willing to pay for those notes.

FORWARD-LOOKING STATEMENTS

Statements in this offering memorandum, including those concerning expectations as to the issuing entity's ability to purchase student loans, to structure and to issue competitive securities, to pay the notes, and certain other information presented in this offering memorandum, constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from such expectations. You should not place undue reliance on those forward-looking statements. Please review the factors described in this offering memorandum under "*RISK FACTORS*", which could cause the actual results to differ from expectations.

DESCRIPTION OF THE NOTES

General

The notes will be issued under the indenture. The notes will be issued in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof and in book-entry form only. The notes will be represented by one or more notes registered in the name of Cede & Co., the nominee for DTC, and will not be registered in the names of the noteholders. Unless definitive notes are issued under the limited circumstances described under "*—Definitive Notes*", no holder of Class A notes will be entitled to receive a physical note representing their notes. All references to actions by noteholders of the Class A notes refer to actions taken by DTC on instructions from its participating organizations and all references to distributions, notices, reports and statements to noteholders refer to distributions, notices, reports and statements to DTC or its nominee, as the registered holder of the Class A notes, for distribution to noteholders under DTC's procedures. See "*—Book-Entry Registration*". The following summary describes some terms of the notes, the indenture and the trust agreement. The following summary does not cover every detail and is subject to the provisions of the notes, the indenture and the trust agreement.

Book-Entry Registration

Investors acquiring beneficial ownership interests in Class A notes (the "Book-Entry Notes") issued in book-entry form will hold their notes through DTC in the United States, or Clearstream, Luxembourg or Euroclear in Europe if they are participants of these systems, or indirectly through organizations that are participants in these systems. Book-Entry Notes will be issued in one or more instruments that equal the aggregate principal amount of the notes and will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's name on the books of its respective depositary, which in turn will hold positions in customers' securities accounts in such depositary's name on the books of DTC. Except as described below, no person acquiring a Book-Entry Note will be entitled to receive a physical certificate representing their notes. Unless and until the Book-Entry Notes are issued in definitive form, it is anticipated that the only holder of Book-Entry Notes will be Cede & Co., as nominee of DTC.

DTC is a New York-chartered limited-purpose trust company that performs services for its participants, some of which, and/or their representatives, own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each of its participants in Book-Entry Notes, whether held for its own account or as nominee for another person. In general, beneficial ownership of Book-Entry Notes will be subject to the rules, regulations and procedures governing DTC and its participants as in effect from time to time.

Purchases of the Book-Entry Notes under the DTC system must be made by or through direct participants, which are to receive a credit for the Book-Entry Notes on DTC's records. The ownership interest of each actual purchaser of the Book-Entry Notes, or beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners shall not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owners entered into the transaction. Transfers of ownership interests in Book-Entry Notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners shall not receive physical certificates representing their ownership interests in the Book-Entry Notes, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all Book-Entry Notes deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of such Book-Entry Notes with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of Book-Entry Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Book-Entry Notes are credited, which may or may not be the beneficial owners. The participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to Cede & Co.

Neither DTC nor Cede & Co. will consent or vote with respect to the Book-Entry Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuing entity, or the indenture trustee, as appropriate, as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Book-Entry Notes are credited on the record date.

Principal and interest payments on Book-Entry Notes are to be made to DTC. DTC's practice is to credit direct participant's accounts on the due date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by participants to beneficial owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and shall be the responsibility of the participant and not of DTC, the indenture trustee or the issuing entity, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the issuing entity or the indenture trustee. Disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as securities depository with respect to the Book-Entry Notes at any time by giving reasonable notice to the issuing entity or the indenture trustee. In the event that a successor securities depository is not obtained, definitive certificates are required to be printed and delivered.

Clearstream Luxembourg has advised that it is incorporated under the laws of the Grand Duchy of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations. Clearstream, Luxembourg facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry changes in accounts of Clearstream, Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (the "CSSF"). Clearstream, Luxembourg participants are recognized financial institutions around the world, including the initial purchaser, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant, either directly or indirectly.

Euroclear has advised that it was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./NV (the "Euroclear operator"), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation. All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, central banks, securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator has advised that it is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian Bank, it is regulated by the Belgian Banking Commission.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law. The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to Book-Entry Notes held through Clearstream, Luxembourg or Euroclear will be credited to the cash accounts of Clearstream, Luxembourg participants or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depositary. Those distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream, Luxembourg or the Euroclear operator, as the case may be, will take any other action permitted to be taken by a noteholder under the indenture on behalf of a Clearstream, Luxembourg participant or Euroclear participant only in accordance with the relevant rules and procedures and subject to the relevant depositary's ability to effect such actions on its behalf through DTC.

Transfers between participants in DTC will occur in accordance with DTC rules. Transfers between Clearstream, Luxembourg participants and Euroclear participants will occur in accordance with their respective rules and operating procedures.

Because of time-zone differences, credits of securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream, Luxembourg participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of securities by or through a Clearstream, Luxembourg participant or Euroclear participant to a participant in DTC will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions to the depositaries.

DTC has advised the seller that it will take any action permitted to be taken by a noteholder under the indenture only at the direction of one or more participants to whose accounts with DTC the related Book-Entry Notes are credited. Clearstream, Luxembourg or Euroclear will take any action permitted to be taken by a noteholder under the indenture on behalf of a participant only in accordance with their relevant rules and procedures and subject to the ability of the relevant depositary to effect these actions on its behalf through DTC.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Neither the issuing entity, the seller, the master servicer, the subservicer, the indenture trustee nor the initial purchaser will have any responsibility or obligation to any of the DTC participants, Clearstream, Luxembourg participants or Euroclear participants or the persons for whom they act as nominees with respect to:

- the accuracy of any records maintained by DTC, Clearstream, Luxembourg or Euroclear or any participant;
- the payment by DTC, Clearstream, Luxembourg or Euroclear or any participant of any amount due to any beneficial owner in respect of the principal amount or interest on any Book-Entry Notes;
- the delivery by any of the DTC participants, Clearstream, Luxembourg participants or Euroclear participants of any notice to any beneficial owner which is required or permitted under the terms of the indenture or trust agreement to be given to noteholders; or
- any other action taken by DTC as the noteholder.

The administrator will have the right to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, definitive certificates will be required to be printed and delivered.

The notes will be issued in fully registered form. The notes will be represented by registered notes in global form and certain other notes will be represented by notes in definitive form registered in the name of individual purchasers or their nominees.

Notes offered and sold in reliance on Rule 144A will be issued in the form of a global note in definitive, fully registered form without interest coupons (the "Rule 144A Global Note") and will be deposited with the indenture trustee, as a custodian for DTC, and registered in the name of Cede & Co., a nominee of DTC, for credit to the respective accounts of the purchasers of such notes at DTC. The Rule 144A Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the Indenture and will bear the legend regarding such restrictions set forth under "*Description of the Notes—Transfer and Exchange of Notes*" herein.

Notes ("Regulation S Notes") sold in offshore transactions to non U.S. Persons in reliance on Regulation S ("Regulation S") under the Securities Act (a purchaser in such a transaction, a "Regulation S Purchaser") will be represented by one or more global notes in definitive, fully registered form without interest coupons (the "Regulation S Global Notes", and together with the Rule 144A Global Notes, the "Global Notes") and will be registered in the name of Cede & Co, as nominee of DTC, deposited with the Indenture Trustee as custodian for DTC.

The Regulation S Notes will be represented initially by Regulation S Global Notes and will be deposited with the Indenture Trustee as custodian for DTC, or any successor thereto, and registered in the name of Cede & Co, as nominee of DTC. Prior to and including the 40th day after the later of the commencement of the offering and the date of original issuance of the notes (the "Restricted Period"), beneficial interests in the Regulation S Global Notes may be held only through Clearstream, Luxembourg or the Euroclear operator. The Regulation S Global Notes and any individual notes issued in exchange therefor after the Restricted Period will be subject to certain restrictions on transfer set forth herein and in the Indenture. No person other than a Regulation S Purchaser may own a beneficial interest in the Regulation S Notes.

During the Restricted Period, a beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note only upon receipt by the indenture trustee of a written certificate in the form required under the Indenture (a "Rule 144A Transfer Note") from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a Qualified Institutional Buyer, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United

States or any other jurisdiction. After the Restricted Period, such transfer shall only be made upon receipt by the indenture trustee of a written certification by the proposed transferee to the effect that such transferee is a Qualified Institutional Buyer.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note during the Restricted Period only upon receipt by the indenture trustee of a written certification from the transferor in the form required under the Indenture (a "Restricted Period Transfer Certificate") to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S and that the interest transferred will be held immediately thereafter through Clearstream, Luxembourg or Euroclear. After the Restricted Period, such transfer shall only be made upon receipt by the indenture trustee of a written certification from the transferor in the form required under the Indenture (a "Regulation S Transfer Certificate") to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for as long as it remains an interest therein.

Definitive Notes

Notes will be issued in fully registered, certificated form to noteholders or their nominees, rather than to DTC or its nominee, only if:

- The administrator advises the indenture trustee in writing that DTC is not willing or able to discharge its responsibilities as depository for the Book-Entry Notes and the administrator is unable to locate a successor;

- the administrator, at its option, elects to terminate the book-entry system through DTC; or

- after the occurrence of an event of default, a master servicer default or an administrator default, investors holding a majority of the outstanding principal amount of the Book-Entry Notes, advise the indenture trustee through DTC in writing that the continuation of a book-entry system through DTC or a successor is no longer in the best interest of the holders of these notes.

Upon the occurrence of any event described in the bullets above, the administrator will be required to notify all noteholders, through DTC, of the availability of definitive notes. When DTC surrenders the Book-Entry Notes registered in the name of its nominee, the indenture trustee will reissue to the noteholders the corresponding notes as definitive notes upon receipt of instructions for re-registration. From then on, payments of principal and interest on the definitive notes will be made, in accordance with the procedures set forth in the indenture, directly to the holders of definitive notes in whose names the definitive notes were registered at the close of business on the record date. Payments will be made by check mailed to the address of each holder as it appears on the register maintained by the indenture trustee.

However, the final payment on any definitive note will be made only upon presentation and surrender of that definitive note at the office or agency specified in the notice of final distribution.

Definitive notes will be transferable and exchangeable at the offices of the indenture trustee or of a registrar named in a notice delivered to holders of definitive notes. No service charge will be imposed for any registration of transfer or exchange, but the indenture trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed.

Transfer and Exchange of Notes

The notes are being offered in a private placement (A) in the United States, to persons who are "qualified institutional buyers" as defined under Rule 144A under the Securities Act ("Qualified Institutional Buyers") and (B) outside the United States, to persons who are non U.S. Persons in offshore transactions pursuant to Rules 901 through 905 of the Securities Act ("Regulation S"), and will not be registered under the Securities Act or any state securities or "blue sky" laws. No transfer or sale of the notes shall be made unless such transfer is not subject to registration under the Securities Act or any applicable state securities laws. In addition, any resale within the United States of a note purchased pursuant to Regulation S may only be made to a Qualified Institutional Buyer. As a result, the notes may be resold or transferred only (A) in the United States, to persons who are Qualified Institutional Buyers and (B) outside the United States, to persons who are non U.S. Persons in offshore transactions in reliance on Regulation S.

Each purchaser of the notes will be required to represent and agree as follows:

(a) it is either (A) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act and is acquiring the notes for its own institutional account or for the account of a Qualified Institutional Buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on an exemption under the Securities Act or (B) a non U.S. Person acquiring the notes in reliance on Regulation S;

(b) it understands that the notes will be offered in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer any notes, such notes may be resold, pledged or transferred only in accordance with the transfer restrictions set forth herein;

(c) it understands that if a transfer is to be made in reliance upon an exemption from the Securities Act, in order to assure compliance with the Securities Act and such laws, the noteholder desiring to effect such transfer and such noteholder's prospective transferee shall each certify to the indenture trustee in writing the facts surrounding the transfer in substantially one of the forms set forth in the indenture;

(d) it acknowledges that none of the issuing entity, the seller, the master servicer, the subservicer, the indenture trustee, the owner trustee or the initial purchaser or any person representing any of the foregoing has made any representation to it with respect to the issuing entity, the seller, the master servicer, the subservicer, the indenture trustee, the owner trustee or the initial purchaser or the offering or sale of any notes, other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. It has had access to such financial and other information concerning the issuing entity and the notes as it has deemed necessary in connection with its decision to purchase such notes; and

(e) it acknowledges that the notes will bear a legend to the following effect unless the issuing entity determines otherwise, consistent with applicable law:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY PORTION HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE REGISTRATION PROVISIONS OF THE SECURITIES ACT AND ANY APPLICABLE PROVISIONS OF ANY STATE BLUE SKY OR SECURITIES LAWS. THIS NOTE MAY ONLY BE RESOLD (A) IN THE UNITED STATES, TO PERSONS THAT ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY RULE 144A AND (B) OUTSIDE THE UNITED STATES, TO PERSONS THAT ARE NON U.S. PERSONS IN OFFSHORE TRANSACTIONS PURSUANT TO RULES 901 THROUGH 905 OF THE SECURITIES ACT ("REGULATION S"). INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME".

Each holder of a note desiring to effect a transfer of such note shall be required to indemnify the indenture trustee, the seller, the issuing entity, the eligible lender trustee, the master servicer and the subservicer against any liability that may result if the transfer is not so exempt from the registration requirements under the Securities Act or is not made in accordance with such federal and state laws.

Interest Rates

The Class A notes will bear interest at a per annum rate equal to three-month LIBOR, except for the first accrual period, plus 0.75%.

LIBOR for the first accrual period will be determined by the following formula:

$x + [a/b * (y - x)]$

where:

(i) x = two-month LIBOR;

(ii) y = three-month LIBOR;

(iii) a = the actual number of days from the maturity date of two-month LIBOR to the first distribution date; and

(iv) b = the actual number of days from the maturity date of two-month LIBOR and the maturity date of three-month LIBOR.

We will calculate interest on the basis of a 360-day year and the actual number of days elapsed during the related accrual period.

Notice of Interest Rates

For the notes listed on The Irish Stock Exchange Limited, the administrator will also notify the Irish paying agent, and will cause The Irish Stock Exchange Limited to be notified, of the current interest rate for the notes listed on the exchange prior to the first day of each accrual period.

The Class A Notes

Distributions of Interest. Interest will accrue on the principal amount of the Class A notes at its interest rate. Interest will accrue during each accrual period and will be payable to the Class A noteholders on each distribution date based upon the total amount of interest then due on the Class A notes. Interest accrued on the Class A notes as of any distribution date but not paid on that distribution date will be due on the next distribution date together with an amount equal to interest on the unpaid amount at the interest rate borne by the Class A notes. Interest payments to the Class A noteholders entitled to distributions on any distribution date will be made from Available Funds; from amounts on deposit in the capitalized interest account through the distribution date occurring in September 2011; and from amounts on deposit in the reserve account. See *"— Distributions"* and *"—Credit Enhancement—Reserve Account"* and "*—Capital Interest Account*". If these sources are insufficient to pay the Class A Interest Distribution Amount on that distribution date, the Class A noteholders will not receive all interest to which they are entitled on such distribution date.

Distributions of Principal. Principal payments will be made on the Class A notes on each distribution date in an amount generally equal to the Principal Distribution Amount on that distribution date, until the principal amount of the Class A notes is reduced to zero.

Principal payments on the Class A notes will generally be made from Available Funds remaining after the distribution of the Class A Interest Distribution Amount on that distribution date. See *"—Distributions" and "—Credit Enhancement"*. Amounts on deposit in the reserve account, other than amounts in excess of the Reserve Account Requirement, will not be available to make principal payments on the Class A notes except (i) at maturity of the Class A notes, (ii) if, on any distribution date, there are no outstanding student loans in the trust or (iii) on the final distribution upon termination of the trust estate. On the initial distribution date, the Principal Distribution Amount will include any amounts transferred from the acquisition account to the collection account during the initial collection period.

The outstanding principal amount of the Class A notes will be due and payable in full on its maturity date. The actual date on which the outstanding principal amount and accrued interest of the Class A notes is paid may be earlier than its maturity date, based on a variety of factors.

Determination of LIBOR

Two-month or three-month LIBOR, for any accrual period, is the London interbank offered rate for deposits in U.S. Dollars having a maturity of two-months or three-months, as applicable, commencing on the first day of the accrual period, which appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on the related LIBOR Determination Date. If an applicable rate does not appear on Reuters Page LIBOR01, the rate for that day will be determined on the basis of the rates at which deposits in U.S. Dollars, having the applicable maturity and in a principal amount of not less than U.S. $1,000,000, are offered at approximately 11:00 a.m., London time, on that LIBOR Determination Date, to prime banks in the London interbank market by the Reference Banks. The indenture trustee will request the principal London office of each Reference Bank to provide a quotation of its rate. If the Reference Banks provide at least two quotations, the rate for that day will be the arithmetic mean of the quotations. If the Reference Banks provide fewer than two quotations, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the indenture trustee, at approximately 11:00 a.m., New York time, on that LIBOR Determination Date, for loans in U.S. Dollars to leading European banks having the applicable maturity and in a principal amount of not less than U.S. $1,000,000. If the banks selected as described above are not providing quotations, two-month or three-month LIBOR in effect for the applicable accrual period will be two-month or three-month LIBOR in effect for the previous accrual period.

For this purpose:

- "LIBOR Determination Date" means, for each accrual period, the second business day before the beginning of that accrual period.
- "Reuters Page LIBOR01" means the display designated as "LIBOR01" on Reuters 3000 Xtra (or such other page as may replace LIBOR01 on Reuters 3000 Xtra or any successor service) for the purpose of displaying the London interbank offered rates of major banks.
- "Reference Banks" means four major banks in the London interbank market selected by the indenture trustee.

For purposes of calculating two-month or three-month LIBOR, a business day is any day on which banks in New York City and the City of London are open for the transaction of international business. The interest due on the notes for any accrual period will be determined based on the actual number of days elapsed in the accrual period over a 360-day year.

Accounts

The indenture trustee will establish and maintain the collection account for the benefit of the noteholders, into which all payments on the student loans will be deposited. The indenture trustee will also establish and maintain the acquisition account, the reserve account, the distribution account, the capitalized interest account and the floor income rebate account on behalf of the noteholders.

Funds in the acquisition account, the collection account, the reserve account, the distribution account and the capitalized interest account will be invested as provided in the indenture in eligible investments. Eligible investments are generally limited to investments acceptable to the rating agencies as being consistent with the rating of the notes. Eligible investments are limited to obligations or securities that mature not later than the business day immediately preceding the next distribution date or the next monthly expense payment date, to the extent of the issuing entity fees. Subject to some conditions, eligible investments may include debt instruments or other obligations (including asset-backed securities) issued by the seller or its affiliates, other issuing entities originated by the seller or its affiliates or third parties and repurchase obligations of such persons with respect to federally guaranteed student loans that are serviced by the master servicer or an affiliate thereof.

Fees and Expenses of the Issuing Entity

The table below sets forth the fees payable by or on behalf of the issuing entity.

Party	Amount
Master Servicer[1]	The master servicing fee for any monthly expense payment date is an amount equal to the sum of $1/12^{th}$ of an amount not to exceed 0.50% of the average outstanding principal amount of the student loans for the preceding calendar month.
Administrator[1]	$80,000 per annum.
Subservicer.......................................	Paid monthly by the master servicer.
Indenture Trustee and Eligible Lender Trustee[1]................................	The aggregate fees of the indenture trustee and the eligible lender trustee will equal approximately 0.005% per annum of the Pool Balance, payable quarterly.
Owner Trustee[1]...............................	$7,500 per annum.

(1) To be paid from Aggregate Available Funds before any amounts are distributed to the noteholders on each distribution date.

The fees and expenses of the issuing entity will be payable by the indenture trustee prior to distribution of principal and interest on the notes and will also include payments to the Department of Education as consolidation loan rebate fees and floor income rebate fees. The monthly consolidation loan rebate fee to the Department of Education is payable at an annualized rate generally equal to 1.05% on principal of and interest on Federal Consolidation Loans disbursed on or after October 1, 1993. See *"DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Fees—Rebate Fee on Federal Consolidation Loans"* in this offering memorandum for information regarding the rebate fee payable to the Department of Education. The floor income rebate fees, if applicable, are payable as described herein under "*—Floor Income Rebate Account*".

We have estimated the fees and expenses payable to the Department of Education as consolidation loan rebate fees, the master servicer, the indenture trustee and the eligible lender trustee in an aggregate amount not to exceed 1.555% per annum of the outstanding principal balance of the student loans.

Master Servicing Fee. In addition to the fee set forth in the table above, the master servicing fee may also include specified amounts payable to the master servicer for tasks it performs.

Subservicing Fee. The fees of the subservicer will be paid by the master servicer.

Distributions

Deposits to Collection Account. On or about the business day immediately prior to each distribution date, the master servicer and the administrator will provide the indenture trustee with certain information as to the preceding collection period, including the amount of Aggregate Available Funds with respect to such distribution date and the aggregate purchase amount of the student loans held under the indenture to be purchased by the seller or the master servicer.

All payments on student loans and all proceeds of student loans collected by the master servicer during each collection period on behalf of the issuing entity will be deposited into the collection account within two business days of receipt. However, at any time that CIT Group Inc.'s short-term obligations are rated at least "A-1" by S&P and CIT Group Inc.'s short-term obligations are rated at least "P-1" and its long-term obligations are rated at least "A1" by Moody's, payments on student loans and all proceeds of student loans collected by the master servicer during each collection period on behalf of the issuing entity may be commingled with other assets of the master servicer and need not be deposited into the collection account until two business days prior to the related distribution date. In each case, such collections may be remitted less any payments owed thereon to the master servicer. Pending deposit into the collection account, collections may be invested by the master servicer at its own risk and for its own benefit and will not be segregated from its own funds.

The eligible lender trustee will deposit all interest subsidy payments and all special allowance payments on the student loans received by it for each collection period into the collection account within two business days of receipt.

Distributions on each Monthly Expense Payment Date. On or prior to the 25th day of each month (or, if the 25th day of any month is not a business day, the next business day) beginning in July 2009, from Aggregate Available Funds, the administrator will instruct the indenture trustee to make the following distributions in the following order of priority: (i) the monthly consolidation loan rebate fee to the Department of Education at an annualized rate generally equal to 1.05% on principal of and interest on Federal Consolidation Loans described under "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Fees—Rebate Fee on Federal Consolidation Loans*" in this offering memorandum, (ii) any floor income required to be paid to the Department of Education as described under "*—Floor Income Rebate Account*" below, (iii) aggregate master servicing fees and (iv) the fees of M&T, as indenture trustee and as eligible lender trustee.

Distributions on each Distribution Date. On each distribution date the indenture trustee will make the distributions set forth in clauses (1) through (5) below from amounts on deposit in the distribution account. These distributions will be made to the extent of the Available Funds on that distribution date. If on any distribution date prior to the September 2011 distribution date, Available Funds are insufficient to make the payments set forth in clause (1) below on that distribution date, amounts then on deposit in the capitalized interest account will be used to make such payments. If on any distribution date, Available Funds and amounts on deposit in the capitalized interest account, as applicable, are insufficient to make the payments set forth in clause (1) below, amounts on deposit in the reserve account will be used to make such payments. Amounts on deposit in the reserve account will be used to pay principal on the class A notes at their final maturity.

1. To the Class A noteholders, the Class A Interest Distribution Amount;

2. to the Class A noteholders, the Principal Distribution Amount, until the Class A notes have been paid in full;

3. to the reserve account, the amount, if any, necessary to reinstate the balance of the reserve account to the Reserve Account Requirement;

4. to any potential future cap counterparty under any potential future interest rate cap agreement, the amount of any payment due under such potential future interest rate cap agreement; and

5. to the excess distribution certificateholders, any remaining amounts after application of the preceding clauses.

The excess distribution certificates will represent the ownership of the residual interest in the issuing entity and will initially be owned by a Cayman Islands corporation, all economic interest of which will be held by an entity that is indirectly wholly owned by CIT Group Inc.

Notwithstanding the foregoing, on each distribution date occurring on and after the Accelerated Principal Trigger Date, the indenture trustee will distribute as accelerated payments of principal on the notes all amounts that would otherwise be paid to the excess distribution certificateholders on such distribution date.

On any distribution date on which an optional redemption of the notes occurs as described herein under *"—Optional Redemption"*, the indenture trustee will pay the make-whole payment described in this offering memorandum under *"—Optional Redemption*" to the Class A noteholders.

If an event of default occurs under the indenture and as a result the maturity of the notes is accelerated, as described under *"DESCRIPTION OF THE INDENTURE—Remedies on Default"* in this offering memorandum, payments will not be made in the order described above. Instead, payments will be made as described below under *"— Distributions Following an Event of Default and Acceleration of the Maturity of the Notes"*.

Distributions Following an Event of Default and Acceleration of the Maturity of the Notes

Following the occurrence of an event of default and an acceleration of the maturity of the notes, as described under *"DESCRIPTION OF THE INDENTURE—Remedies on Default"* in this offering memorandum, distributions on each subsequent distribution date will be made from Aggregate Available Funds in the following order of priority:

1. to the Department of Education, any consolidation loan rebate fees or floor income rebate fees;

2. to the indenture trustee, the eligible lender trustee, the owner trustee and the master servicer, pro rata, for the amount due under the indenture, the trust agreement and the administration agreement and the due and unpaid aggregate master servicing fee;

3. to the administrator, any due and unpaid administration fees;

4. to the Class A noteholders, the Class A Interest Distribution Amount;

5. to the Class A noteholders, an amount sufficient to reduce the outstanding principal amount of the Class A notes to zero;

6. to any potential future cap counterparty under any potential future interest rate cap agreement, the amount of any payment due under such potential future interest rate cap agreement; and

7. to the excess distribution certificateholders, any remaining amount.

Voting Rights and Remedies

Except as otherwise described herein and in the indenture, where references are made to actions taken by holders of a specific amount of the notes, the notes will all vote and exercise remedies together. See *"DESCRIPTION OF THE INDENTURE—Remedies on Default"* in this offering memorandum.

If the indenture trustee receives conflicting or inconsistent requests and indemnity from two or more groups of noteholders, each representing less than a majority of the outstanding principal amount of the notes, the indenture trustee in its sole discretion will determine what action, if any, will be taken, notwithstanding any other provisions of the indenture.

Except as otherwise described in the transaction documents, any notes owned by the issuing entity, the seller, the master servicer or any of their respective affiliates will be entitled to benefits under such documents equally and proportionately to the benefits afforded other owners of notes except that such notes will be disregarded and deemed not to be outstanding for the purposes of determining whether the requisite percentage of noteholders have given any request, demand, authorization, direction, notice, consent or waiver under such documents unless the issuing entity, the seller, the master servicer or any of their respective affiliates own all of the notes of the issuing entity.

Credit Enhancement

Excess Interest. Excess interest is created when interest collections received on the student loans during a collection period and related investment earnings on amounts on deposit in the trust accounts exceed the interest payable on the notes and the fees and expenses of the issuing entity. Excess interest with respect to the student loans is intended to provide "first loss" protection for the notes. Excess interest (as part of all interest collections) will be collected and deposited into the collection account and will become part of the Aggregate Available Funds. There can be no assurance as to the rate, timing or amount, if any, of excess interest. The application of excess interest to the payment of principal on the notes will affect the weighted average life and yield on your investment. Excess interest not applied to make required distributions on any distribution date, and not deposited into the reserve account, will be paid to the excess distribution certificateholders and will not be available on subsequent distribution dates to make payments on the notes.

Reserve Account. The reserve account will be created with an initial deposit by the issuing entity on the closing date of cash or eligible investments in an amount equal to $1,755,851. The reserve account will be augmented on each distribution date by depositing into it the amount, if any, necessary to reinstate the balance of the reserve account to the Reserve Account Requirement from the amount of Available Funds remaining after payment on that date under clauses (1) and (2) under *"—Distributions—Distributions on each Distribution Date"*.

If the amount in the reserve account on any distribution date is sufficient to pay the remaining principal and interest accrued on the notes, these assets will be so applied on that distribution date. If, on any distribution date, there are no outstanding student loans in the trust, the amounts on deposit in the reserve account will be used to pay principal and interest on the notes on such distribution date.

If the amount on deposit in the reserve account on any distribution date after giving effect to all deposits or withdrawals from the reserve account on that distribution date is greater than the Reserve Account Requirement on that distribution date, the indenture trustee will deposit the amount of the excess into the collection account and such amounts will be included in Aggregate Available Funds on such distribution date.

Amounts held from time to time in the reserve account will continue to be held for the benefit of the issuing entity. Funds will be withdrawn from the reserve account on any distribution date to the extent that the amount of Available Funds and amounts on deposit in the capitalized interest account on that distribution date are insufficient to pay the amounts set forth in clause (1) under *"—Distributions—Distributions on each Distribution Date"*.

These funds also will be withdrawn at maturity of the Class A notes or on the final distribution upon termination of the trust estate to the extent that the amount of Available Funds at that time is insufficient to pay the amounts set forth in clause (2) under *"—Distributions—Distributions on each Distribution Date"*. These funds will be paid from the reserve account to the persons and in the order of priority specified for distributions out of the distribution account in clauses (1) and (2), as applicable.

The reserve account is intended to enhance the likelihood of timely distributions of interest to the noteholders and to decrease the likelihood that the noteholders will experience losses. In some circumstances, however, the reserve account could be reduced to zero.

Capitalized Interest Account. The capitalized interest account will be created with an initial deposit on the closing date of cash or eligible investments in an amount equal to $12,500,000. The initial deposit will not be replenished.

Funds on deposit in the capitalized interest account on the September 2009, December 2009, March 2010, June 2010, September 2010, December 2010, March 2011, June 2011 and September 2011 distribution dates in excess of $12,500,000, $10,700,000, $9,800,000, $8,900,000, $8,000,000, $7,100,000, $6,300,000, $5,400,000 and $0.00, respectively, will be transferred to the collection account and included in Aggregate Available Funds on that distribution date.

Except as described in the preceding paragraph, amounts held from time to time in the capitalized interest account will be held for the benefit of the Class A noteholders. Funds will be withdrawn from cash in the capitalized interest account on any distribution date to the extent that the amount of Available Funds on the distribution date is insufficient to pay the amounts set forth in clause (1) under *"—Distributions—Distributions on each Distribution Date"* before application of amounts on deposit in the reserve account.

The capitalized interest account is intended to enhance the likelihood of timely distributions of interest to the noteholders through the distribution date occurring in September 2011.

Floor Income Rebate Account. The indenture trustee will establish and maintain a floor income rebate account under the indenture. On or before each monthly expense payment date, the administrator will instruct the indenture trustee to transfer from the collection account to the floor income rebate account an approximate amount based on the Administrator's reasonable determination of the monthly accrual of interest paid by borrowers on student loans originated on or after April 1, 2006 that exceeds the special allowance support levels applicable to such student loans, which amount we refer to in this offering memorandum as "floor income." The Department of Education may offset the amount of floor income owed to it by the issuing entity from interest subsidy payments and/or special allowance payments otherwise due to the issuing entity. In this event, the corresponding amount of floor income deposited into the floor income rebate account will be transferred to the Collection Account on the next distribution date and become part of Aggregate Available Funds. If the Department of Education does not offset such amounts, then the administrator will instruct the indenture trustee to remit to the Department of Education, from the floor income rebate account, the required amount of floor income.

Overcollateralization. Overcollateralization represents the amount by which the Pool Balance exceeds the outstanding principal amount of the notes. The amount of overcollateralization will vary from time to time depending on the rate and timing of the principal payments on the student loans, capitalization of interest and the occurrence of losses on the student loans. On the closing date, overcollateralization is expected to equal approximately 5.46% of the outstanding principal amount of the notes. The overcollateralization will be available to absorb losses on the student loans that are not otherwise covered by amounts on deposit in the reserve account, the capitalized interest account or excess interest on the student loans, if any, and to cover shortfalls in interest on the notes that could result from the relatively low interest rate on the student loans on the one hand as compared to the interest rate on the notes and fees and expenses of the issuing entity on the other hand.

Overcollateralization Amount. The overcollateralization amount represents the amount by which the Adjusted Pool Balance exceeds the outstanding principal amount of the notes. On the closing date, the initial overcollateralization amount is expected to equal approximately 7.06% of the Adjusted Pool Balance. The application of Available Funds described under "*—Distributions—Distributions on each Distribution Date*" above is designed to maintain the level of the overcollateralization amount at the Specified Overcollateralization Amount.

Potential Future Interest Rate Cap Agreement. At any time after the closing date, at the direction of the administrator, the issuing entity may enter into one or more interest rate cap agreements (collectively, the "potential future interest rate cap agreement") with one or more eligible cap counterparties (collectively, the "potential future cap counterparty") to hedge some or all of the interest rate risk of the notes. Any payment due by the issuing entity to a potential future cap counterparty would be payable only out of funds available after all amounts due under clauses (1) through (3) of "*DESCRIPTION OF THE NOTES—Distributions*" in this offering memorandum have been paid. Any payments received from a potential future cap counterparty would be included in Aggregate Available Funds. It is not anticipated that the issuing entity would be required to make any payments to any potential future cap counterparty under any potential future interest rate cap agreement other than an upfront payment and, in some circumstances, a termination payment.

Optional Redemption

On any distribution date, at the direction of the administrator, with the consent of the majority excess distribution certificateholders, the notes may be redeemed by the issuing entity, in whole but not in part, at the redemption price. The issuing entity may redeem the outstanding notes with amounts available to it resulting from (i) collections on the student loans held by the issuing entity, (ii) amounts on deposit in the trust accounts or (iii) the

proceeds of any sale of student loans held by the issuing entity to entities described below. On any distribution date, the redemption price for the notes will be the amount sufficient to:

- reduce the outstanding principal amount of the notes on such distribution date to zero;
- pay to noteholders the interest payable on such distribution date;
- pay the outstanding fees due, according to the indenture; and
- in the case of any such optional redemption, pay a make-whole payment due to the noteholders.

In the case of any such optional redemption, the make-whole payment will equal the present value (as determined by the administrator) of the spread over three-month LIBOR for the notes which would accrue from (and including) the related distribution date to (and including) the maturity date (based on an amortization of the outstanding principal balance of the notes in accordance with that set forth in the 100% column in the table entitled "Percentages of Original Principal of the Notes Remaining at Certain Distribution Dates at Various CLR Percentages" on page I-5 in this offering memorandum and assuming that the master servicer exercises it's option to purchase all of the student loans on the first distribution date on which it is eligible to do so, as described under "—*Optional Purchase*" below) discounting the amount payable with respect to such amount on each distribution date during such period based on the value of "USD-ISDA-Swap Rate" for a maturity equal to the period of time from the date of determination of such scheduled amount to such relevant distribution date and an assumed principal balance, each as determined by the administrator.

To effect an optional redemption, the issuing entity may only sell student loans as described in clause (iii) above (a) to entities that are not affiliated with the seller, the master servicer, the subservicer or any of their affiliates and with which the seller, the master servicer, the subservicer or any of their affiliates do not have a pre-existing arrangement to purchase such student loans and (b) to a bankruptcy remote special purpose vehicle which may be affiliated with the seller, the master servicer, the subservicer or any of their affiliates, or to a bankruptcy remote Delaware trust with a similar organizational structure to the issuing entity that, in each case, finances the acquisition of such student loans through a securitization transaction with third party lenders or investors which purchase debt or equity (or any combination thereof) of greater than 50% of the debt and equity issued in such transaction.

In furtherance of the foregoing, on any business day, the administrator may direct to issuing entity to sell student loans held by the issuing entity to entities described above in order to effect an optional redemption of the notes on the next distribution date. There can be no assurance that the issuing entity will be able to complete any such sales.

The indenture trustee shall deposit the net proceeds of any such sales of student loans into the collection account to be used on the related distribution date to retire the notes, pay the outstanding fees due and pay the make-whole payment due to noteholders, according to the indenture.

Upon an optional redemption, all notes shall be surrendered for cancellation in connection therewith and will be canceled and may not be reissued or resold.

Optional Purchase

The master servicer may purchase or arrange for the purchase of all remaining student loans on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance.

The exercise of this purchase option will result in the early retirement of the notes. The purchase price will equal the amount required to prepay in full, including all accrued interest, the remaining student loans as of the last day of the preceding collection period, but not less than a prescribed minimum purchase amount described below.

The prescribed minimum purchase amount is the aggregate principal balance of the student loans *plus* accrued and unpaid interest thereon; provided, however, that the prescribed minimum purchase amount must equal or exceed the amount that would be sufficient to:

- pay to the noteholders the interest payable on the related distribution date;
- reduce the outstanding principal amount of the notes on the related distribution date to zero; and
- pay amounts due to the master servicer, the eligible lender trustee, the indenture trustee, the administrator and the owner trustee pursuant to the indenture.

List of Noteholders

Holders of the notes evidencing at least 25% of the outstanding principal amount of the notes may, by written request to the administrator, obtain a list of all noteholders for communicating with other noteholders regarding their rights under the indenture or under the notes. The administrator may elect not to give the noteholders access to the list if it agrees to mail the desired communication or proxy, for and at the expense of the requesting noteholders, to all noteholders.

Reports to Noteholders

On each distribution date, the administrator will provide to noteholders of record as of the record date a statement containing substantially the same information as is required to be provided on the periodic report to the indenture trustee described under "*Description of the Indenture—Further Covenants*" in this offering memorandum. The statements provided to noteholders will not constitute financial statements prepared in accordance with generally accepted accounting principles and will not be audited.

Within the prescribed period of time for tax reporting purposes after the end of each calendar year, the trustee will mail to each person, who at any time during that calendar year was a noteholder and who received a payment from the issuing entity, a statement containing certain information to enable it to prepare its federal income tax return. See "*Federal Income Tax Consequences*" in this offering memorandum.

Pool Factors

The pool factor for the notes will be a seven-digit decimal computed by the administrator before each distribution date. Each pool factor will indicate the remaining outstanding principal amount of the notes, after giving effect to distributions to be made on that distribution date, as a fraction of the initial outstanding principal amount of the notes. The pool factor will initially be 1.0000000. Thereafter, it will decline to reflect reductions in the outstanding principal amount of the notes. Your portion of the outstanding principal amount of the notes will be the product of:

- the original denomination of the note, and
- the applicable pool factor.

Reports will be made available to noteholders on or about each distribution date concerning various matters, including payments the issuing entity has received on its student loans, the Pool Balance of the student loans, the pool factor and various other items of information. See "*DESCRIPTION OF THE INDENTURE—Further Covenants*" in this offering memorandum.

WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES

The rate of payment of principal of the notes and the yield on the notes will be affected by prepayments of the student loans that may occur as described below. Therefore, payments on the notes could occur significantly earlier than expected. Consequently, the final payments on the notes could be significantly earlier, and average lives of the notes could be significantly shorter, than expected. All the student loans are prepayable in whole or in part,

without penalty, by the borrowers at any time, or as a result of a borrower's default, death, disability or bankruptcy and subsequent liquidation or collection of guarantee payments with respect thereto. The rate of such prepayments cannot be predicted and may be influenced by a variety of economic, political, social and other factors, including as described below. In general, the rate of prepayments may tend to increase to the extent that alternative financing becomes available on more favorable terms or at interest rates significantly below the interest rates applicable to the student loans. Prepayments could increase as a result of certain borrower benefit programs, or as a result of guarantee payments following defaults, among other factors. In addition, the seller is obligated to repurchase any student loan (or substitute an eligible student loan) as a result of a breach of any of its representations and warranties relating to student loans contained in the transfer and sale agreement, and the master servicer is obligated to purchase any student loan pursuant to the master servicing agreement as a result of a breach of certain covenants with respect to such student loan, in each case where such breach materially adversely affects the interests of the issuing entity in that student loan and is not cured within the applicable cure period. See "*THE SELLER'S STUDENT LOAN PROGRAMS—General*" and "*SERVICING OF THE STUDENT LOANS—Master Servicer Covenants*" in this offering memorandum. See also "*DESCRIPTION OF THE NOTES—Optional Purchase*" in this offering memorandum regarding the master servicer's option to purchase the student loans on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance and "*DESCRIPTION OF THE NOTES—Optional Redemption*" regarding the optional redemption of the notes at the direction of the administrator, with the consent of the majority excess distribution certificateholders.

On the other hand, the rate of principal payments and the yield on the notes will be affected by scheduled payments with respect to, and maturities and average lives of, the student loans which may be lengthened as a result of, among other things, grace periods, deferral periods, forbearance periods, or repayment term or monthly payment amount modifications agreed to by the master servicer. Therefore, payments on the notes could occur significantly later than expected. Consequently, the final payments on the notes could be significantly later, and weighted average lives of the notes could be significantly longer, than expected. The rate of payment of principal of the notes and the yield on the notes may also be affected by the rate of defaults resulting in losses on defaulted student loans which have been liquidated, by the severity of those losses and by the timing of those losses, which may affect the ability of the guarantor to make guarantee payments with respect thereto. In addition, the maturity of certain of the student loans extends beyond the stated maturity date for the notes. The projected weighted average life and expected maturity date of the notes under various assumed prepayment scenarios are included in Exhibit I to this offering memorandum.

The rate of prepayments on the student loans cannot be predicted due to a variety of factors, some of which are described above, and any reinvestment risks resulting from a faster or slower incidence of prepayment of student loans will be borne entirely by the noteholders. Such reinvestment risks may include the risk that interest rates and the relevant spreads above particular interest rate indices are lower at the time noteholders receive payments from the issuing entity than such interest rates and such spreads would otherwise have been if such prepayments had not been made or had such prepayments been made at a different time.

ACQUISITION OF THE STUDENT LOANS

The seller will enter into a transfer and sale agreement with the issuing entity pursuant to which the seller will sell to the issuing entity all of the seller's right, title and interest in a pool of consolidation loans originated under FFELP.

On the closing date, the indenture trustee will deposit approximately $651,744,149 of the proceeds of the sale of the notes into the acquisition account. Using the amounts in the acquisition account and the proceeds of a cash equity contribution from the holders of the excess distribution certificate, we expect to purchase from the seller a pool of student loans in the amount of approximately $702,340,304 (including principal and capitalized interest accrued thereon) on or about the closing date.

CHARACTERISTICS OF THE STUDENT LOANS

General

The portfolio of student loans to be acquired by the issuing entity will consist of student loans that, as of the statistical cut-off date of April 30, 2009, had an aggregate principal balance of $702,340,304 (including principal and capitalized interest accrued thereon). The seller will transfer the student loans to the issuing entity under the transfer and sale agreement. The student loans were selected from the portfolio of student loans owned by the seller by employing several criteria, including requirements that each student loan as of the statistical cutoff date:

- is a Federal Consolidation Loan as described under "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" in this offering memorandum) that is guaranteed as to principal and interest by a guaranty agency under a guarantee agreement and the guaranty agency is, in turn, reinsured by the Department of Education in accordance with FFELP;

- contains terms in accordance with those required by FFELP and the guarantee agreements;

- is not more than 30 days past due;

- does not have a borrower who is noted in the related records of the master servicer or the subservicer as being currently involved in a bankruptcy proceeding; and

- has special allowance payments, if any, based on the three-month commercial paper rate.

No selection procedures believed by the seller to be adverse to the noteholders will be used in selecting the student loans.

The information described below with respect to the original term to maturity and remaining term to maturity of the student loans as of the statistical cut-off date may vary significantly from the actual term to maturity of any of the student loans as a result of the granting of deferral and forbearance periods with respect thereto.

The information presented in this offering memorandum relating to the portfolio of student loans is as of the statistical cut-off date, which is April 30, 2009. The seller believes that the information set forth below with respect to the student loans as of the statistical cut-off date is representative of the characteristics of the student loans as they will be constituted at the date the issuing entity purchases the student loans to be acquired by it on or about the closing date, although the actual loan balance and certain characteristics of the student loans may vary.

Set forth in the following tables is a description as of the statistical cut-off date of certain characteristics of the student loans expected to be acquired on or about the closing date with a portion of the proceeds of the notes. (The percentages and the balances of loans set forth in certain of the tables below may not always add to 100% and $702,340,304, respectively, due to rounding.)

Composition of the Student Loan Portfolio as of the Statistical Cut-Off Date

Aggregate Outstanding Principal Balance with Accrued Capitalized Interest	$702,340,304
Number of Borrowers(1)	22,379
Average Outstanding Principal Balance Per Borrower	$31,384
Number of Loans	39,084
Average Outstanding Principal Balance Per Loan	$17,970
Weighted Average Remaining Term to Scheduled Maturity(2)	266 months
Weighted Average Annual Borrower Interest Rate(3)	5.88%
Percentage of Loans with Special Allowance Payments indexed to 3-month Commercial Paper	100.00%

(1) A single borrower can have more than one account if such borrower had different types of underlying FFELP loans with certain characteristics.
(2) We determined the weighted average remaining term to maturity shown in the table above from the statistical cut-off date to the stated maturity date of the applicable student loan, including any current deferral or forbearance periods, but without giving effect to any deferral or forbearance periods that may be granted in the future.
(3) We determined the weighted average annual borrower interest rate shown in the table above without including any special allowance payments or any rate reductions that may be earned by borrowers in the future.

The weighted average annual borrower interest rate shown above excludes special allowance payments. The weighted average special allowance payment spread to the three-month commercial paper rate was 2.56% as of the statistical cut-off date.

Distribution of the Student Loans by Borrower Interest Rate as of the Statistical Cut-Off Date

Borrower Interest Rate (1)	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Less than 3.00%	$ 5,972,780	0.85%	385
3.00% to 3.49%	15,840,042	2.26	762
3.50% to 3.99%	24,643,803	3.51	1,138
4.00% to 4.49%	30,308,678	4.32	1,255
4.50% to 4.99%	112,664,014	16.04	7,328
5.00% to 5.49%	102,937,833	14.66	6,806
5.50% to 5.99%	60,090,533	8.56	2,806
6.00% to 6.49%	63,553,922	9.05	3,261
6.50% to 6.99%	130,923,101	18.64	7,516
7.00% to 7.49%	96,524,371	13.74	5,598
7.50% to 7.99%	22,492,010	3.20	859
8.00% and greater	36,389,217	5.18	1,370
Total	$702,340,304	100.00%	39,084

(1) We determined the annual borrower interest rate shown in the table above without including any special allowance payments or any rate reductions that may be earned by borrowers in the future. All of the student loans (measured by outstanding principal balance) have fixed borrower interest rates, although a variable yield is provided by special allowance payments to the extent that the applicable special allowance payments calculation exceeds the fixed borrower interest rates for a given calendar quarter.

Distribution of the Student Loans by Subsidy Status as of the Statistical Cut-Off Date

Subsidy Status	**Outstanding Principal Balance**	**Percent of Loans By Outstanding Balance**	**Number of Loans**
Subsidized	$310,836,177	44.26%	18,969
Unsubsidized......................................	391,504,127	55.74	20,115
Total	$702,340,304	100.00%	39,084

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Distribution of the Student Loans by Remaining Term to Scheduled Maturity as of the Statistical Cut-Off Date

Remaining Total Term(1) (in months)	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
0 to 24	$ 39,244	0.01%	45
25 to 36	30,213	*	14
37 to 48	60,168	0.01	23
49 to 60	222,228	0.03	52
61 to 72	72,983	0.01	35
73 to 84	322,244	0.05	79
85 to 96	1,058,756	0.15	137
97 to 108	1,712,731	0.24	302
109 to 120	4,156,326	0.59	758
121 to 132	4,023,160	0.57	721
133 to 144	10,688,740	1.52	1,528
145 to 156	39,841,937	5.67	4,805
157 to 168	44,738,941	6.37	5,066
169 to 180	31,998,243	4.56	3,554
181 to 192	892,114	0.13	85
193 to 220	81,138,728	11.55	5,490
221 to 260	98,239,909	13.99	6,232
261 to 300	130,966,501	18.65	4,974
Greater than 300	252,137,139	35.90	5,184
Total	$702,340,304	100.00%	39,084

*Indicates a number greater than 0.00% and less than 0.005%.

(1) We determined the remaining term to maturity shown in the table above from the statistical cut-off date to the stated maturity date of the applicable student loan, including any current deferral or forbearance periods, but without giving effect to any deferral or forbearance periods that may be granted in the future.

Distribution of the Student Loans by Borrower Payment Status as of the Statistical Cut-Off Date

Status	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Deferment	$ 80,603,643	11.48%	3,771
Forbearance	51,498,814	7.33	1,742
Repayment	570,237,848	81.19	33,571
First Year in Repayment	238,048,506	33.89(1)	12,358
Second Year in Repayment	252,950,861	36.02(1)	15,216
Third Year in Repayment	77,258,102	11.00(1)	5,810
Fourth Year in Repayment	1,969,324	0.28(1)	186
Fifth Year or Greater in Repayment	11,055	*(1)	1
Total	$702,340,304	100.00%	39,084

*Indicates a number greater than 0.00% and less than 0.005%.

(1) Indicated as a percentage of the total outstanding balance of student loans.

The weighted average number of months in repayment for all student loans that have entered repayment is approximately 11 months calculated as number of payments made as of the statistical cut-off date.

Distribution of the Student Loans by the Number of Days of Delinquency as of the Statistical Cut-Off Date

Days Delinquent	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Current to 29 days	$702,340,304	100.00%	39,084
Total	$702,340,304	100.00%	39,084

Distribution of the Student Loans by Disbursement Date
as of the Statistical Cut-Off Date

Disbursement Date	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Prior to July 1, 2006	$ 56,834,247	8.09%	4,217
July 1, 2006 to September 30, 2007	543,317,816	77.36	30,922
October 1, 2007 and thereafter	102,188,241	14.55	3,945
Total	$702,340,304	100.00%	39,084

Distribution of the Student Loans by Principal Balance as of the Statistical Cut-Off Date

Account Principal Balance	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Less than $500	$ 75,176	0.01%	278
$500 to $999.99	260,120	0.04	342
$1,000 to $1,999.99	1,287,455	0.18	840
$2,000 to $2,999.99	2,760,595	0.39	1,099
$3,000 to $3,999.99	4,359,150	0.62	1,240
$4,000 to $4,999.99	7,495,143	1.07	1,653
$5,000 to $5,999.99	11,317,394	1.61	2,058
$6,000 to $6,999.99	11,750,601	1.67	1,811
$7,000 to $7,999.99	14,375,649	2.05	1,914
$8,000 to $8,999.99	16,025,346	2.28	1,889
$9,000 to $9,999.99	17,291,973	2.46	1,820
$10,000 to $14,999.99	90,363,510	12.87	7,341
$15,000 to $19,999.99	87,985,162	12.53	5,090
$20,000 to $24,999.99	78,831,198	11.22	3,521
$25,000 to $29,999.99	59,604,101	8.49	2,188
$30,000 to $34,999.99	51,406,378	7.32	1,589
$35,000 to $39,999.99	39,934,375	5.69	1,068
$40,000 to $44,999.99	34,203,564	4.87	808
$45,000 to $49,999.99	28,804,269	4.10	608
$50,000 to $54,999.99	22,771,564	3.24	436
$55,000 to $59,999.99	16,925,363	2.41	294
$60,000 to $64,999.99	16,077,982	2.29	258
$65,000 to $69,999.99	14,274,243	2.03	212
$70,000 to $74,999.99	9,196,250	1.31	127

$75,000 to $79,999.99	7,751,776	1.10	100
$80,000 to $84,999.99	6,024,633	0.86	73
$85,000 to $89,999.99	4,191,970	0.60	48
$90,000 to $94,999.99	5,552,252	0.79	60
$95,000 to $99,999.99	4,968,712	0.71	51
$100,000 to $109,999.99	6,656,350	0.95	64
$110,000 to $119,999.99	5,305,897	0.76	46
$120,000 to $129,999.99	4,495,784	0.64	36
$130,000 to $139,999.99	3,793,076	0.54	28
$140,000 to $149,999.99	3,336,994	0.48	23
$150,000 or greater	12,886,300	1.83	71
Total	$702,340,304	100.00%	39,084

Scheduled Weighted Average Remaining Months in Status of the Student Loans by Current Borrower Payment Status as of the Statistical Cut-Off Date

	Scheduled Remaining Months in Status		
Status	**Deferment**	**Forbearance**	**Repayment**
Deferment	10.3	-	294.7
Forbearance	-	3.9	311.5
Repayment	-	-	257.4

We have determined the scheduled weighted average remaining months in status shown in the previous table without giving effect to any deferral or forbearance periods that may be granted in the future. We expect that a significant portion of these loans could qualify for additional deferrals or forbearances at the end of their current deferral or forbearance periods as the related borrowers continue their education beyond their current degree programs. As a result, the overall duration of any applicable deferral and forbearance periods as well as the likelihood of future deferral and forbearance periods within this pool of student loans is likely to be higher than in other pools of student loans without similar numbers of in-school loans.

Geographic Distribution of the Student Loans as of the Statistical Cut-Off Date

Location by Borrower State	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
Alabama	$ 12,618,863	1.80%	740
Alaska	1,671,475	0.24	99
Arizona	16,064,711	2.29	829
Arkansas	2,496,926	0.36	154
California	129,155,725	18.39	6,171
Colorado	7,691,708	1.10	400
Connecticut	9,639,725	1.37	565
Delaware	1,709,911	0.24	122
District of Columbia	5,185,505	0.74	223
Florida	50,852,682	7.24	2,628
Georgia	24,599,567	3.50	1,356
Hawaii	3,928,370	0.56	209
Idaho	1,677,515	0.24	117
Illinois	40,906,402	5.82	2,402
Indiana	13,542,418	1.93	897
Iowa	2,441,328	0.35	135
Kansas	1,478,614	0.21	89
Kentucky	8,605,842	1.23	612
Louisiana	2,327,859	0.33	110
Maine	1,997,330	0.28	154
Maryland	19,268,444	2.74	958
Massachusetts	16,059,305	2.29	1,066
Michigan	24,890,592	3.54	1,482
Minnesota	5,337,074	0.76	314
Mississippi	7,072,525	1.01	389

Missouri	4,410,182	0.63	220
Montana	469,621	0.07	34
Nebraska	957,362	0.14	53
Nevada	4,956,514	0.71	254
New Hampshire	3,957,878	0.56	243
New Jersey	21,781,829	3.10	1,393
New Mexico	4,555,032	0.65	240
New York	56,006,909	7.97	3,358
North Carolina	16,466,883	2.34	1,040
North Dakota	183,249	0.03	8
Ohio	32,961,531	4.69	1,832
Oklahoma	2,102,894	0.30	115
Oregon	7,493,935	1.07	419
Pennsylvania	24,930,616	3.55	1,322
Rhode Island	2,882,798	0.41	193
South Carolina	8,573,312	1.22	528
South Dakota	417,911	0.06	22
Tennessee	13,147,275	1.87	742
Texas	27,212,737	3.87	1,544
Utah	2,021,965	0.29	119
Vermont	1,423,669	0.20	96
Virginia	19,292,589	2.75	1,164
Washington	8,375,930	1.19	435
West Virginia	5,105,860	0.73	308
Wisconsin	14,132,437	2.01	849
Wyoming	583,682	0.08	34
Other	6,715,290	0.96	298
Total	$702,340,304	100.00%	39,084

Distribution of Student Loans by School Type

School Type	Outstanding Principal Balance	Percent of Loans By Outstanding Balance	Number of Loans
2 Year	$ 44,121,716	6.28%	3,506
4 Year	540,891,534	77.01	29,903
Graduate/Law	2,511,627	0.36	94
Health/Medical/Dental	660,104	0.09	66
Proprietary	103,534,414	14.74	4,997
Other	10,620,908	1.51	518
Total:	$702,340,304	100.00%	39,084

Each of the student loans provides or will provide for the amortization of its outstanding principal balance over a series of regular payments. Except as described below, each regular payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the student loan. The amount received is applied first to interest accrued to the date of payment and the balance of the payment, if any, is applied to reduce the outstanding principal balance. Accordingly, if a borrower pays a regular installment before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the outstanding principal balance will be correspondingly greater. Conversely, if a borrower pays a monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the outstanding principal balance will be correspondingly less. In addition, if a borrower pays a monthly installment after its scheduled due date, the borrower may owe a fee on that late payment. If a late fee is applied, such payment will be applied first to the applicable late fee, second to interest and third to principal. As a result, the portion of the payment applied to reduce the outstanding principal balance may be less than it would have been had the payment been made as scheduled.

In either case, subject to any applicable deferral periods or forbearance periods, and except as provided below, the borrower pays a regular installment until the final scheduled payment date, at which time the amount of the final installment is increased or decreased as necessary to repay the then outstanding principal balance of that student loan.

The seller makes available through the master servicer and the subservicer, to the borrowers of student loans it holds, payment terms that may result in the lengthening of the remaining term of the student loans. For example, not all of the loans owned by the seller provide for level payments throughout the repayment term of the student loans. Some student loans provide for interest only payments to be made for a designated portion of the term of the loans, with amortization of the principal of the loans occurring only when payments increase in the latter stage of the term of the loans. Other loans provide for a graduated phase in of the amortization of principal with a greater portion of principal amortization being required in the latter stages than would be the case if amortization were on a level payment basis. The seller also offers, through the master servicer and the subservicer, an income-sensitive repayment plan, under which repayments are based on the borrower’s income. Under that plan, ultimate repayment may be delayed up to five years.

The following table provides certain information about student loans subject to the repayment terms described in the preceding paragraphs.

Distribution of the Student Loans by Repayment Terms as of the Statistical Cut-Off Date

Loan Repayment Terms	**Outstanding Principal Balance**	**Percent of Loans By Outstanding Balance**	**Number of Loans**
Level Repayment..................................	$381,177,980	54.27%	21,347
Other Repayment..................................	321,162,324	45.73	17,737
Total:	$702,340,304	100.00%	39,084

The master servicer and the subservicer may in the future offer repayment terms similar to those described above to borrowers of loans held by the issuing entity who are not entitled to these repayment terms as of the statistical cutoff date. If repayment terms are offered to borrowers, the weighted average life of the notes could be lengthened.

Description of Guaranty Agency for the Student Loans

Each student loan is required to be guaranteed as to principal and interest by the Pennsylvania Higher Education Assistance Agency ("PHEAA") and reinsured by the Department of Education under the Higher Education Act and must be eligible for special allowance payments and, in the case of some student loans, interest subsidy payments by the Department of Education. The eligible lender trustee has entered into a guarantee agreement with PHEAA, under which PHEAA has agreed to serve as guarantor for the student loans.

Under the Higher Education Act Amendments of 1992, if the Department of Education has determined that a guaranty agency is unable to meet its insurance obligations, a loan holder may submit claims directly to the Department of Education and the Department of Education is required to pay the full guarantee payment in accordance with guarantee claim processing standards no more stringent than those of the guaranty agency. We cannot assure you that the Department of Education would ever make such a determination with respect to a guaranty agency or, if such a determination was made, whether that determination or the ultimate payment of guarantee claims would be made in a timely manner. See "*DESCRIPTION OF FFELP GUARANTY AGENCIES*" in this offering memorandum.

Some historical information about PHEAA is provided below. The information shown for PHEAA relates to all student loans guaranteed by PHEAA. This information was provided by PHEAA for insertion in this offering memorandum. We have no reason to believe that such information is false, inaccurate or incomplete.

Pennsylvania Higher Education Assistance Agency Pennsylvania Higher Education Assistance Agency ("PHEAA") is a body corporate and politic constituting a public corporation and government instrumentality created pursuant to the Pennsylvania Act of August 7, 1963, P.L. 549, as amended (the "Pennsylvania Act").

PHEAA has been guaranteeing student loans since 1964. As of March 31, 2009, PHEAA has guaranteed a total of approximately $45.3 billion principal amount of Stafford Loans and approximately $7.2 billion principal amount of PLUS Loans and SLS Loans, and approximately $52.0 billion principal amount of consolidation loans under the Higher Education Act. PHEAA initially guaranteed loans only to residents of the Commonwealth of Pennsylvania (the "Commonwealth") or persons who planned to attend or were attending eligible education institutions in the Commonwealth. In May 1986, PHEAA began guaranteeing loans to borrowers that did not meet these residency requirements pursuant to its national guarantee program. Under the Pennsylvania Act, guarantee payments on loans under PHEAA's national guarantee program may not be paid from funds appropriated by the Commonwealth.

PHEAA has adopted a default prevention program consisting of (i) informing new borrowers of the serious financial obligations incurred by them and stressing the financial and legal consequences of failure to meet all terms of the loan, (ii) working with institutions to make certain that student borrowers are enrolled in sound education programs and that the proper individual enrollment records are being maintained, (iii) assisting lenders with operational programs to ensure sound lending policies and procedures, (iv) maintaining up-to-date student status and address records of all borrowers in the guaranty program, (v) initiating prompt collection actions with borrowers who become delinquent on their loans, do not establish repayment schedules or "skip," (vi) taking prompt action, including legal action and garnishment of wages, to collect on all defaulted loans, and (vii) adopting a general policy that no loan will be automatically "written off". Since the loan servicing program was initiated in 1974, PHEAA has never exceeded an annual default claims percentage of 5% and, as a result, federal reimbursement for default claims has thus far been at the maximum federal reimbursement level.

For the last five federal fiscal years (ending September 30), the annual default claims percentages have been as follows:

Fiscal Year	Annual Default Claims Percentages
2004	1.09%
2005	1.30%
2006	1.42%
2007	1.96%
2008	1.98%

As of March 31, 2009, PHEAA had total federal reserve-fund assets of approximately $120.9 million. Through March 31, 2009, the outstanding amount of principal on loans that had been directly guaranteed by PHEAA under FFELP was approximately $51.8 billion. In addition, as of March 31, 2009, PHEAA had operating-fund assets and non-FFELP assets totaling approximately $12.4 billion.

Guarantee Volume. PHEAA's guaranty volume (the approximate aggregate principal amount of federally reinsured education loans, including PLUS Loans but excluding Federal Consolidation Loans) was as follows for the last five federal fiscal years (ending September 30):

Fiscal Year	Guaranty Volume
	(in millions)
2004	$3,131
2005	$3,403
2006	$3,792
2007	$4,121
2008	$3,948

Reserve Ratio. Under current law, PHEAA is required to manage the Federal Fund so net assets are greater than 0.25% of the original principal balance of outstanding guarantees. Historically, the Department of

Education has calculated this ratio at September 30, which is the close of the federal fiscal year, and has excluded amounts payable to the Department of Education related to the recall of reserve funds from this published calculation.

Fiscal Year	Reserve Ratio
2004	0.34%
2005	0.16%
2006	0.20%
2007	0.25%
2008	0.25%

Recovery Rates. The guarantor's recovery rate, which provides a measure of the effectiveness of the collection efforts against defaulting borrowers after the guarantee claim has been satisfied, is determined for each year by dividing the current year collections by the total outstanding claim portfolio for the prior fiscal year. The table below shows the cumulative recovery rates for PHEAA for the five federal fiscal years (ending September 30) shown for which information is available:

Fiscal Year	Recovery Rates
2004	25.48%
2005	26.30%
2006	33.93%
2007	37.76%
2008	32.81%

PHEAA's headquarters are located in Harrisburg, Pennsylvania. PHEAA will provide a copy of its most recent audited financial statements upon receipt of a written request directed to Mr. Timothy A. Guenther, Chief Financial Officer, Financial Management, 1200 North Seventh Street, Harrisburg, PA 17102-1444.

FFELP Delinquencies, Defaults, Claims and Net Losses

Information about delinquencies, defaults, guarantee claims and net losses on FFELP loans is available in the Department of Education's Loan Programs Data Books, called DOE Data Books. The delinquency, default, claim and net loss experience on the student loans may not be comparable to this information.

CERTAIN LEGAL ASPECTS OF THE STUDENT LOANS

Transfer of Student Loans and Substantive Consolidation

The seller intends that the transfer of student loans by the seller and its eligible lender trustee to the issuing entity and the eligible lender trustee on behalf of the issuing entity will constitute a valid sale and assignment. Nevertheless, if the transfer of the student loans by the seller and its eligible lender trustee to the issuing entity and its eligible lender trustee is deemed to be an assignment of collateral as security, then a security interest in the student loans may be perfected by either taking possession of the promissory note or a copy of the master

promissory note evidencing the loan or by filing of notice of the security interest in the manner provided by the applicable Uniform Commercial Code, or the UCC as it is commonly known, for perfection of security interests in accounts. Accordingly, financing statements covering the student loans naming the seller, as debtor, will be filed under the UCC to protect the interest of the eligible lender trustee in the event that the transfer by the seller is deemed to be an assignment of collateral as security.

If the transfer of the student loans is deemed to be an assignment as security for the benefit of the issuing entity, there are limited circumstances under the UCC in which prior or subsequent transferees of student loans could have an interest in the student loans with priority over the issuing entity and its eligible lender trustee's interest. A tax or other government lien on property of the seller arising before the time a student loan comes into existence may also have priority over the interest of the seller or the issuing entity and its eligible lender trustee in the student loan. Under the transfer and sale agreement, however, the seller will warrant that it has transferred the student loans to the issuing entity and its eligible lender trustee free and clear of the lien of any third party (other than certain permitted liens). In addition, the seller will covenant that it will not sell, pledge, assign, transfer or grant any lien on any student loan held by the issuing entity or any interest in that loan other than to the issuing entity and its eligible lender trustee. The administrator will be required to maintain the perfected security interest status by filing all requisite continuation statements.

Under the master servicing agreement, the master servicer, as custodian will have custody of the promissory notes evidencing the student loans. Although the records of the seller, the master servicer and the subservicer will be marked to indicate the sale and although the seller will cause UCC financing statements to be filed with the appropriate authorities, the student loans will not be physically segregated, stamped or otherwise marked to indicate that the student loans have been sold to the issuing entity and its eligible lender trustee. If, through inadvertence or otherwise, any of the student loans were sold to another party that:

- purchased the student loans in the ordinary course of its business,
- took possession of the student loan notes, and
- acquired the student loans for new value and without actual knowledge of the issuing entity's interest,

then that purchaser might acquire an interest in the student loans superior to the interest of the seller and the eligible lender trustee.

The issuing entity has received the advice of its counsel to the effect that, subject to specified facts, assumptions and qualifications, it would not be a proper exercise by a court of its equitable discretion to disregard the separate legal existence of the issuing entity and to require the consolidation of the assets and liabilities of the seller or the entities which hold the excess distribution certificates with the assets and liabilities of the issuing entity in the event of the application of any bankruptcy or insolvency laws to the issuing entity. Among other things, it is assumed by counsel that the issuing entity will follow certain procedures in the conduct of its affairs, including:

- maintaining records and books of accounts separate from those of the seller and the entities which hold the excess distribution certificates, except to the extent that its financial statements are consolidated with those of CIT Group Inc. and its subsidiaries;
- refraining from commingling its assets with those of the seller or the entities which hold the excess distribution certificates; and
- refraining from holding itself out as having agreed to pay, or being liable for, the debts of the seller or the entities which hold the excess distribution certificates.

The issuing entity intends to follow those and other procedures related to maintaining its separate identity. There can be no assurance that a court would not conclude that the assets and liabilities of the issuing entity should be consolidated with those of the seller or the entities which hold the excess distribution certificates. If a court were to

reach that conclusion, or a filing were made under any insolvency laws by or against the issuing entity, or if an attempt were made to litigate any of the above issues, delays in distributions on the notes could occur or reductions in the amounts of those distributions could result. See "*RISK FACTORS—If a sale of student loans from the seller to the issuing entity is not a true sale, delays or reductions in payments to you could result*" and "*—Bankruptcy of the seller could result in accelerated prepayment on the notes, reductions in payment or delays in payment*" in this offering memorandum.

In any bankruptcy or insolvency proceeding of the issuing entity, the student loans and any other assets of the issuing entity may be liquidated. The proceeds from that liquidation would be treated as collections on those assets and deposited in accordance with the indenture. There can be no assurance that the proceeds from the liquidation of those assets and amounts (if any) on deposit in the accounts held under the indenture would be sufficient to pay the notes in full.

Consumer Protection Laws

Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance. Also, some state laws impose finance charge ceilings and other restrictions on consumer transactions and require contract disclosures in addition to those required under federal law. These requirements impose specific statutory liabilities upon lenders who fail to comply with their provisions. The requirements generally do not apply to federally sponsored student loans. The issuing entity, however, may be liable for violations of consumer protection laws that apply to the student loans, either as assignee from the seller or as the party directly responsible for obligations arising after a transfer. For a discussion of the issuing entity's rights if the student loans were not originated or serviced in compliance in all material respects with applicable laws, see *"SERVICING OF THE STUDENT LOANS—Master Servicer Covenants"* in this offering memorandum.

Loan Origination and Servicing Procedures Applicable to Student Loans

The Higher Education Act, including the implementing regulations, imposes specific requirements, guidelines and procedures for originating and servicing federally sponsored student loans such as the student loans held by the issuing entity. Generally, those procedures require that (1) completed loan applications be processed, (2) a determination of whether an applicant is an eligible borrower under applicable standards be made, including a review of a financial need analysis, (3) the borrower's responsibilities under the loan be explained to him or her, (4) the promissory note evidencing the loan be executed by the borrower and (5) the loan proceeds be disbursed in a specified manner by the lender. After the loan is made, the lender must establish repayment terms with the borrower, properly administer deferrals and forbearances and credit the borrower for payments made on the loan. If a borrower becomes delinquent in repaying a loan, a lender or its servicing agent must perform collection procedures, primarily telephone calls and demand letters, which vary depending upon the length of time a loan is delinquent.

The master servicer (or the subservicer) will perform collection and servicing procedures on behalf of the issuing entity. Failure of the master servicer (or the subservicer) to follow these procedures or failure of the originator of the loan to follow procedures relating to the origination of the student loans could result in adverse consequences such as the Department of Education's refusal to make reinsurance payments to the guarantor or to make interest subsidy payments or special allowance payments to the eligible lender trustee.

Student Loans Generally Not Subject to Discharge in Bankruptcy

FFELP loans and other student loans made for qualified education expenses are generally not dischargeable by a borrower in bankruptcy under the U.S. Bankruptcy Code, unless excepting this debt from discharge will impose an undue hardship on the debtor and the debtor's dependents. See "*DESCRIPTION OF FFELP GUARANTY AGENCIES—Student Loan Discharges*" in this offering memorandum.

THE SELLER'S STUDENT LOAN PROGRAMS

General

Education Funding Resources, LLC, as seller, will transfer student loans to the issuing entity in exchange for the net proceeds from the sale of the notes. On the closing date, Education Funding Resources, LLC will sell and assign to the eligible lender trustee on behalf of the issuing entity, without recourse, except as provided in the transfer and sale agreement, its entire interest in the student loans and all collections received and to be received with respect thereto for the period on and after the statistical cut-off date.

The student loans to be transferred to the issuing entity will be selected from a portfolio of student loans held by Education Funding Resources, LLC and its affiliates. Each student loan will meet the following criteria:

- each student loan will be guaranteed as to principal and interest by a guaranty agency and reinsured by the Department of Education under FFELP;

- each student loan will be originated in the United States of America, its territories or its possessions in accordance with FFELP;

- each student loan will contain all terms required by FFELP and the applicable guarantee agreements; and

- each student loan will provide for periodic payments that will fully amortize the amount financed over its term to maturity, exclusive of any deferral or forbearance periods.

Each student loan sold to the issuing entity will be identified in a schedule appearing as an exhibit to the transfer and sale agreement.

Education Funding Resources, LLC will make representations, warranties and covenants with respect to the student loans sold to the issuing entity pursuant to the transfer and sale agreement, including the following:

- each student loan has been duly executed and delivered and constitutes the legal, valid and binding obligation of the maker and the endorser, if any, thereof, enforceable in accordance with its terms;

- Education Funding Resources, LLC, as the holder of the beneficial ownership interest, and the eligible lender trustee, as the holder of the legal ownership interest, are the sole owners and holders of each student loan and each has full right and authority to sell and assign the same free and clear of all liens, pledges or encumbrances (other than certain permitted liens);

- the information provided with respect to the student loans is true and correct as of the statistical cut-off date;

- each student loan, on the date on which it was transferred to the issuing entity, is free and clear of all security interests, liens, charges and encumbrances (other than certain permitted liens) and no offsets, defenses or counterclaims with respect thereto have been asserted or threatened;

- each student loan is guaranteed by a guaranty agency under FFELP;

- Education Funding Resources, LLC, its affiliates and any independent servicer have each exercised and shall continue to exercise, until the scheduled date of sale, due diligence and reasonable care in making, administering, servicing and collecting the student loans;

- Education Funding Resources, LLC or the lender that originated a student loan, has reported, or will report when required, the amount of origination fees and consolidation loan rebate fees, if any, authorized to be collected with respect to the loan pursuant to Section 438(c) of the Higher Education Act to the Department of Education for the period in which the fee was authorized to be collected; and

- Education Funding Resources, LLC or the originating lender has made, or will make when due, any refund of an origination fee collected in connection with any student loan that may be required pursuant to the Higher Education Act.

At the request of the issuing entity or the indenture trustee, Education Funding Resources, LLC will be obligated to repurchase or substitute any student loan transferred by it to the issuing if:

- certain representations or warranties made or furnished by the seller in or pursuant to its transfer and sale agreement shall prove to have been materially incorrect as to the student loan;

- the Department of Education or a guaranty agency, as the case may be, refuses to honor all or part of a claim filed with respect to the student loan, including any claim for interest subsidy, special allowance payments, insurance, reinsurance or guarantee payments on account of any circumstance or event that occurred prior to the transfer of the student loan to the issuing entity; or

- on account of any wrongful or negligent act or omission of the seller, the originating lender or its or their servicing agents that occurred prior to the transfer of a student loan to the issuing entity, a defense that makes the loan unenforceable is asserted by a maker or endorser, if any, of the loan with respect to his or her obligation to pay all or any part of the loan.

Upon the occurrence of any of the conditions set forth above and upon the request of the issuing entity or the indenture trustee, Education Funding Resources, LLC will be required to pay to the indenture trustee an amount equal to the sum of the then outstanding principal balance of such loan, plus any unamortized premium paid on the purchase of such loan, plus all interest accrued and unpaid on such loan, plus the applicable special allowance payments, if any, accrued and unpaid with respect to such loan from the applicable loan purchase date to and including the date of repurchase, plus all amounts owed to the Department of Education, if any, with respect to the repurchased loan.

Description of each Borrower Benefit Program Applicable to the Student Loans

Education Funding Resources, LLC and its affiliates originated or acquired student loans that offer incentive programs to borrowers. As a result, the portfolio of student loans beneficially owned by the issuing entity consists of student loans eligible for a certain incentive program applicable to the student loans. Under the incentive program, the interest rate on a majority of the student loans that are eligible for a borrower benefit may be reduced by up to 1.0% after timely receipt (i.e., not more than 15 days delinquent) of the initial 36 payments from the borrower, while less than 2% of the portfolio allows for an interest rate reduction after timely receipt of the initial 24 payments and less than 3% of the portfolio allows for an interest rate reduction after timely receipt of the initial 48 payments. Approximately 22% of the portfolio does not allow for any reduced rate incentive based on timely receipt of payments. In addition, borrowers who authorize automatic payment of their student loans from a checking or savings account receive an interest rate that is 0.25% less than the otherwise applicable rate.

Education Funding Resources, LLC

Education Funding Resources, LLC, the seller, is a bankruptcy remote wholly owned, special purpose subsidiary of CIT Bank, formed to purchase student loans originated or acquired by Student Loan Xpress, Inc. and its subsidiaries. The seller has been engaged in such activities since July 2001. Because the seller is not an institution eligible to hold legal title to student loans, an eligible lender trustee will hold legal title to all student loans owned by the seller. The seller is a Delaware limited liability company and its principal executive offices are at 1 CIT Drive, Livingston, New Jersey 07039.

The seller will sell student loans to the issuing entity pursuant to a transfer and sale agreement between the seller and the issuing entity in which the seller will make representations, warranties and covenants with respect to the student loans sold thereunder.

The seller's obligations after issuance of the notes include (i) the sale of any student loans to the issuing entity to be purchased with amounts on deposit in the acquisition account and the proceeds of a cash equity contribution from the holders of the excess distribution certificate, (ii) delivery of certain related documents and instruments, (iii) repurchasing student loans in the event of certain breaches of representations or warranties made by the seller, (iv) providing tax-related information to the eligible lender trustee and (v) maintaining the eligible lender trustee's first priority perfected security interest (subject to certain permitted liens) in the assets of the issuing entity.

CIT Group Inc.

CIT Group Inc., a Delaware corporation incorporated on March 12, 2001, is a bank holding company providing commercial financing and leasing products and management advisory services to clients in a wide variety of industries. CIT Group Inc. operates primarily in North America, with locations in Europe, Latin America, Australia and the Asia-Pacific region. CIT Group Inc. commenced operations in 1908. CIT Group Inc.'s principal executive offices are located at 505 Fifth Avenue, New York, NY 10017, and its telephone number is (212) 771-0505. On December 22, 2008, CIT Group Inc. became a bank holding company regulated by the Board of Governors of the Federal Reserve System under the U.S. Bank Holding Company Act of 1956.

As a bank holding company, CIT Group Inc. has bank and non-bank subsidiaries. CIT Bank, with assets of $3.9 billion and deposits of $3.0 billion at March 31, 2009 is CIT Group Inc.'s primary bank subsidiary. CIT Bank, which is located in Salt Lake City Utah, amended its charter from an industrial bank to a fully chartered state bank in 2008. Additionally, CIT Bank, which had primarily funded consumer loans in conjunction with select vendor programs, shifted its focus to commercial lending in 2008. CIT Bank is subject to regulation and examination by the Federal Deposit Insurance Corporation and the Utah Department of Financial Institutions. Non-bank subsidiaries, both in the U.S. and abroad, currently house the majority of CIT Group Inc.'s assets.

CIT Group Inc. provides financing and leasing capital to its clients and their customers in over 30 industries and 50 countries. CIT Group Inc.'s businesses focus on commercial clients with a particular emphasis on middle-market companies in a wide variety of industries including transportation, particularly aerospace and rail, manufacturing, wholesaling, retailing, healthcare, communications, media and entertainment and various service-related industries. CIT Group Inc. is also a leader in small business lending.

Each business has industry alignment and focuses on specific sectors, products and markets, with portfolios diversified by client and geography. CIT Group Inc.'s principal product and service offerings include:

Products

- Asset-based loans
- Secured lines of credit
- Leases – operating, finance and leveraged
- Vendor finance programs
- Import and export financing
- Debtor-in-possession / turnaround financing
- Acquisition and expansion financing
- Letters of credit / trade acceptances structuring

- Small business loans

Services

- Financial risk management
- Asset management and servicing
- Merger and acquisition advisory services
- Debt restructuring
- Credit protection
- Account receivables collection
- Debt underwriting and syndication
- Capital markets
- Insurance services – small businesses and middle market customers

CIT Group Inc. previously offered student and mortgage loans to consumers. However, it ceased originating student loans in 2008 and is running off the remaining portfolio whereby the balance will be collected in accordance with the contractual terms. The vast majority of the student loan portfolio consists of government guaranteed loans. CIT Group Inc. closed the mortgage origination platform in 2007 and sold the remaining assets and operations in 2008.

CIT Group Inc. sources transactions through direct marketing efforts to borrowers, lessees, manufacturers, vendors and distributors, and to end-users through referral sources and other intermediaries. In addition, CIT Group Inc.'s business units work together both in referring transactions between units (i.e. cross-selling) and by combining various products and services to meet customers' overall financing needs. CIT Group Inc. also buys and sells participations in syndications of finance receivables and lines of credit and periodically purchases and sells finance receivables on a whole-loan basis.

CIT Group Inc. sets underwriting standards for each business unit and employs portfolio risk management models to achieve desired portfolio demographics. CIT Group Inc.'s collection and servicing operations are centralized across businesses and geographies providing efficient client interfaces and uniform customer experiences.

CIT Group Inc. generates revenue by earning interest income on the loans it holds on balance sheet, collecting rentals on the equipment it leases, and earning fees and other income for the financial services it provides. In addition, it syndicates and sells certain finance receivables and equipment to leverage its origination capabilities, reduce concentrations, manage its balance sheet and improve liquidity.

CIT Group Inc. funds its non-bank business in the global capital markets, principally through asset-backed and other secured financing arrangements, various forms of unsecured debt, $2.33 billion on sale of preferred stock issue to the U.S. Department of the Treasury, bank borrowings, and participation in the capital markets. CIT Bank funds itself via broker-originated deposits and has the authority to issue other forms of FDIC insured deposits. CIT Group Inc. relies on these diverse funding sources to maintain liquidity and strives to mitigate interest rate, foreign currency, and other market risks through disciplined matched-funding strategies.

At March 31, 2009, CIT Group Inc. had total assets of $75.7 billion including a $65.8 billion portfolio of owned and securitized assets. Total stockholders' equity at March 31, 2009 was $7.4 billion.

CIT Group Inc. meets customers' financing needs through five business segments, which represent its continuing operations.

SEGMENT	**MARKET AND SERVICES**
Corporate Finance	Lending, leasing and other financial services to principally small and middle-market companies, through industry focused sales teams.
Transportation Finance	Large ticket equipment leases and other secured financing to companies in aerospace, rail and defense industries.
Trade Finance	Factoring, lending, credit protection, receivables management and other trade products to retail supply chain companies.
Vendor Finance	Financing and leasing solutions to manufacturers, distributors and customer end-users around the globe.
Consumer	Consumer loan portfolios in run-off mode, the largest of which consists of government guaranteed student loans.

CIT Group Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission.

CIT Group Inc. will have no liabilities or obligations with respect to the notes.

THIRD-PARTY ORIGINATORS OF FFELP LOANS

With respect to FFELP loans, the identity of the actual originator of any particular student loan is not material, as the requisite underwriting criteria, if any, are in each case prescribed by provisions of the Higher Education Act or the rules and regulations promulgated thereunder.

SERVICING OF THE STUDENT LOANS

The Master Servicer

Education Lending Services, Inc. Education Lending Services, Inc. is a wholly-owned subsidiary of CIT Group Inc. and was incorporated in Delaware on October 3, 2000 as Grad Partners, Inc. The name was changed to Education Lending Services, Inc. on August 5, 2002. Education Lending Services, Inc. is the sole equity owner of two wholly-owned subsidiaries, Education Funding Capital I, LLC and Education Funding Resources II, LLC, which were originally formed as special purpose bankruptcy remote entities to facilitate the student loan financing process. Education Lending Services, Inc. currently serves as administrator and master servicer for each of the student loan securitizations effected by Education Funding Resources, LLC and Education Lending Services, Inc. primarily carries out its obligations as administrator and master servicer by entering into subservicing agreements with one or more eligible third party service providers.

Education Lending Services, Inc. will be responsible for servicing the student loans as master servicer on behalf of the issuing entity. The master servicer will be responsible for managing the relationships with the subservicer which will perform the actual servicing on behalf of the issuing entity. The master servicer also acts as administrator for the issuing entity. The master servicer carries out this servicing management responsibility from its principal executive offices as well as its offices located in Cincinnati, Ohio. The master servicer's principal executive offices are located at 1 CIT Drive, Livingston, NJ 07039. The master servicer may delegate or subcontract its duties to other subservicers, but no delegation or subcontract will relieve the master servicer of liability under the master servicing agreement.

The Subservicer

Education Loan Servicing Corporation. Education Loan Servicing Corporation, a Delaware corporation, doing business as Xpress Loan Servicing ("XLS"), is a wholly owned subsidiary of Student Loan Xpress, Inc. XLS is located in Cleveland, Ohio. XLS will be responsible for servicing the student loans as subservicer on behalf of the master servicer pursuant to a subservicing agreement between XLS and the master servicer. XLS is responsible for performing all services and duties customary to the servicing of student loans and to do so in compliance with, and to otherwise comply with, all standards and procedures provided for in the Higher Education Act, the applicable guarantee agreements and applicable regulations of the Department of Education. The subservicing agreement will contain provisions substantially similar to those provisions of the master servicing agreement described herein under *"—The Master Servicing Agreement"* and *"—Master Servicer Covenants*". XLS is required to maintain its eligibility as a third-party servicer under the Higher Education Act.

XLS carries out this servicing management responsibility from its principal executive offices. The servicer's principal executive offices are located at MK Ferguson Plaza - Terminal Tower, 1500 West 3rd Street, Suite 125, Cleveland, Ohio 44113.

XLS began originating and servicing education loans in July, 2004. XLS commenced operations with the origination and servicing of federally guaranteed consolidation loans. Since commencing operations XLS has originated over $9,000,000,000 in federal consolidation, Stafford, PLUS, Grad PLUS and private consolidation loans.

XLS currently services over 312,000 accounts consisting of federal consolidation, Stafford, PLUS, Grad PLUS, and private (non-federal) loans totaling over $8,700,000,000. Of this amount, XLS services over $1,300,000,000 for unaffiliated third party lenders and holders.

XLS is a remote user of the PHEAA Compass^{SM} Student Loan Management System for the origination of consolidation loans and the interim and repayment servicing of all loans. XLS is also a remote user of the AppWorksSM System from V-TEK Systems Corporation for the origination of Stafford, PLUS, Grad PLUS and private consolidation loans.

XLS' due diligence schedule is conducted through automated letter generation. Telephone calls are made by an auto-dialer system. All functions are monitored by internal quality controls to ensure performance according to requirements. Compliance training is provided at the organizational and departmental levels.

Lenders serviced by XLS receive reimbursement on default claims of 98% (or 97% for loans first disbursed on or after July 1, 2006).

XLS's senior management team has extensive experience in the student loan servicing business. The President and Chief Executive Officer of XLS, David Harmon, has worked in the education loan industry for over 33 years and has held several senior executive positions at different servicers. Each of XLS's vice presidents has previously held executive positions with established education loan servicers and their collective experience exceeds an average of 15 years.

XLS currently has over 126 full time employees. The primary operational group at XLS is Repayment Servicing, supplemented by several support groups also located in the Cleveland facility.

The Master Servicing Agreement

The issuing entity will enter into a master servicing agreement with the master servicer, which will continue until the earlier of:

- termination of the indenture;
- early termination after material default by the master servicer as provided for in the master servicing agreement; or
- payment in full of the student loans held by the issuing entity.

Under the master servicing agreement, the master servicer will be responsible for servicing all student loans acquired from time to time on behalf of the issuing entity. The master servicer will be responsible for performing all services and duties customary to the servicing of student loans, including all collection practices, and doing so in compliance with, and to otherwise comply with, all standards and procedures provided for in the Higher Education Act, the guarantee agreements and all laws and regulations applicable to its activities under the master servicing agreement. The master servicer is required to maintain its eligibility as a third-party servicer under the Higher Education Act. The master servicer may subcontract some or all of its servicing obligations to one or more eligible third party servicers.

All payments on student loans and all proceeds of student loans collected by the master servicer during each collection period on behalf of the issuing entity will be deposited into the collection account within two business days of receipt. However, at any time that CIT Group Inc.'s short-term obligations are rated at least "A-1" by S&P and CIT Group Inc.'s short-term obligations are rated at least "P-1" and its long-term obligations are rated at least "A1" by Moody's, payments on student loans and all proceeds of student loans collected by the master servicer during each collection period on behalf of the issuing entity may be commingled with other assets of the master servicer and need not be deposited into the collection account until two business days prior to the related distribution date. In each case, such collections may be remitted less any payments owed thereon to the master servicer. Pending deposit into the collection account, collections may be invested by the master servicer at its own risk and for its own benefit and will not be segregated from its own funds.

No agreement will require the master servicer to make advances to the issuing entity and no such advances have been made by the master servicer with respect to any student loans held by the issuing entity.

Without limiting the foregoing, the duties of the master servicer under the master servicing agreement will include, but will not be limited to, the following:

- collecting and delivering to the indenture trustee all payments with respect to the student loans held by the issuing entity, including filing appropriate claims for any guarantee payments, any interest subsidy payments and special allowance payments with respect to the student loans held by the issuing entity;
- responding to inquiries of borrowers about the student loans held by the issuing entity;
- taking such actions as are required under the Higher Education Act with respect to delinquencies;
- providing periodic reports of all monetary transactions;
- furnishing quarterly statements to the indenture trustee; and
- paying taxes, accounting fees, outside auditor fees, data processing costs and other costs incurred in servicing the student loans held by the issuing entity.

Master Servicer Covenants

In the master servicing agreement, the master servicer will agree that:

- it will satisfy all of its obligations set forth in the master servicing agreement, maintain in effect all qualifications required to service the student loans held by the issuing entity and comply in all material respects with all requirements of law if a failure to comply would have a material adverse effect on its ability to service the student loans held by the issuing entity;
- it will not permit any rescission or cancellation of a student loan held by the issuing entity except as ordered by a court or other government authority or as consented to by the eligible lender trustee and indenture trustee, except that it may write off any delinquent loan if the remaining balance of the borrower's account is less than $50; and

- it will not reschedule, revise, defer or otherwise compromise payments due on any student loan held by the issuing entity except during any applicable interest only, deferral or forbearance periods or otherwise in accordance with the same standards it uses for similar student loans owned by the seller and its affiliates in compliance with the applicable guarantee agreements and all other applicable federal and state laws, including, if applicable, the Higher Education Act.

Upon the discovery of a breach of certain covenants that have a material adverse effect on any student loans serviced by it under the master servicing agreement, the master servicer will be obligated to purchase or substitute the affected student loans unless the breach is cured within the applicable cure period specified in the master servicing agreement. Any breach that relates to compliance with the requirements of the Higher Education Act or the applicable guaranty agency but that does not affect that guaranty agency's obligation to guarantee payment of a student loan will not be considered to have a material adverse effect.

The purchase or substitution obligations of the master servicer will constitute the sole remedy available to the issuing entity for any uncured breach. The master servicer's purchase or substitution obligations will be contractual obligations that the issuing entity may enforce, but the breach of those obligations will not constitute an event of default under the indenture.

Matters Regarding the Master Servicer

Under the master servicing agreement, the master servicer will have the right to assign its obligations and duties as master servicer if each rating agency then rating the notes confirms that the assignment will not result in a downgrading or a withdrawal of its ratings of the notes. No resignation will become effective until a successor master servicer has assumed the duties of master servicer under the master servicing agreement.

The master servicing agreement will further provide that neither the master servicer nor any of its directors, officers, employees or agents will be under any liability to the issuing entity or the noteholders for taking any action or for refraining from taking any action pursuant to the master servicing agreement, or for errors in judgment; provided, however, that neither the master servicer nor any other person will be protected against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of the master servicer's duties thereunder or by reason of reckless disregard of its obligations and duties thereunder. In addition, the master servicing agreement will provide that the master servicer is under no obligation to appear in, prosecute, or defend any legal action that is not incidental to its servicing responsibilities under the master servicing agreement and that, in its opinion, may cause it to incur any expense or liability. The master servicing agreement will, however, provide that the master servicer may undertake any reasonable action that it deems necessary or desirable in respect of the master servicing agreement and the interests of the noteholders of the issuing entity.

Under the circumstances that will be specified in the master servicing agreement, any entity into which the master servicer may be merged or consolidated, or any entity resulting from any merger or consolidation to which the master servicer is a party, or any entity succeeding to the business of the master servicer, which corporation or other entity in each of the foregoing cases assumes the obligations of the master servicer, will be the successor of the master servicer under the master servicing agreement.

Master Servicer Default

Under the master servicing agreement, a servicer default will consist of:

- any failure by the master servicer to deliver to the indenture trustee any payment required under the master servicing agreement, which failure continues unremedied for 3 business days after written notice of such failure is received by the master servicer from the eligible lender trustee, the indenture trustee or the administrator or after discovery of such failure by an officer of the master servicer; or

- any breach of a representation or warranty of the master servicer contained in the master servicing agreement or failure by the master servicer to observe or to perform in any material respect any term, covenant or agreement set forth in the master servicing agreement, which breach or failure shall

(i) materially and adversely affect the rights of the noteholders and (ii) continue unremedied for a period of 90 days after the date of discovery of such failure by an officer of the master servicer or written notice of such breach or failure, requiring the same to be remedied, shall have been given (A) to the master servicer, by the indenture trustee, the eligible lender trustee or the administrator, or (B) to the master servicer, the indenture trustee and the eligible lender trustee by holders of 25% or more of the outstanding principal amount of the notes; or

- the occurrence of an event of bankruptcy involving the master servicer; or

- any failure by the master servicer to comply with any requirements under the Higher Education Act resulting in a loss of its eligibility as a third-party servicer.

Under the master servicing agreement, any failure of the master servicer to service a student loan held by the issuing entity in accordance with the Higher Education Act, so long as the master servicer is in compliance with its obligations under the master servicing agreement to purchase any adversely affected student loans and to pay to the issuing entity the amount of any program payments lost as a result of the master servicer's actions, will not constitute a servicer default.

Rights Upon Master Servicer Default

Under the master servicing agreement, as long as a servicer default remains unremedied, the indenture trustee or holders of not less than 25% of the outstanding principal amount of the notes, by notice then given in writing to the master servicer (and to the indenture trustee and eligible lender trustee if given by the noteholders) will have the right to terminate all the rights and obligations of the master servicer. Only the indenture trustee or the noteholders, and not the eligible lender trustee, will have the ability to remove the master servicer if a default occurs while the notes are outstanding. Following a termination, a successor master servicer appointed by the indenture trustee or the indenture trustee itself will succeed to all the responsibilities, duties and liabilities of the master servicer under the master servicing agreement and will be entitled to similar compensation arrangements, provided that the indenture trustee has received confirmation from each rating agency then rating the notes that its ratings of the notes will not be reduced or withdrawn as a result of the appointment of such successor master servicer.

The predecessor master servicer shall cooperate with the successor master servicer and the indenture trustee and eligible lender trustee in effecting the termination of the responsibilities and rights of the master servicer under the master servicing agreement, including the transfer to the successor master servicer for administration by it of all cash amounts held by the master servicer for deposit at the time of transfer. All reasonable costs and expenses incurred in connection with transferring the related student loans to the successor master servicer shall be paid by the predecessor master servicer upon presentation of reasonable documentation of such costs and expenses.

If the indenture trustee is unwilling or unable to act, it may appoint, or petition a court for the appointment of, a successor whose regular business includes the servicing of student loans; provided, however, that the indenture trustee shall act as master servicer until such successor has been appointed. If, however, a bankruptcy trustee or similar official has been appointed for the master servicer, the bankruptcy trustee or such similar official may have the power to prevent the indenture trustee or the noteholders of the issuing entity from effecting the transfer.

Waiver of Past Defaults

The master servicing agreement will provide that the holders of a majority of the outstanding principal amount of the notes, in the case of any servicer default that does not adversely affect the indenture trustee or noteholders, may, on behalf of all noteholders, waive any default by the master servicer, except a default in making any required deposits to or payments from any of the issuing entity accounts in accordance with the master servicing agreement. Upon any such waiver of a past default, such default shall cease to exist, and any servicer default arising therefrom shall be deemed to have been remedied for every purpose of the master servicing agreement. No waiver will impair the noteholders' rights as to subsequent defaults.

The issuing entity may designate another master servicer with respect to its student loans. Any master servicer, other than Education Lending Services, Inc., may be appointed only if each rating agency then rating the notes provides written confirmation that the appointment of the new master servicer will not adversely affect its ratings of those notes.

Administration of the Student Loans

The issuing entity will enter into an administration agreement with Education Lending Services, Inc., as administrator. Under the administration agreement, the administrator will agree to provide various notices and to perform other administrative obligations required by the indenture, trust agreement and transfer and sale agreement. Those services will include:

- confirming that the indenture trustee has made the required distributions on each monthly expense payment date and each distribution date;
- causing FFELP loans to be held by an eligible lender under the Higher Education Act at all times that such FFELP loans are held by the issuing entity;
- preparing, based on periodic data received from the master servicer, and providing annual statements to the eligible lender trustee and indenture trustee and any related federal income tax reporting information;
- providing the notices and performing other administrative obligations required by the indenture, trust agreement and transfer and sale agreement; and
- if the holder of a FFELP loan is permitted by the Higher Education Act or any other applicable federal law, instructing the eligible lender trustee, as holder of the loans on behalf of the issuing entity, to take any action with respect to the student loans or make any election regarding payments made on or with respect to such student loans (including without limitation special allowance payments or interest subsidy payments); provided, however, that such action shall not adversely affect in any material respect the interests of any noteholder, as evidenced by either (i) confirmation from each rating agency then rating the notes that such action will not result in the downgrade or withdrawal of the then current ratings of the notes or (ii) delivery of an opinion of counsel to the eligible lender trustee.

Under the administration agreement, Education Lending Services, Inc. will have the right to assign its obligations and duties as administrator if each rating agency then rating the notes confirms that the assignment will not result in a downgrading or a withdrawal of its ratings of the notes. No resignation will become effective until a successor administrator has assumed the duties of Education Lending Services, Inc. under the administration agreement.

The administrator may sub-contract any or all of its duties to a sub-administrator if the following conditions are met:

- the sub-administrator assumes in writing all of the obligations of the administrator that are sub-contracted;
- the sub-administrator covenants to comply with the requirements of the administration agreement; and
- the rating agencies confirm that this will not result in a downgrading or a withdrawal of the ratings then applicable to the notes.

Administrator Default

Under the administration agreement, an administrator default will consist of:

- any failure by the administrator to direct the indenture trustee to make any required distributions on any monthly expense payment date or any distribution date, if the failure continues for 5 business days after notice or discovery; or

- any failure by the administrator to observe or perform in any material respect any other term, covenant or agreement in the administration agreement that materially and adversely affects the rights of noteholders and continues for 90 days after written notice of the failure is given to the administrator; or

- the occurrence of an event of bankruptcy involving the administrator; or

- any representation or warranty made by the administrator in the administration agreement shall prove to be untrue or incomplete in any material respect and materially and adversely affects the rights of noteholders and continues for 90 days after written notice of the failure is given to the administrator.

Rights Upon Administrator Default

Under the administration agreement, so long as any administrator default remains unremedied, the indenture trustee or holders of not less than 25% of the outstanding principal amount of the notes will have the right to terminate all the rights and obligations of the administrator. Following the termination of the administrator, a successor administrator appointed by the indenture trustee or the indenture trustee itself will succeed to all the responsibilities, duties and liabilities of the administrator under the administration agreement.

The predecessor administrator shall cooperate with the successor administrator and the indenture trustee and eligible lender trustee in effecting the termination of the responsibilities and rights of the predecessor administrator under the administration agreement. All reasonable costs and expenses incurred in connection with such transfer of responsibilities shall be paid by the predecessor administrator upon presentation of reasonable documentation of such costs and expenses. The successor administrator will be entitled to similar compensation arrangements.

If the indenture trustee is unwilling or unable to act, it may appoint, or petition a court for the appointment of, a successor whose regular business includes the servicing or administration of student loans. The indenture trustee may make arrangements for compensation to be paid to a successor administrator, which cannot be greater than the compensation paid to the predecessor administrator unless each rating agency then rating the notes confirms that the payment of such higher compensation will not result in its ratings of the notes being reduced or withdrawn.

Evidence as to Compliance

The administration agreement will provide that a firm of independent public accountants will furnish to the issuing entity and the indenture trustee an annual report attesting to the administrator’s compliance with the terms of the administration agreement, including all statutory provisions incorporated in the agreement. The accounting firm will base this report on its examination of various documents and records and on accounting and auditing procedures considered appropriate under the circumstances.

The administration agreement will require the administrator to deliver to the issuing entity, eligible lender trustee and indenture trustee, concurrently with each compliance report, a certificate signed by an officer of the administrator stating that, to the officer’s knowledge, the administrator has fulfilled its obligations under the administration agreement. If there has been a material default the officer’s certificate will describe the default. The administrator will agree to give the indenture trustee and eligible lender trustee notice of administrator defaults under the administration agreement.

Waiver of Past Defaults

Under the administration agreement, the holders of a majority of the outstanding principal amount of the notes, in the case of any administrator default that does not adversely affect the indenture trustee or noteholders, will have the right to, on behalf of all noteholders, waive any default by the administrator. Upon any such waiver of a past default, such default shall cease to exist, and any administrator default arising therefrom shall be deemed to have been remedied for every purpose of the administration agreement. No waiver will impair the noteholders' rights as to subsequent defaults.

FORMATION OF THE ISSUING ENTITY

The Issuing Entity

CIT Education Loan Trust 2009-1 is a statutory trust newly formed under Delaware law and under a short-form trust agreement between the seller and the owner trustee dated June 12, 2009. The short-form trust agreement will be amended on the closing date pursuant to an amended and restated trust agreement among the seller, the owner trustee and the indenture trustee. We refer to the short-form trust agreement and the amended and restated trust agreement together as the "trust agreement". The eligible lender trustee will hold legal title to the student loans for the issuing entity under an eligible lender trust agreement. The issuing entity's principal offices are in Newark, Delaware, in care of BNY Mellon Trust of Delaware, as owner trustee, at its address shown below.

The proceeds from the sale of the notes will be used by the eligible lender trustee to make the initial deposits into the reserve account, the capitalized interest account and the acquisition account. The issuing entity will purchase the student loans from the seller under a transfer and sale agreement to be dated as of the closing date, among the seller, the seller eligible lender trustee, the issuing entity and the eligible lender trustee.

After its formation, the issuing entity will not engage in any activity other than:

- acquiring, holding and managing the student loans and the other assets of the issuing entity and related proceeds;
- issuing the notes and the excess distribution certificates;
- making payments on the notes and excess distribution certificates;
- entering into any potential future interest rate cap agreements at the direction of the administrator from time to time and making the payments, including any upfront payments, required thereunder; and
- engaging in other activities that are necessary, suitable or convenient to accomplish, or are incidental to, the foregoing.

The issuing entity may not issue securities other than the notes and the excess distribution certificates. Other than issuing the notes, the issuing entity will not be permitted to borrow money or make loans to other persons. Any amendment to the trust agreement to amend, supplement or modify these permitted activities, or otherwise make any modification that will materially and adversely affect the noteholders, will require the consent of the holders of not less than a majority of the outstanding principal amount of the notes and notice provided to the rating agencies then rating the notes.

The issuing entity has not commenced operations since the date of its establishment and no audited financial statement has been prepared since the date of this offering memorandum. The issuing entity is not required by the laws of the State of Delaware, and the issuing entity does not intend, to publish any annual audited financial statements.

The property of the issuing entity will consist of:

- the pool of student loans, legal title to which is held by the eligible lender trustee on behalf of the issuing entity;
- all funds collected on the student loans, including any special allowance payments and interest subsidy payments, after the cutoff date;
- all moneys and investments from time to time on deposit in the trust accounts;
- its rights under any potential future interest rate cap agreement entered into from time to time and the related documents;
- its rights under the transfer and sale agreement and the master servicing agreement, including the right to require the seller or the master servicer to repurchase or reacquire, as applicable, student loans from it or to substitute student loans under certain conditions; and
- its rights under the guarantee agreements with guarantors.

The issuing entity will have only nominal initial capital. The issuing entity will not own any other assets. On behalf of the issuing entity, the eligible lender trustee will use the proceeds from the sale of the notes to purchase the student loans. The fiscal year of the issuing entity will be a calendar year.

The issuing entity and its assets (other than the student loans) will be administered by the administrator pursuant to the administration agreement. The master servicer or the subservicer will be responsible for the servicing of the student loans pursuant to the master servicing agreement or the subservicing agreement, as applicable. See "*SERVICING OF THE STUDENT LOANS*" in this offering memorandum.

The notes will represent indebtedness of the issuing entity secured by its assets. The collection account, the reserve account and the capitalized interest account will be maintained in the name of the indenture trustee for the benefit of the noteholders and the excess distribution certificateholders. To facilitate servicing and to minimize administrative burden and expense, the master servicer, directly or through the subservicer, will retain possession of the promissory notes and other documents related to the student loans as custodian for the issuing entity and the eligible lender trustee. The excess distribution certificates will represent the beneficial ownership interest in the assets of the issuing entity.

Expenses incurred in connection with the acquisition of the student loans and the establishment of the issuing entity (including the expenses of accountants, the initial purchaser and rating agencies) are paid from the proceeds of the sale of the notes.

The sections "*SERVICING OF THE STUDENT LOANS,*" "*DESCRIPTION OF THE INDENTURE*" and "*DESCRIPTION OF THE NOTES*" in this offering memorandum contain descriptions of the material provisions of the transaction agreements.

The Eligible Lender Trustee

Manufacturers and Traders Trust Company ("M&T") is the eligible lender trustee for the issuing entity under the eligible lender trust agreement. M&T is a New York banking corporation, whose offices are located at Manufacturers and Traders Trust Company c/o Corporate Trust Services, 213 Market Street, Harrisburg, Pennsylvania 17101. The eligible lender trustee will acquire on behalf of the issuing entity legal title to all the student loans acquired on the closing date. The eligible lender trustee on behalf of the issuing entity has entered into a separate guarantee agreement with each of the guaranty agencies described in this offering memorandum. The eligible lender trustee qualifies as an eligible lender and the holder of the student loans for all purposes under the Higher Education Act and the guarantee agreements. Failure of the student loans to be owned by an eligible lender would result in the loss of guarantor and Department of Education payments on the student loans. Education

Funding Resources, LLC and the issuing entity will also cooperate in taking any actions that are required so the eligible lender trustee will be treated as the legal owner of the FFELP loans while they are held beneficially by Education Funding Resources, LLC or the issuing entity.

The eligible lender trustee's liability in connection with the issuance and sale of the notes is limited solely to the express obligations of the eligible lender trustee in the eligible lender trust agreement. See "*THE SELLER'S STUDENT LOAN PROGRAMS——Eligible Lender Trustee*" in this offering memorandum.

Affiliates of the seller maintain customary banking relations on arms-length terms with the eligible lender trustee. M&T currently participates in one or more of CIT Group Inc.'s credit facilities. M&T also provides equipment financing to CIT/Equipment Financing Inc. (formerly Bombardier). M&T has acted as eligible lender trustee on several asset-backed securities transactions involving similar pool assets; including CIT Group transactions, PHEAA transactions and Educaid Transactions. We obtained the information in this paragraph about M&T from M&T and none of the seller, the issuing entity, the master servicer, the administrator nor the initial purchaser have conducted any independent verification of this information.

Failure of the FFELP loans to be owned by an eligible lender would result in the loss of any guarantee payments from any guaranty agency and any federal benefits with respect to those FFELP loans. The eligible lender trustee's liability in connection with the issuance and sale by the issuing entity of the notes is limited solely to the express obligations of the eligible lender trustee set forth in the eligible lender trust agreement and the transfer and sale agreement. The eligible lender trustee will not be personally liable for any actions or omissions that were not the result of its own bad faith, fraud, willful misconduct or gross negligence. The eligible lender trustee will be entitled to be indemnified by the issuing entity for any loss, liability or expense (including reasonable attorneys' fees) incurred by it in connection with the performance of its duties under the indenture and the other transaction agreements other than as a result of the eligible lender trustee's bad faith, fraud, willful misconduct or gross negligence.

The eligible lender trustee will act as "eligible lender" with respect to the FFELP loans as an accommodation to the issuing entity and not for the benefit of any other party. Notwithstanding any responsibility that the eligible lender trustee may have to the Department of Education or any guaranty agency under the Higher Education Act, the eligible lender trustee shall not have any responsibility for any action or inaction of the issuing entity or any other party in connection with the student loans held by the issuing entity and the documents, agreements, understandings and arrangements relating to those student loans.

The eligible lender trustee may resign at any time. If it does, the administrator must appoint a qualified successor. The administrator may also remove an eligible lender trustee if such eligible lender trustee becomes insolvent or ceases to be eligible to continue as eligible lender trustee. In that event, the administrator must appoint a successor. The resignation or removal of an eligible lender trustee and the appointment of a successor will become effective only when a successor accepts its appointment. To the extent expenses incurred in connection with the replacement of an eligible lender trustee are not paid by the eligible lender trustee that is being replaced or by the applicable successor eligible lender trustee, the seller will be responsible for the payment of such expenses.

The Owner Trustee

BNY Mellon Trust of Delaware is a Delaware banking corporation and an affiliate of The Bank of New York Mellon, a New York banking corporation, which provides support services on its behalf in this transaction. Its principal place of business is located at White Clay Center, Route 273, Newark, Delaware 19711, Attention: Corporate Trust Administration. BNY Mellon Trust of Delaware has acted as owner trustee on numerous asset-backed transactions (with The Bank of New York Mellon providing administrative support), including the structure of the transaction referred to herein. While the structure of each transaction may differ, BNY Mellon Trust of Delaware, and The Bank of New York Mellon on its behalf, are experienced in administering transactions of this kind. You may contact BNY Mellon Trust of Delaware by calling (302) 283-8905.

BNY Mellon Trust of Delaware is subject to various legal proceedings that arise from time to time in the ordinary course of business. BNY Mellon Trust of Delaware does not believe that the ultimate resolution of any of these proceedings will have a materially adverse effect on its services as owner trustee.

BNY Mellon Trust of Delaware has provided the above information for inclusion in this offering memorandum. Other than the above paragraphs, BNY Mellon Trust of Delaware has not participated in the preparation of, and is not responsible for, any other information contained in this offering memorandum.

The owner trustee will act on behalf of the excess distribution certificateholders and represent and exercise the rights and interests of the excess distribution certificateholders under the trust agreement. Except as specifically delegated to the administrator in the administration agreement or the master servicing agreement, the owner trustee will also execute and deliver all agreements required to be entered into on behalf of the issuing entity.

The liability of the owner trustee will consist solely of the express obligations specified in the trust agreement. The owner trustee will not be personally liable for any actions or omissions that were not the result of its own bad faith, fraud, willful misconduct or gross negligence. The owner trustee will be entitled to be indemnified by the administrator for any loss, liability or expense (including reasonable attorneys' fees) incurred by it in connection with the performance of its duties under the trust agreement and the other transaction documents, other than any loss, liability or expense incurred by it as a result of its bad faith, fraud, willful misconduct or gross negligence. Affiliates of the seller may maintain banking relations with the owner trustee.

The owner trustee may resign at any time. The administrator may also remove the owner trustee if it becomes insolvent or ceases to be eligible to continue as trustee. In the event of such a resignation or removal, the administrator will appoint a successor. The resignation or removal of the owner trustee and the appointment of a successor will become effective only when a successor accepts its appointment. To the extent expenses incurred in connection with the replacement of the owner trustee are not paid by the owner trustee that is being replaced or by the successor owner trustee, the seller will be responsible for the payment of such expenses.

DESCRIPTION OF THE INDENTURE

The notes of the issuing entity will be issued on the closing date under the indenture of trust among the issuing entity, the indenture trustee and the eligible lender trustee. On the closing date, the issuing entity will pledge the student loans and other money received from the net proceeds of the notes to the indenture trustee under the indenture.

The following is a summary of some of the provisions that will be contained in the indenture. This summary is not comprehensive and reference should be made to the indenture for a full and complete statement of its provisions.

All references to actions by noteholders refer to actions taken by DTC on instructions from its participating organizations and all references to distributions, notices, reports and statements to noteholders refer to distributions, notices, reports and statements to DTC or its nominee, as the registered holder of the notes, for distribution to noteholders under DTC's procedures. See "*DESCRIPTION OF THE NOTES—Book-Entry Registration*".

Sale or Disposition of Student Loans Held in Issuing Entity

The issuing entity may sell or exchange any student loan only if such sale or exchange is for one of the following purposes: (i) to sell such student loan to a guaranty agency for claims payment because such student loan is a defaulted student loan, (ii) to sell such student loan to the subservicer in connection with a required repurchase thereof resulting from the loss of the guarantee on such student loan as a result of servicing errors, (iii) to sell such student loan to the seller in connection with a required repurchase thereof or (iv) in connection with the sale or optional purchase of the student loans described under the headings "*DESCRIPTION OF THE NOTES—Optional Redemption*" and "*—Optional Purchase*".

Priority of Lien

The revenues and other money, student loans and any other assets pledged under the indenture will be owned by the issuing entity free and clear of any pledge, lien, charge or encumbrance, except for certain permitted liens as expressly provided in the indenture. Except as otherwise provided in the indenture, the issuing entity:

- will not create or voluntarily permit to be created any debt, lien or charge on the student loans (other than certain permitted liens) held by the issuing entity that would be on a parity with, subordinate to, or prior to the lien of the indenture;

- will not take any action or fail to take any action that would result in the lien of the indenture or the priority of that lien for the obligations thereby secured being lost or impaired; and

- will pay or cause to be paid, or will make adequate provisions for the satisfaction and discharge, of all lawful claims and demands that if unpaid might by law be given precedence to or any equality with the indenture as a lien or charge upon the student loans held by the issuing entity.

Representations and Warranties of the Issuing Entity

The issuing entity will represent and warrant in the indenture that:

- it is duly authorized under the laws of the State of Delaware to issue its notes and to execute and deliver the indenture and to pledge collateral under the indenture to secure the payment of its notes;

- all necessary action for the creation and issuance of its notes and the execution and delivery of the indenture has been duly and effectively taken; and

- its notes in the hands of the noteholders are and will be valid and enforceable special limited obligations of the issuing entity, secured solely by the assets of, and payable solely by, the issuing entity.

Further Covenants

The issuing entity will covenant to file financing statements and continuation statements in any jurisdiction necessary to perfect and maintain the security interest granted by the issuing entity under the indenture.

The indenture will provide that upon written request of the indenture trustee, the issuing entity will permit the indenture trustee or its agents, accountants and attorneys, to examine and inspect the property, books of account, records, reports and other data relating to the student loans held by the issuing entity, and will furnish the indenture trustee such other information as it may reasonably request. The indenture trustee shall be under no duty to make any examination unless requested in writing to do so by the holders of not less than a majority of the outstanding principal amount of the notes, and unless those noteholders have offered the indenture trustee security and indemnity satisfactory to it against any costs, expenses and liabilities that might be incurred in making any examination.

The issuing entity will covenant to at all times cause the FFELP loans held by the issuing entity to be held by an eligible lender under the Higher Education Act.

The issuing entity will covenant in the indenture to provide or cause to be provided each quarter to the indenture trustee for the indenture trustee to forward to DTC as the registered owner of the notes, a statement setting forth information with respect to its notes and the student loans held by the issuing entity as of the end of the preceding month, including the following:

- the amount of principal payments made with respect to the notes;

- the amount of interest payments made with respect to the notes;

- the principal balance of the student loans as of the close of business on the last day of the related collection period;

- the Pool Balance and the Adjusted Pool Balance as of the close of business on the last day of the related collection period;

- the outstanding principal amount of the notes before and after giving effect to payments allocated to principal on the related distribution date;

- the interest rate for the notes with respect to each interest payment indicating how such interest rate is calculated;

- the number and principal amount of student loans that are delinquent or for which claims have been filed with a guaranty agency;

- the aggregate value of the trust estate and the outstanding principal amount of the notes as of the close of business on the last day of the related collection period;

- certain releases, or releases and substitution of property subject to the indenture;

- the balance of each of the reserve account and the capitalized interest account, after giving effect to changes in the balance of the related account on the related distribution date; and

- the amount of any required repurchases or substitutions of student loans and the balance of any accounts as of both the prior and current collection periods.

A copy of those reports may be obtained by any noteholder by a written request to the indenture trustee.

Under the indenture, by written request to the indenture trustee, three or more noteholders will have the right to obtain access to the list of all noteholders for the purpose of communicating with other noteholders with respect to their rights under the indenture or the notes, if reasonable proof is supplied that each of the requestors has owned a note for at least six months. The indenture trustee may elect not to afford the requesting noteholders access to the list of noteholders if it agrees to mail the desired communication or proxy, on behalf and at the expense of the requesting noteholders, to all noteholders.

Enforcement of Master Servicing Agreement

The issuing entity will diligently enforce all terms, covenants and conditions of the master servicing agreement, including the prompt payment of all amounts due from the master servicer under the master servicing agreement. The issuing entity will not permit the release of the obligations of the master servicer under the master servicing agreement except in conjunction with permitted amendments or modifications and the issuing entity will not waive any default by the master servicer under the master servicing agreement without the written consent of the indenture trustee. The issuing entity will not consent or agree to or permit any amendment or modification of the master servicing agreement that will in any manner materially adversely affect the rights or security of the noteholders.

Additional Covenants With Respect to the Higher Education Act

The issuing entity will verify that the indenture trustee is, or replace the indenture trustee with, an eligible lender under the Higher Education Act, and will acquire or cause to be acquired student loans only from an eligible lender.

The issuing entity will be responsible, directly or through the master servicer, for each of the following actions with respect to the Higher Education Act:

- Dealing with the Department of Education with respect to the rights, benefits and obligations under the certificates of insurance and the contract of insurance, and dealing with the guaranty agency with respect to the rights, benefits and obligations under the guarantee agreement with respect to the student loans held by the issuing entity;

- Diligently enforcing, and taking all reasonable steps necessary or appropriate for the enforcement of all terms, covenants and conditions of all student loans held by the issuing entity and agreements in

connection with such student loans, including the prompt payment of all principal and interest payments and all other amounts due under those student loans;

- Causing the student loans held by the issuing entity to be serviced by entering into a master servicing agreement with the master servicer for the collection of payments made for, and the administration of the accounts of, those student loans;

- Complying with, and causing all of its officers, directors, employees and agents to comply with, the provisions of the Higher Education Act and any regulations or rulings under the Higher Education Act, with respect to the student loans held by the issuing entity; and

- Causing the benefits of the guarantee agreement, the interest subsidy payments and the special allowance payments to flow to the indenture trustee.

Continued Existence; Successor

The issuing entity will preserve and keep in full force and effect its existence, rights and franchises as a Delaware statutory trust. The issuing entity will not sell or otherwise dispose of all or substantially all of its assets, consolidate with or merge into any corporation or other entity, or permit one or more other corporations or entities to consolidate with or merge into it. Those restrictions do not apply to a transfer of student loans that is made in connection with a discharge of the indenture or to a transaction where the transferee or the surviving or resulting corporation or entity, if other than the issuing entity, by proper written instrument for the benefit of the indenture trustee, irrevocably and unconditionally assumes the obligation to perform and observe the agreements and obligations of the issuing entity under the indenture and each rating agency then rating the notes confirms in writing that the transaction will not result in a downgrade or withdrawal of its rating of those notes.

Events of Default

Under the indenture, each of the following events will be defined as an event of default:

- default in the due and punctual payment of the principal of or interest on any of the notes when due;

- default by the issuing entity in the performance or observance of any other of the covenants, agreements or conditions contained in the indenture or in the notes which has a material adverse affect on the noteholders, and continuation of such default for a period of 90 days after written notice thereof by the indenture trustee to the issuing entity; and

- the occurrence of an event of bankruptcy with respect to the issuing entity.

Additional events of default may be added to the indenture by any supplemental indenture.

Remedies on Default

Possession of Trust Estate. Upon the happening of any event of default under the indenture, the indenture trustee will have the right to take possession of any portion of the trust estate that may be in the custody of others, and all property comprising the trust estate, and will have the right to hold, use, operate, manage and control those assets. The indenture trustee also will have the right, in the name of the issuing entity or otherwise, to conduct the business of the issuing entity and collect and receive all charges, income and revenues of the trust estate. After deducting all expenses incurred and all other proper outlays authorized in the indenture, and all payments that may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants (and any other amounts due and owing, including amounts due and owing to the owner trustee), the indenture trustee will apply the rest of the money received by the indenture trustee in accordance with the indenture.

Sale of Trust Estate. Upon the happening of any event of default under the indenture and if the outstanding principal amount of the notes issued thereunder shall have been declared due and payable, then the administrator will have the right to sell the trust estate to the highest bidder in accordance with the requirements of applicable law. In addition, the indenture trustee will have the right to proceed to protect and enforce the rights of the indenture trustee or the noteholders in the manner as counsel for the indenture trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the indenture, or in aid of the execution of any power therein granted, or for the enforcement of such other appropriate legal or equitable remedies as may, in the opinion of such counsel, be effective to protect the foregoing rights. The indenture trustee will be required to take any of those actions if requested to do so in writing by the holders of at least a majority of the outstanding principal amount of the notes.

Appointment of Receiver. If an event of default occurs under the indenture, and all of the outstanding obligations under the indenture have been declared due and payable, and if any judicial proceedings are commenced to enforce any right of the indenture trustee or of the noteholders, then as a matter of right, the indenture trustee shall be entitled to the appointment of a receiver for the trust estate.

Accelerated Maturity. If an event of default occurs under the indenture, the indenture trustee will have the right to declare, or upon the written direction by the holders of at least a majority of the outstanding principal amount of the notes or, with respect to an event of default resulting from a covenant breach as described in the indenture, 100% of the holders of the outstanding principal amount of the notes, will be required to declare, the principal of all then outstanding obligations issued under the indenture, and the interest thereon, immediately due and payable. The occurrence of a default under the indenture, other than a default in the payment of principal or interest or a default under a covenant or provision of the applicable indenture that cannot be modified without the waiver or consent of all the noteholders, may be waived by the holders of a majority of the outstanding principal amount of the notes.

Direction of Indenture Trustee. If an event of default occurs under the indenture and an acceleration of the maturity of the notes is declared, the holders of at least a majority of the outstanding principal amount of the notes will have the right to direct and control the indenture trustee with respect to any proceedings for any sale of any or all of the trust estate, or for the appointment of a receiver. The noteholders will not have the right to cause the indenture trustee to institute any proceedings that, in the indenture trustee's opinion, would be unjustly prejudicial to non-assenting holders of obligations outstanding under the indenture.

Right to Enforce in Indenture Trustee. No holder of any obligation issued under the indenture shall have any right as a holder to institute any suit, action or proceeding for the enforcement of the provisions of the indenture or for the appointment of a receiver or for any other remedy under the indenture. All rights of action under the indenture will be vested exclusively in the indenture trustee, unless and until the indenture trustee fails to institute an action or suit after

- the holders of at least 25% of the outstanding principal amount of the notes shall have previously given to the indenture trustee written notice of a default under the indenture, and of the continuance thereof,

- the holders of at least 25% of the outstanding principal amount of the notes shall have made a written request upon the indenture trustee and the indenture trustee shall have been afforded reasonable opportunity to institute an action, suit or proceeding in its own name, and

- the indenture trustee shall have been offered reasonable indemnity and security satisfactory to it against the costs, expenses, and liabilities to be incurred on an action, suit or proceeding in its own name, and for thirty (30) days after receipt of such notification, request, and offer of indemnity, shall have failed to institute any such action, suit or proceeding.

In addition, the indenture trustee and the noteholders will covenant that they will not at any time institute against the issuing entity any bankruptcy, reorganization or other proceeding under any federal or state bankruptcy or similar law.

With respect to the issuing entity, none of the indenture trustee, the owner trustee, the seller, the administrator, the master servicer and the eligible lender trustee in its individual capacity, or any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will be personally liable for the payment of the principal of or interest on the notes or for the agreements of the issuing entity contained in the indenture.

Waivers of Events of Default. The indenture trustee will have the discretion to waive any event of default under the indenture and rescind any declaration of acceleration of the obligations due under the indenture. The indenture trustee will be required to waive an event of default upon the written request of the holders of at least a majority of the outstanding principal amount of the notes. The indenture will provide that a waiver of any event of default in the payment of the principal or interest due on any obligation issued under the indenture may not be made unless prior to the waiver or rescission, provisions are made for payment of all arrearages of interest or all arrearages of payments of principal, and all expenses incurred by the indenture trustee in connection with such default. Under the indenture, a waiver or rescission of one default will not affect any subsequent or other default, or impair any rights or remedies consequent to any subsequent or other default.

The Indenture Trustee

Under the indenture, M&T will act as indenture trustee for the benefit of and to protect the interests of the noteholders and will act as paying agent for the notes. M&T is a New York banking corporation, whose offices are located at Manufacturers and Traders Trust Company c/o Corporate Trust Services, 213 Market Street, Harrisburg, Pennsylvania 17101.

Affiliates of the seller maintain customary banking relations on arms-length terms with the indenture trustee. M&T currently participates in one or more of CIT Group Inc.'s credit facilities. M&T also provides equipment financing to CIT/Equipment Financing Inc. (formerly Bombardier). M&T has acted as indenture trustee for asset-backed securities transactions involving similar pool assets; including CIT Education Loan Trust 2007-1 and PHEAA Student Loan Trusts 2003-1, 2004-1 and 2005-1.

M&T has provided the above information for inclusion in this offering memorandum and none of the seller, the issuing entity, the master servicer, the administrator nor the initial purchaser has conducted any independent verification of this information. Other than the above paragraphs, M&T has not participated in the preparation of, and is not responsible for, any other information contained in this offering memorandum.

Acceptance of Trust. Under the indenture, the indenture trustee will agree to accept the trusts imposed upon it by the indenture, and to perform those trusts, but only upon and subject to the following terms and conditions:

- Except during the continuance of an event of default, the indenture trustee undertakes to perform only those duties as are specifically set forth in the indenture. In the absence of bad faith on its part, the indenture trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the indenture trustee and conforming to the requirements of the indenture.

- In case an event of default has occurred and is continuing, the indenture trustee, in exercising the rights and powers vested in it by the indenture, will use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

- Before taking any action under the indenture requested by noteholders, the indenture trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the noteholders for the reimbursement of all expenses it may incur and to protect it against liability arising from any action taken by the indenture trustee.

Indenture Trustee May Act Through Agents. The indenture trustee may execute any of the trusts or powers under the indenture and perform any duty thereunder either itself or by or through its attorneys, agents, or employees. No indenture trustee will be answerable or accountable for any default, neglect or misconduct of any such attorneys, agents or employees, if reasonable care has been exercised in the appointment, supervision, and monitoring of the work performed. All reasonable costs incurred by the indenture trustee and all reasonable compensation to all such persons as may reasonably be employed in connection with the issuing entity will be paid by the issuing entity.

Duties of Indenture Trustee. The indenture trustee generally will be under no obligation or duty to perform any act at the request of noteholders or to institute or defend any suit to protect the rights of the noteholders unless properly indemnified and provided with security to its satisfaction. The indenture trustee will not be required to take notice of any event of default under the indenture unless and until it shall have been specifically notified in writing of the event of default by the noteholders or an authorized representative of the issuing entity.

However, the indenture trustee may begin suit, or appear in and defend suit, execute any of the trusts, enforce any of its rights or powers, or do anything else in its judgment proper, without assurance of reimbursement or indemnity. In that case the indenture trustee will be reimbursed or indemnified by the noteholders requesting that action, if any, or the issuing entity in all other cases, for all reasonable fees, costs, expenses, liabilities, outlays, counsel fees and other reasonable disbursements properly incurred, unless such disbursements are adjudicated to have resulted from the negligence or willful misconduct of the indenture trustee.

If the issuing entity or the noteholders, as appropriate, fail to make such reimbursement or indemnification, the indenture trustee may reimburse itself from any money in its possession under the provisions of the indenture, subject only to the prior lien of the notes outstanding thereunder for the payment of the principal thereof and interest thereon.

Compensation of Indenture Trustee. The issuing entity will pay to the indenture trustee compensation for all services rendered by it under the indenture, and also all of its reasonable expenses, charges, and other disbursements.

Resignation of Indenture Trustee. The indenture trustee may resign and be discharged from the obligations created by the indenture by giving to the issuing entity written notice specifying the date on which such resignation is to take effect. A resignation will take effect on the day specified in such notice only if a successor indenture trustee shall have been appointed pursuant to the provisions of the indenture and is qualified to be the indenture trustee under the indenture.

Removal of Indenture Trustee. The indenture trustee may be removed at any time:

- by the holders of a majority of the outstanding principal amount of the notes;
- by the issuing entity for cause or upon the sale or other disposition of the indenture trustee of its trust functions; or
- by the issuing entity without cause so long as no event of default exists or has existed within the last 30 days upon payment to the indenture trustee of all money then due to it.

In the event the indenture trustee is removed, removal shall not become effective until

- a qualified successor indenture trustee shall have been appointed; and
- such successor indenture trustee has accepted that appointment.

Successor Indenture Trustee. If the indenture trustee resigns, is removed, dissolved or otherwise is disqualified to act or is incapable of acting, or in case control of the indenture trustee is taken over by any public officer or officers, a successor indenture trustee may be appointed by the issuing entity. In this case the issuing entity will cause notice of the appointment of a successor indenture trustee to be mailed to the noteholders at the address of each noteholder appearing on the note registration books.

Every successor indenture trustee

- will be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein;
- will have a reported capital and surplus of not less than $50,000,000;
- will be authorized under applicable law to exercise corporate trust powers and be subject to supervision or examination by a federal or state authority; and
- will be an eligible lender under the Higher Education Act, so long as such designation is necessary to maintain guarantees and federal benefits under the Higher Education Act, with respect to the FFELP loans held by the issuing entity.

Merger of the Indenture Trustee. Any corporation into which the indenture trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the indenture trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the indenture trustee, shall be the successor of the indenture trustee under the indenture, provided such corporation shall be otherwise qualified and eligible under the indenture, without the execution or filing of any paper or any further act on the part of any other parties thereto.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Noteholders. The issuing entity and the indenture trustee may, without the consent of or notice to any of the noteholders, enter into any indentures supplemental to the indenture for any of the following purposes:

- to cure any ambiguity or defect or omission in the indenture;
- to grant to or confer upon the indenture trustee for the benefit of the noteholders any additional benefits, rights, remedies, powers or authorities;
- to subject to the indenture additional revenues, properties or collateral;
- to evidence the appointment of a separate or co-indenture trustee or a co-registrar or transfer agent or the succession of a new indenture trustee under the indenture, or any additional or substitute guaranty agency or master servicer;
- to add provisions to or to amend provisions of the indenture as may, in the opinion of counsel, be necessary or desirable to assure implementation of the issuing entity's student loan program in conformance with the Higher Education Act;
- to make any change as shall be necessary to obtain and maintain for any of the notes an investment grade rating from a nationally recognized rating service, which changes are not to the material prejudice of the noteholders;
- to make any changes necessary to comply with the Higher Education Act and the regulations thereunder or the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder;
- to create any additional funds or accounts under the indenture deemed by the indenture trustee to be necessary or desirable;

- to amend the indenture to allow for any of the notes issued thereunder to be supported by a letter of credit or insurance policy or a liquidity agreement, including amendment to provide for repayment to the provider of credit support on a parity with any of the notes issued thereunder and providing rights to the provider under the indenture, including with respect to defaults and remedies;

- to amend the indenture to provide for use of a surety bond or other financial guaranty instrument in lieu of cash and investment securities in all or any portion of any reserve account, so long as such action shall not adversely affect the ratings on any of the notes issued under the indenture;

- to make any other change upon confirmation by each rating agency then rating the notes (other than Moody's which will only require prior written notice of such action or proposed transaction) that such change will not result in its rating of the notes being reduced or withdrawn; or

- to make any other change that, as evidenced by an opinion of counsel, is not to the material prejudice of the holders of any obligations outstanding under the indenture.

Supplemental Indentures Requiring Majority Consent of Noteholders. Any amendment of the indenture other than those listed above under *"—Supplemental Indentures Not Requiring Consent of Noteholders"* and listed below under *"—Supplemental Indentures Requiring Consent of Each Noteholder"* must be approved by the holders of a majority of the outstanding principal amount of the notes.

Supplemental Indentures Requiring Consent of Each Noteholder. None of the changes described below may be made in a supplemental indenture without the consent of each of the noteholders:

- an extension of the maturity date of the principal of or the interest on any obligation; or

- a reduction in the principal amount of any obligation or the rate of interest thereon; or

- the creation of, or change in, a privilege or priority of any obligation under the indenture over any other obligation; or

- a reduction in the outstanding principal amount of the obligations required for consent to such supplemental indenture; or

- a change in the redemption price applicable to the notes; or

- the creation of any lien other than a lien ratably securing all of the obligations at any time outstanding under the indenture.

Trust Irrevocable

The pledge of the trust estate created by the terms and provisions of the indenture will be irrevocable until the principal of and the interest due on all obligations under the indenture are fully paid or provision is made for such payment, as provided in the indenture.

Satisfaction of Indenture

If the holders of the notes and any other obligations issued under the indenture are paid all the principal of and interest due on the notes and other obligations, at the times and in the manner stipulated in the indenture, then the pledge of the trust estate will thereupon terminate and be discharged. The indenture trustee will execute and deliver to the issuing entity instruments to evidence the discharge and satisfaction, and the indenture trustee will pay all money held by it under the indenture to the party entitled to receive it under the indenture.

Notes and any other obligations issued under the indenture will be considered to have been paid if money for their payment or redemption has been set aside and is being held in trust by the indenture trustee. The notes will be

considered to have been paid if the notes are to be redeemed on any date prior to their stated maturity and notice of redemption has been given as provided in the indenture and on said date there shall have been deposited with the indenture trustee either money or governmental obligations the principal of and the interest on which when due will provide money sufficient to pay the principal of and interest to become due on the notes.

DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

Title IV of the Higher Education Act of 1965, as amended, provides for several different types of educational loans (collectively, "Federal Family Education Loans" or "FFELP Loans" and, the program with respect thereto, the "Federal Family Education Loan Program" or "FFELP"). Under these programs, state agencies or private nonprofit corporations administering student loan insurance programs ("guaranty agencies" or "guarantors") are reimbursed for losses sustained in the operation of their programs. Payment of principal and interest on the student loans is guaranteed by a state or not-for-profit guaranty agency against default of the borrower; the death, bankruptcy or permanent, total disability of the borrower; false certification by the borrower's school of his eligibility for the loan; and an unpaid school refund.

Legislative Matters

FFELP is generally subject to comprehensive reauthorization every 5 years and to frequent statutory and regulatory changes. The most recent reauthorization was the "Higher Education Opportunity Act of 2008," which was signed into law on August 14, 2008. Before that, the Higher Education Act of 1965 (Pub. L. No. 89-329) was reauthorized in 1968, 1972, 1976, 1980, 1986, 1992, 1998 and 2005. The Higher Education Act was also amended by Public Law 106-170 in 1999, Public Law 106-554 in 2001, Public Law 107-139 in 2002, Public Law 108-366 in 2004, Public Law 109-171 in 2005, Public Law 110-84 in 2007 and Public Law 110-227 in 2008.

In 1993 Congress created the William D. Ford Federal Direct Loan Program ("FDLP") pursuant to which Stafford, PLUS and Consolidation Loans may be funded directly by the U.S. Department of the Treasury. The Direct Lending Program operates in competition with FFELP, under which loans are offered by private lenders under FFELP.

The 1998 reauthorization extended the principal provisions of FFELP and the FDLP to October 1, 2004, which was extended through federal fiscal year 2005 by Public Law 108-366. The 1998 reauthorization, as modified by The Ticket to Work and Work Incentives Improvement Act of 1999 (the "1999 Act"), lowered both the borrower interest rate on Stafford Loans to a formula based on the 91 day Treasury bill rate plus 2.30% (1.70% during in school, grace and deferment periods), capped at 8.25%, and the lender's rate after special allowance payments to the 91 day Treasury bill rate plus 2.80% (2.20% during in school, grace and deferment periods) for loans originated on or after July 1, 1998 and before July 1, 2003. The borrower interest rate on Federal PLUS Loans originated during this period is equal to the 91 day Treasury bill rate plus 3.10%, capped at 9%.

The 1999 revisions to the Higher Education Act changed the financial index on which special allowance payments are computed on new loans from the 91 day Treasury bill rate to the three month commercial paper rate (financial) for FFELP student loans disbursed on or after January 1, 2000 and before July 1, 2003. For these FFELP student loans, the special allowance payments to lenders are based upon the three month commercial paper (financial) rate plus 2.34% (1.74% during in school, grace and deferment periods). The 1999 revisions to the Higher Education Act did not change the rate that borrowers pay on FFELP student loans.

The 2001 revisions to the Higher Education Act changed the financial index on which the interest rate for some borrowers of Federal SLS and Federal PLUS Loans are computed. The index was changed from the 1 year Treasury bill rate to the weekly average one year constant maturity Treasury yield. This change was effective beginning in July 2001.

The 2002 revisions to the Higher Education Act amended the Higher Education Act to (i) extend current borrower interest rates for student or parent loans with a first disbursement before July 1, 2006 and for consolidation loans with an application received by the lender before July 1, 2006, (ii) establish fixed borrower interest rates on student loans made on or after July 1, 2006, and (iii) extend the computation of special allowance payments based on the three month commercial paper (financial) index.

On February 8, 2006, the President of the United States signed the Deficit Reduction Act of 2005 into law. Included in the Deficit Reduction Act of 2005 is the Higher Education Reconciliation Act of 2005, which extends the Department of Education's authority to provide federal insurance on loans, make subsidized loans and make consolidation loans through September 30, 2012. Several provisions of the Higher Education Act governing FFELP were also amended, including (i) an increase in the annual Stafford Loan limits for first and second year undergraduate students, (ii) requiring lenders to pay the Department of Education interest paid by borrowers that exceed the special allowance support levels applicable to such loans, (iii) authorizing a deferment for eligible borrowers serving on active military or performing other qualifying service, (iv) an increase in forgiveness amounts for certain teachers and (v) extending Federal PLUS Loan eligibility to graduate and professional students.

On September 27, 2007, the President of the United States signed the College Cost Reduction and Access Act of 2007 into law, which, by amending the Higher Education Act, eliminates certain government subsidies to education lenders. The legislation also includes provisions that: (1) reduce the undergraduate subsidized Stafford Loan interest rate from 6.8% to 3.4% over then next five years, with the rate returning to 6.8% on July 1, 2012, (2) reduce special allowance payments made to FFELP lenders by between 0.55% and 0.85% per annum, depending on the loan type, for loans first disbursed on or after October 1, 2007, (3) limit lender reimbursement for loans first disbursed on or after July 1, 2006 to 97% of the unpaid balance of FFELP loans for most claims filed on or after October 1, 2007 by eliminating the exceptional performer program, with a further reduction to 95% reimbursement for loans first disbursed on or after October 1, 2012, (4) increase the lender fee from 0.50% to 1.00% for FFELP loans first disbursed on or after October 1, 2007, (5) extend eligibility for the military deferment and (6) introduce an income-based repayment option.

On May 7, 2008, the President of the United States signed the "Ensuring Continued Access to Student Loan Act of 2008" (Public Law 110-227) into law, which, among other things, increased the annual and aggregate Stafford borrowing limits and allows Parent PLUS Loan borrowers the option of postponing payments on the loan until six months after the student's last day of at least half-time enrollment.

On August 14, 2008, the President of the United States signed the Higher Education Opportunity Act of 2008 into law, which includes revisions to the Higher Education Act and reauthorizes FFELP through 2014. Many of the provisions of the Higher Education Opportunity Act of 2008 are effective as of the date of enactment, with others taking effect July 1, 2009. The majority of the provisions pertain to increasing consumer awareness by increasing the amount of information that must be disclosed to borrowers throughout the lifecycle of the loan. Other key provisions include:

- the extension of the in-school deferment and 6 month post-enrollment period provided to Parent PLUS Loan borrowers under Ensuring Continued Access to Student Loan Act of 2008 to also include Graduate PLUS Loan borrowers;

- application to federal loans of the 6.00% interest rate limit provided by the Servicemembers' Civil Relief Act; and

- revision of the existing Teacher Loan Forgiveness program to include teachers employed by educational service agencies and the creation of forgiveness programs for borrowers employed in areas of national need and as civil legal assistance attorneys.

We cannot predict whether further changes will be made to the Higher Education Act in future legislation or the effect of such additional legislation on the seller's student loan program or the issuing entity's student loans.

On February 26, 2009, the Administration issued their 2010 budget request to Congress which proposes eliminating FFELP and focusing the federal government's student lending activities on the Federal Direct Student Loan Program. According to the proposal, elimination of FFELP would become effective for loans beginning in the 2010-2011 academic years. FFELP lenders "would continue to receive federal subsidies for new loans originated in the 2009-2010 academic year and prior academic years under the regular FFEL program and the emergency programs established by the Ensuring Continued Access to Student Loans Act of 2008". The budget proposal must be passed by Congress prior to enactment into law but we cannot predict the action Congress will take with respect to such proposal.

Eligible Lenders, Students and Educational Institutions

Lenders eligible to make loans under FFELP generally include banks, savings and loan associations, credit unions, pension funds and, under some conditions, schools and guarantors. A student loan may be made to, or on behalf of, a "qualified student". A "qualified student" is an individual who

- is a United States citizen, national or permanent resident;
- has been accepted for enrollment or is enrolled in good standing at an eligible institution of higher education;
- is carrying or planning to carry at least one-half the normal full-time workload for the course of study the student is pursuing as determined by the institution;
- has agreed to promptly notify the holder of the loan of any address change; and
- meets the applicable "needs" requirements.

Eligible institutions include higher educational institutions, including proprietary institutions, meeting the standards provided in the Higher Education Act. For a school to participate in the program, the Department of Education must approve its eligibility under standards established by regulation. Each loan is to be evidenced by an unsecured note.

The Higher Education Act also establishes maximum interest rates for each of the various types of loans. Those rates vary not only among loan types, but also within loan types depending upon when the loan was made or when the borrower first obtained a loan under FFELP. The Higher Education Act allows lesser rates of interest to be charged.

Financial Need Analysis

Subject to program limits and conditions, student loans generally are made up to amounts sufficient to cover the student's estimated costs of attending school, including tuition and fees, books, supplies, room and board, transportation and miscellaneous personal expenses as determined by the institution. Each Stafford Loan applicant (and parents in the case of a dependent child) must undergo a financial need analysis. This requires the applicant (and parents in the case of a dependent child) to submit financial data to a federal processor. The federal processor evaluates the parents' and student's financial condition under federal guidelines and calculates the amount that the student and the family are expected to contribute towards the student's cost of education. After receiving information on the family contribution, the institution then subtracts the family contribution from the student's costs to attend the institution to determine the student's need for financial aid. Some of this need is met by grants, scholarships, institutional loans and work assistance. A student's "unmet need" is further reduced by the amount of Stafford Loans for which the borrower is eligible.

Types of Loans

Four types of loans are currently available under FFELP:

- Subsidized Federal Stafford Loans,
- Unsubsidized Federal Stafford Loans,
- Federal PLUS Loans, and
- Federal Consolidation Loans.

Those loan types vary as to eligibility requirements, interest rates, repayment periods, loan limits and eligibility for interest subsidies and special allowance payments. Some of those loan types have had other names in the past. References to those various loan types include, where appropriate, their predecessors.

The primary loan under FFELP is the Subsidized Federal Stafford Loan. Students who are not eligible for Subsidized Federal Stafford Loans based on their economic circumstances may be able to obtain Unsubsidized Federal Stafford Loans. Parents of students may be able to obtain Federal PLUS Loans. Federal Consolidation Loans are available to borrowers with existing loans made under FFELP and other federal programs to consolidate repayment of the borrower's existing loans. Prior to July 1, 1994, FFELP also offered Federal Supplemental Loans for Students ("Federal SLS Loans") to graduate and professional students and independent undergraduate students and, under certain circumstances, dependent undergraduate students, to supplement their Subsidized Federal Stafford Loans.

Subsidized and Unsubsidized Federal Stafford Loans

General. Subsidized Federal Stafford Loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loan is made has been accepted or is enrolled in good standing at an eligible institution of higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. Subsidized Federal Stafford Loans have limits as to the maximum amount that may be borrowed for an academic year and in the aggregate for both undergraduate and graduate/professional study.

Both aggregate limitations exclude loans made under the Federal SLS and Federal PLUS Programs. The Department of Education has discretion to raise those limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

The Unsubsidized Federal Stafford Loan Program was created by Congress in 1992 for students who do not qualify for Subsidized Federal Stafford Loans due to parental and/or student income and assets in excess of permitted amounts. Those students are entitled to borrow the difference between the Stafford Loan maximum and their Subsidized Federal Stafford Loan eligibility through the Unsubsidized Federal Stafford Loan program. The general requirements for Unsubsidized Federal Stafford Loans are essentially the same as those for Subsidized Federal Stafford Loans. The interest rate and the special allowance payment provisions of the Unsubsidized Federal Stafford Loans are the same as the Subsidized Federal Stafford Loans. However, the terms of the Unsubsidized Federal Stafford Loans differ materially from Subsidized Federal Stafford Loans in that the federal government will not make interest subsidy payments and the loan limitations are determined without regard to the expected family contribution. The borrower will be required to either pay interest from the time the loan is disbursed or capitalize the interest until repayment begins. Unsubsidized Federal Stafford Loans were not available before October 1, 1992. A student meeting the general eligibility requirements for a loan under FFELP is eligible for an Unsubsidized Federal Stafford Loan without regard to need.

For Stafford Loans, the Higher Education Act provides for (1) federal insurance or reinsurance of Stafford Loans made by eligible lenders to qualified students; (2) federal interest subsidy payments on Subsidized Stafford Loans paid by the Department of Education to holders of the loans in lieu of the borrowers' making interest payments; and (3) special allowance payments representing an additional subsidy paid by the Department to the holders of eligible Stafford Loans.

Subsidized Federal Stafford Loans are generally made only to student borrowers who meet the needs tests provided in the Higher Education Act. Provisions addressing the implementation of needs analysis and the relationship between unmet need for financing and the availability of Subsidized Federal Stafford Loan Program funding have been the subject of frequent and extensive amendment in recent years. Further amendment to such provisions may materially affect the availability of Subsidized Stafford Loan funding to borrowers or the availability of Subsidized Federal Stafford Loans for secondary market acquisition.

Subsidized Federal Stafford Loans made to new borrowers bear interest for any period of enrollment beginning before July 1, 1994 as indicated in the following table (the term "T-Bill Rate" means the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to June 1 of each year):

Date of Beginning of Period of Enrollment	Interest Rate
On or after January 1, 1981 through September 12, 1983	9% per annum
On or after September 13, 1983 through June 30, 1988	8% per annum
On or after July 1, 1988 through September 30, 1992	T-Bill Rate plus 3.25% per annum(1)
On or after October 1, 1992 through June 30, 1994	T-Bill Rate plus 3.10% per annum(2)

(1) These loans originally bore interest at the rate of 8% per annum from disbursement through four years after repayment begins and 10% per annum thereafter. However, the Higher Education Technical Amendments of 1993 required that loans with an interest rate of 10% be converted to the current variable rate by January 1, 1995. The Higher Education Technical Amendments of 1993 also required that loans made to borrowers with outstanding balances on or after July 23, 1992 bearing interest at a rate greater than the T-Bill Rate plus 3.1% be converted to the T-Bill Rate plus 3.1%. The maximum interest rate on these loans is equal to the fixed interest rate applicable prior to the conversion.

(2) Maximum rate of 9% per annum.

Subsidized Federal Stafford Loans made to borrowers who have outstanding balances on any FFELP loans bear interest at the same rate as their outstanding loans. Subsidized Federal Stafford Loans for borrowers with outstanding loans for periods of enrollment that began prior to January 1, 1981 who borrow for periods of enrollment beginning on or after January 1, 1981 bear interest at a rate of 7% per annum. Subsidized Federal Stafford Loans for borrowers with outstanding FFELP loans who borrow on or after July 23, 1992 bear interest at a rate equal to the T-Bill Rate plus 3.10% per annum, with a maximum rate equal to the rate on the borrower's fixed rate loans.

Subsidized Federal Stafford Loans first disbursed to all borrowers on or after July 1, 1994 bear interest as indicated in the following table:

First Disbursement Date	Interest Rate	In-school, Grace and Deferment Period Rate	Maximum Interest Rate
On or after July 1, 1994 though June 30, 1995	T-Bill Rate plus 3.10% per annum	N/A	8.25% per annum
On or after July 1, 1995 though June 30, 1998	T-Bill Rate plus 3.10% per annum	T-Bill Rate plus 2.50% per annum	8.25% per annum
On or after July 1, 1998 though June 30, 2006	T-Bill Rate plus 2.30% per annum	T-Bill Rate plus 1.70% per annum	8.25% per annum
On or after July 1, 2006	6.80%	N/A	N/A

Under the College Cost Reduction and Access Act, the fixed interest rate throughout the life of undergraduate Federal Stafford Loans first disbursed during the four year period beginning on July 1, 2008 and ending on June 30, 2012, will decrease as follows:

- for a loan first disbursed between July 1, 2008 and June 30, 2009, the fixed interest rate will be 6.0% for undergraduate Subsidized Stafford Loans and 6.8% for Unsubsidized Stafford Loans and graduate Subsidized Stafford Loans;
- for a loan first disbursed between July 1, 2009 and June 30, 2010, the fixed interest rate will be 5.6% for undergraduate Subsidized Stafford Loans and 6.8% for Unsubsidized Stafford Loans and graduate Subsidized Stafford Loans;

- for a loan first disbursed between July 1, 2010 and June 30, 2011, the fixed interest rate will be 4.5% for undergraduate Subsidized Stafford Loans and 6.8% for Unsubsidized Stafford Loans and graduate Subsidized Stafford Loans;
- for a loan first disbursed between July 1, 2011 and June 30, 2012, the fixed interest rate will be 3.4% for undergraduate Subsidized Stafford Loans and 6.8% for Unsubsidized Stafford Loans and graduate Subsidized Stafford Loans.

On July 1, 2012, the fixed interest rate will revert to 6.8%.

Federal Plus Loans

General. Federal PLUS Loans are made only to borrowers who are parents and, under certain circumstances, spouses of remarried parents, of dependent undergraduate students and, after July 1, 2006, graduate and professional students. For Federal PLUS Loans made on or after July 1, 1993, the parent borrower must not have an adverse credit history as determined pursuant to criteria established by the Department of Education. The basic provisions applicable to Federal PLUS Loans are similar to those of Subsidized Federal Stafford Loans with respect to the involvement of guaranty agencies and the Department of Education in providing federal reinsurance on the loans.

However, Federal PLUS Loans differ significantly from Subsidized Federal Stafford Loans, particularly because federal interest subsidy payments are not available under the Federal PLUS Loan program and special allowance payments are more restricted.

Interest Rates For Federal PLUS Loans. The applicable interest rate depends upon the date of issuance of the loan and the period of enrollment for which the loan is to apply. The applicable interest rate on a Federal PLUS Loan:

- made before October 1, 1981, is 9% per annum;

- made on or after October 1, 1981, but before November 1, 1982, is 14% per annum;

- made on or after November 1, 1982, but before July 1, 1987, is 12% per annum;

- made on or after July 1, 1987, but before October 1, 1992 shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 52-week U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.25% per annum (but not to exceed 12% per annum);

- made on or after October 1, 1992, but before July 1, 1994, shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 52-week U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 10% per annum);

- made on or after July 1, 1994, but before July 1, 1998, is the same as that for a loan made on or after October 1, 1992, but before July 1, 1994, except that such rate shall not exceed 9% per annum;

- made on or after July 1, 1998, but before July 1, 2006, shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 9% per annum); or

- made on or after July 1, 2006, a fixed interest rate of 8.5% per annum.

Rates effective on Federal PLUS Loans are subject to change by action of the United States Congress.

Until July 1, 2001, the 1-year index was the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to each June 1. Beginning July 1, 2001, the 1-year index is the weekly average 1-year constant

maturity Treasury, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before the June 26 immediately preceding the July 1 reset date.

Federal SLS Loans

General. Federal SLS Loans were limited to graduate or professional students, independent undergraduate students, and dependent undergraduate students, if the students' parents were unable to obtain a Federal PLUS Loan and were also unable to provide the students' expected family contribution. Except for dependent undergraduate students, eligibility for Federal SLS Loans was determined without regard to need. Federal SLS Loans are similar to Subsidized Federal Stafford Loans with respect to the involvement of guaranty agencies and the Department of Education in providing federal reinsurance on the loans. However, Federal SLS Loans differ significantly from Subsidized Federal Stafford Loans, particularly because federal interest subsidy payments are not available under the Federal SLS Loan program and, in some instances, special allowance payments are more restricted.

Interest Rates For Federal SLS Loans. The applicable interest rates on Federal SLS Loans made prior to October 1, 1992 are identical to the applicable interest rates on Federal PLUS Loans made at the same time. For Federal SLS Loans made on or after October 1, 1992, the applicable interest rate is the same as the applicable interest rate on Federal PLUS Loans, except that the ceiling is 11% per annum instead of 10% per annum.

Federal Consolidation Loans

General. The Higher Education Act authorizes a program under which borrowers may be eligible to consolidate their various federal student loans into a single loan that is insured and reinsured on a basis similar to Federal Stafford Loans and PLUS loans. Federal Consolidation Loans may be obtained in an amount sufficient to pay outstanding principal, unpaid interest, collection costs and late charges on various individual student loans. Loans that can be consolidated include FFELP Loans, Perkins Loans, Health Professional Student Loans, Nursing Student Loans and Health Education Assistance Loans. To be eligible for a Consolidation Loan, a borrower must:

- have outstanding indebtedness on student loans made under FFELP and/or certain other federal student loan programs, and

- be in repayment status or in a grace period, or

- be a defaulted borrower who has made arrangements to repay any defaulted loan satisfactory to the holder of the defaulted loan.

Federal Consolidation Loans made on or after July 1, 1994 have no minimum loan amount. Except as described in the next sentence, for Federal Consolidation Loans disbursed prior to July 1, 1994 the borrower was required to have outstanding student loan indebtedness of at least $7,500. For applications received before January 1, 1993, Consolidation Loans were available only to borrowers who had aggregate outstanding student loan balances of at least $5,000 and the borrower could not be delinquent more than 90 days in the payment of such indebtedness. For applications received on or after January 1, 1993, borrowers may add additional loans to a Federal Consolidation Loan during the 180-day period following the origination of the Federal Consolidation Loan.

To obtain a Federal Consolidation Loan, the borrower must be either in repayment status or in a grace period before repayment begins. For applications received on or after January 1, 1993, delinquent or defaulted borrowers are eligible to obtain Federal Consolidation Loans if they re-enter repayment through loan consolidation. Since January 1, 1993, married couples who agree to be jointly and severally liable may apply for one Federal Consolidation Loan.

Interest Rates For Federal Consolidation Loans. A Federal Consolidation Loan made prior to July 1, 1994 bears interest at a rate equal to the weighted average of the interest rates on the loans retired, rounded to the nearest whole percent, but not less than 9% per annum. Except as described in the next two sentences, a Federal Consolidation Loan made on or after July 1, 1994 bears interest at a rate equal to the weighted average of the interest rates on the loans retired, rounded upward to the nearest whole percent, but with no minimum rate. For a Federal Consolidation Loan for

which the application is received by an eligible lender on or after November 13, 1997 and before October 1, 1998, the interest rate shall be adjusted annually, and for any twelve-month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum, but not to exceed 8.25% per annum. On or after October 1, 1998 and before July 1, 2006, Consolidation Loans for which the application is received on or after October 1, 1998 bear interest at a fixed rate equal to the lesser of (i) the weighted average interest rate of the loans being consolidated rounded up to the nearest one-eighth of one percent or (ii) 8.25%.

The 1998 reauthorization maintained interest rates for borrowers of Federal Direct Consolidation Loans whose applications were received prior to February 1, 1999 at 7.46%, which rates are adjusted annually based on a formula equal to the 91-day Treasury bill rate plus 2.3%. The borrower interest rates on Federal Direct Consolidation Loans for borrowers whose applications were received on or after February 1, 1999 and before July 1, 2006 is a fixed rate equal to the lesser of the weighted average of the interest rates of the loans consolidated, adjusted up to the nearest one-eighth of one percent, and 8.25%. This is the same rate that the 1998 legislation set on FFELP Consolidation Loans for borrowers whose applications are received on or after October 1, 1998 and before July 1, 2006. The 1998 legislation, as modified by the 1999 act and in 2002, set the special allowance payment rate for FFELP Consolidation Loans at the three-month commercial paper rate plus 2.64% for loans disbursed on or after January 1, 2000 and before July 1, 2006. Lenders of FFELP Consolidation Loans pay a reinsurance fee to the Department of Education. All other guarantee fees may be passed on to the borrower.

Interest on Federal Consolidation Loans accrues and, for applications received before January 1, 1993, is paid without interest subsidy by the Department of Education. For Federal Consolidation Loans for which applications were received between January 1, 1993 and August 10, 1993, all interest of the borrower is paid during all deferment periods. Federal Consolidation Loans for which applications were received on or after August 10, 1993 are subsidized only if all of the underlying loans being consolidated were Subsidized Stafford Loans. In the case of Federal Consolidation Loans made on or after November 13, 1997, the portion of a Federal Consolidation Loan that is comprised of Subsidized Stafford Loans retains subsidy benefits during deferment periods.

No insurance premium or origination fee is charged to a borrower or a lender in connection with a Federal Consolidation Loan. However, FFELP lenders must pay a monthly consolidation loan rebate fee to the Department of Education at an annualized rate of 1.05% on principal of and interest on Federal Consolidation Loans disbursed on or after October 1, 1993, or at an annualized rate of 0.62% for Federal Consolidation Loan applications received between October 1, 1998 and January 31, 1999. The rate for special allowance payments for Federal Consolidation Loans is determined in the same manner as for other FFELP Loans.

A borrower must begin to repay his Consolidation Loan within 60 days after his underlying loans have been paid off and consolidated. For applications received on or after January 1, 1993, besides the standard schedule, repayment options include graduated and income sensitive repayment plans. In addition, a borrower who obtained their first FFELP loan on or after October 7, 1998 and has an accumulated FFELP loan balance of more than $30,000 is also eligible for the extended repayment plan. Loans are repaid over periods determined by the sum of the Consolidation Loan and the amount of the borrower's other eligible FFELP student loans outstanding. The maximum repayment term is 30 years for indebtedness of $60,000 or more.

For a discussion of required payments that reduce the return on Federal Consolidation Loans, see "*—Fees—Rebate Fees on Federal Consolidation Loans*".

Maximum Loan Amounts

Each type of loan is subject to limits on the maximum principal amount, both with respect to a given year and in the aggregate. Federal Consolidation Loans are limited only by the amount of eligible loans to be consolidated. All of the loans are limited to the difference between the cost of attendance and the other aid available to the student. Subsidized Federal Stafford Loans are also subject to limits based upon needs analysis.

The Higher Education Act generally requires that lenders disburse student loans in at least two equal disbursements. The Higher Education Act limits the amount a student can borrow in any academic year. The following chart shows current and historic loan limits.

Loan Limits For Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans.

	Dependent Students			Independent Students			
Borrower's Academic Level	**Subsidized and Unsubsidized on or after 10/1/93**	**Subsidized and Unsubsidized on or after 7/1/07**	**Subsidized and Unsubsidized on or after 7/1/08**	**Additional Unsubsidized only on or after 7/1/94**	**Additional Unsubsidized only on or after 7/1/07**	**Additional Unsubsidized only on or after 7/1/08**	**Maximum Annual Total Amount**
Undergraduate (per year):							
1st year	$ 2,625	$ 3,500	$ 5,500	$ 4,000	$ 4,000	$ 4,000	$ 9,500
2nd year	$ 3,500	$ 4,500	$ 6,500	$ 4,000	$ 4,000	$ 4,000	$ 10,500
3rd year and above	$ 5,500	$ 5,500	$ 7,500	$ 5,000	$ 5,000	$ 5,000	$ 12,500
Graduate (per year)	$ 8,500	$ 8,500	$ 8,500	$10,000	$12,000	$12,000	$ 20,500
Aggregate Limit:							
Undergraduate	$23,000	$23,000	$31,000	$23,000	$23,000	$26,500	$ 57,500
Graduate (including undergraduate)	$65,500	$65,500	$65,500	$73,000	$73,000	$73,000	$138,500

For the purposes of the table above:

- The loan limits include both FFELP and FDLP loans.
- The amounts in the final column represent the combined maximum loan amount per year for Subsidized and Unsubsidized Federal Stafford Loans. Accordingly, the maximum amount that a student may borrow under an Unsubsidized Stafford Loan is the difference between the combined maximum loan amount and the amount the student received in the form of a Subsidized Stafford Loan.
- Independent undergraduate students, graduate students and professional students may borrow the additional amounts shown in the third and fourth columns. Dependent undergraduate students may also receive these additional loan amounts if their parents are unable to provide the family contribution amount and do not qualify for a Federal PLUS Loan.
- Students attending certain medical schools are eligible for $38,500 annually and $189,000 in the aggregate.
- The annual loan limits are sometimes reduced when the student is enrolled in a program of less than one academic year or has less than a full academic year remaining in his program.

Loan Limits For Federal PLUS Loans. For Federal PLUS Loans made on or after July 1, 1993, the amounts of Federal PLUS Loans are limited only by the student's unmet need. Prior to that time Federal PLUS Loans were subject to limits similar to those of Federal SLS Loans applied with respect to each student on behalf of whom the parent borrowed.

Loan Limits For Federal SLS Loans. Prior to July 1, 1993, Federal SLS Loans could be obtained by undergraduate, graduate and professional students to finance their education. A student who had not successfully completed the first and second year of a program of undergraduate education could borrow a Federal SLS Loan in an amount of up to $4,000. A student who had successfully completed the first and second year, but who had not successfully completed the remainder of a program of undergraduate education could borrow up to $5,000 per year. Graduate and professional students could borrow up to $10,000 per year. Federal SLS Loans were subject to an aggregate maximum of $23,000 ($73,000 for graduate and professional students). Prior to the 1992 changes, Federal SLS Loans were available in amounts of $4,000 per academic year, up to a $20,000 aggregate maximum. Prior to the 1986 changes, a graduate or professional student could borrow $5,000 of Federal SLS Loans per academic year, up to a $25,000 maximum, and an independent undergraduate student could borrow $2,500 of Federal SLS Loans per academic year minus the amount of all other FFELP loans to such student for such academic year, up to the maximum amount of all FFELP loans to that student of $12,500. In 1989, the amount of Federal SLS Loans for students enrolled in programs of less than an academic year in length were limited in a manner similar to the limits described above under "*—Subsidized and Unsubsidized Federal Stafford Loans*".

Disbursement Requirements

The Higher Education Act now requires that virtually all Federal Stafford Loans and Federal PLUS Loans be disbursed by eligible lenders in at least two separate installments. The proceeds of a loan made to any undergraduate first-year student borrowing for the first time under the program must be delivered to the student no earlier than 30 days after the enrollment period begins. However, a school is exempt from the 30 day delayed delivery requirement for first-year students if the institution's cohort default rate is less than 10% for the three most recent fiscal years. For all other students, disbursement must not occur more than 30 days prior to the beginning of the period of enrollment for which the loan is made.

Repayment

Repayment Periods. Loans made under FFELP, other than Federal Consolidation Loans, must provide for repayment of principal in periodic installments over a period of not less than five nor more than ten years. After the 1998 Reauthorization, lenders are required to offer extended repayment schedules to new borrowers who accumulate outstanding FFELP loans of more than $30,000, in which case the repayment period may extend up to 25 years subject to certain minimum repayment amounts. A Federal Consolidation Loan must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods that vary depending upon the principal amount of the borrower's outstanding student loans, but may not be longer than 30 years. For Federal Consolidation Loans for which the application was received prior to January 1, 1993, the repayment period could not exceed 25 years. Repayment of principal of a Stafford Loan begins six months after the borrower graduates, withdraws or drops to less than half-time enrollment status. Such grace periods may be waived by borrowers. For Federal Stafford Loans for which the applicable rate of interest is 7% per annum, the repayment period commences not more than twelve months after the borrower ceases to pursue at least a half-time course of study. For other Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans, the repayment period commences not more than six months after the borrower ceases to pursue at least a half-time course of study. The six month or twelve month periods are the "grace periods". Outlined in the table below are the maximum repayment periods available based on the outstanding FFELP Consolidation Loan indebtedness.

Outstanding FFELP Consolidation Loan Indebtedness	Maximum Repayment Period
$7,500-$9,999	12 Years
$10,000-$19,999	15 Years
$20,000-$30,000	20 Years
$30,001-$59,999	25 Years
$60,000 or more	30 Years

Note: Maximum repayment period excludes authorized periods of deferment and forbearance.

In the case of Federal SLS, PLUS and Consolidation Loans, the repayment period commences on the date of final disbursement of the loan, except that the borrower of an Federal SLS Loan who also has a Stafford Loan may defer repayment of the Federal SLS Loan to coincide with the commencement of repayment of the Subsidized Federal Stafford Loan or Unsubsidized Federal Stafford Loan. During periods in which repayment of principal is required, payments of principal and interest must in general be made at a rate of the lesser of $600 per year or the balance of all outstanding loans (with interest that accrues during the year), except that a borrower and lender may agree to a lesser rate at any time before or during the repayment period. A borrower may agree, with concurrence of the lender, to repay the loan in less than five years with the right subsequently to extend his minimum repayment period to five years. Borrowers may accelerate, without penalty, the repayment of all or any part of the loan.

Each student loan provides for amortization of its outstanding principal balance over a series of regular payments. In most cases, the payment amount does not change over the life of the loan, although graduated and income-sensitive payment schedules are also available to borrowers. Typically, each regular payment consists of an installment of interest that is calculated on the basis of the outstanding principal balance of the student loan multiplied by the applicable interest rate and further multiplied by the period elapsed (as a fraction of a calendar year) since the preceding payment of interest was made. As payments are received in respect of the student loan, the amount received is applied first to interest accrued to the date of payment and the balance is applied to reduce the outstanding principal balance. Accordingly, if a borrower pays a regular installment before its scheduled due date, the portion of the payment

allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the outstanding principal balance will be correspondingly greater. Conversely, if a borrower pays a monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the outstanding principal balance will be correspondingly less. In either case, subject to any applicable deferment periods or forbearance periods, the borrower pays a regular installment until the final scheduled payment date, at which time the amount of the final installment is increased or decreased as necessary to repay the then outstanding principal balance of the student loan.

Income Sensitive Repayment Schedules. Since 1992, lenders of Consolidation Loans have been required to establish graduated or income-sensitive repayment schedules and lenders of Stafford and SLS Loans have been required to offer borrowers the option of repaying in accordance with graduated or income-sensitive repayment schedules. An issuing entity may implement graduated repayment schedules and income-sensitive repayment schedules. Use of income-sensitive repayments schedules may extend the ten-year maximum term for up to five years. In addition, if the repayment schedule on a loan that has been converted to a variable interest rate does not provide for adjustments to the amount of the monthly installment payments, the ten-year maximum term may be extended for up to three years. The College Cost Reduction and Access Act provides that a borrower's FFELP loan payments will be limited to 15% of his or her discretionary income, or 15% of the amount by which the borrower's adjusted gross income exceeds 150% of the poverty line, divided by 12. Unpaid principal and interest are capitalized and any outstanding loan balance is forgiven after 25 years of repayment. The Secretary of Education will pay any unpaid interest on subsidized loans for up to three years.

Deferment Periods. No principal repayments need be made during certain periods of deferment prescribed by the Higher Education Act.

For loans to a borrower who first obtained a loan that was disbursed before July 1, 1993, deferments are available:

- during a period not exceeding three years while the borrower is a member of the Armed Forces, an officer in the Commissioned Corps of the Public Health Service or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, an active duty member of the National Oceanic and Atmospheric Administration Corps;

- during a period not in excess of three years while the borrower is a volunteer under the Peace Corps Act;

- during a period not in excess of three years while the borrower is a full-time volunteer under the Domestic Volunteer Act of 1973;

- during a period not exceeding three years while the borrower is in service, comparable to the service described above as a full-time volunteer for an organization that is exempt from taxation under Section 501(c)(3) of the Code;

- during a period not exceeding two years while the borrower is serving an internship necessary to receive professional recognition required to begin professional practice or service, or a qualified internship or residency program;

- during a period not exceeding three years while the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or while the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

- during a period not to exceed twenty-four months while the borrower is seeking and unable to find fulltime employment;

- during any period that the borrower is pursuing a full-time course of study at an eligible institution (or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, is pursuing at least a half-time course of study for which the borrower has obtained a loan under FFELP), or is pursuing a course of study pursuant to a graduate fellowship program or a rehabilitation training program for disabled individuals approved by the Department of Education;

- during a period, not in excess of 6 months, while the borrower is on parental leave; and

- only with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, during a period not in excess of three years while the borrower is a full-time teacher in a public or nonprofit private elementary or secondary school in a "teacher shortage area" (as prescribed by the Department of Education), and during a period not in excess of 12 months for mothers, with preschool age children, who are entering or re-entering the work force and who are compensated at a rate not exceeding $1 per hour in excess of the federal minimum wage.

For loans to a borrower who first obtains a loan on or after July 1, 1993, deferments are available:

- during any period that the borrower is pursuing at least a half-time course of study at an eligible institution or a course of study pursuant to a graduate fellowship program or rehabilitation training program approved by the Department of Education;

- during a period not exceeding three years while the borrower is seeking and unable to find full-time employment; and

- during a period not in excess of three years for any reason that the lender determines, in accordance with regulations under the Higher Education Act, has caused or will cause the borrower economic hardship. Economic hardship includes working full time and earning an amount not in excess of the greater of the minimum wage or the poverty line for a family of two. Additional categories of economic hardship are based on the relationship between a borrower's educational debt burden and his or her income.

- while the borrower is serving on active duty or performing other qualifying service during a war or other military operation on national emergency.

Prior to the 1992 changes, only certain of the deferment periods described above were available to Federal PLUS Loan borrowers, and only certain deferment periods were available to Federal Consolidation Loan borrowers. Prior to the 1986 changes, Federal PLUS Loan borrowers were not entitled to certain deferment periods. Deferment periods extend the maximum term.

The College Cost Reduction and Access Act eliminated the three-year limitation on the period for which certain members of the armed forces may receive deferments on their loan payments and allows deferments until 180 days after such member is demobilized. It also provides that such benefits are available regardless of when the loan was originated. As under prior law, members of the armed forces who qualify for this deferment are limited to those who are serving on active duty or performing qualifying National Guard duty during a war or other military operation in a national emergency. The College Cost Reduction and Access Act also allow members of the armed forces, including members of the National Guard or other reserve components of the armed forces, who were enrolled in college or left college within six months of deployment to receive a deferment of up to 13 months upon return from active duty.

Forbearance Period. The Higher Education Act also provides for periods of forbearance during which the borrower, in case of temporary financial hardship, may defer any payments. A borrower is entitled to forbearance for a period not to exceed three years while the borrower's debt burden under Title IV of the Higher Education Act (which includes FFELP) equals or exceeds 20% of the borrower's gross income or while the borrower is a member of the Armed Forces eligible to have interest payments made on his or her behalf. A borrower is also entitled to forbearance

while he or she is serving in a qualifying medical or dental internship program or in a “national service position” under the National and Community Service Trust Act of 1993. In addition, mandatory administrative forbearances are provided in exceptional circumstances such as a local or national emergency or military mobilization, or when the geographical area in which the borrower or endorser resides has been designated a disaster area by the President of the United States or Mexico, the Prime Minister of Canada, or by the governor of a state. In other circumstances, forbearance is at the lender’s option. Forbearance also extends the maximum term.

Interest Payments During Grace, Deferment and Forbearance Periods. The Department of Education makes interest payments on behalf of the borrower of certain eligible loans while the borrower is in school and during grace and deferment periods. Interest that accrues during forbearance periods and, if the loan is not eligible for interest subsidy payments, while the borrower is in school and during the grace and deferment periods, may be paid monthly or quarterly or capitalized not more frequently than quarterly. Interest will continue to accrue during such forbearance periods; any unpaid interest will be capitalized. Periods of forbearance are also permitted and in some cases required whereby payment of principal is postponed. Interest that accrues during a forbearance period is never subsidized.

Fees

Guarantee Fee. A guaranty agency is authorized to charge a premium, or guarantee fee, of up to 1% of the principal amount of the loan, which must be deducted proportionately from each installment payment of the proceeds of the loan to the borrower. Guarantee fees may not currently be charged to borrowers of Federal Consolidation Loans. However, borrowers may be charged an insurance fee to cover the costs of increased or extended liability with respect to Federal Consolidation Loans. For loans made prior to July 1, 1994, the maximum guarantee fee was 3% of the principal amount of the loan, but no such guarantee fee was authorized to be charged with respect to Unsubsidized Federal Stafford Loans.

Origination Fee. An origination fee must be paid to the Department of Education for all Stafford and PLUS Loans originated under FFELP. An origination fee is not paid on a Consolidation Loan. A 3% origination fee must be deducted from the amount of each PLUS Loan.

An origination fee may be, but is not required to be, deducted from the amount of a Stafford Loan according to the following table:

Date of First Disbursement	Maximum Origination Fee
Before 07/01/06	3.0%
From 07/01/06 through 06/30/07	2.0%
From 07/01/07 through 06/30/08	1.5%
From 07/01/08 through 06/30/09	1.0%
From 07/01/09 through 06/30/10	0.5%
From 07/01/10 and after	0.0%

Lender Loan Fee. A lender loan fee is paid to the Department of Education on the amount of each loan disbursement of all FFELP loans. For loans disbursed from October 1, 1993 to September 30, 2007, the fee was 0.5% of the principal amount of such loan. The fee increased to 1% on the principal amount of the loan for loans disbursed on or after October 1, 2007.

Federal Default Fee. A federal default fee up to 1% (previously called an insurance premium) may be, but is not required to be, deducted from the amount of a Stafford or PLUS Loan. A federal default fee is not deducted from the amount of a Consolidation Loan.

Rebate Fee on Federal Consolidation Loans. The holder of any Federal Consolidation Loan made on or after October 1, 1993 through September 30, 1998 and on or after February 1, 1999 is required to pay to the Department of Education a monthly fee equal to 0.0875% (1.05% per annum) of the principal amount of, and accrued interest on the

Federal Consolidation Loan. For loans made pursuant to applications received on or after October 1, 1998, and on or before January 31, 1999 the fee on consolidation loans of 1.05% is reduced to 0.62%.

Guarantor Funding

In addition to providing the primary guarantee on FFELP loans, guaranty agencies are charged, under the Higher Education Act, with responsibility for maintaining records on all loans on which they have issued a guarantee ("account maintenance"), assisting lenders to prevent default by delinquent borrowers ("default aversion"), post-default loan administration and collections and program awareness and oversight. These activities are funded by revenues from the following statutorily prescribed sources plus earnings on investments.

Source	Basis
Insurance Premium...	Up to 3% of the principal amount guaranteed, withheld from the proceeds of each loan disbursement for loans first disbursed prior to July 1, 1994. Up to 1% of the principal amount guaranteed, withheld from the proceeds of each loan disbursement for loans first disbursed on or after July 1, 1994.
Loan Processing and Origination Fee...........................	0.40% of the principal amount guaranteed, paid by the Department of Education
Account Maintenance Fee	0.10% of the original principal amount of loans outstanding, paid by the Department of Education
Default Aversion Fee...	1% of the outstanding amount of loans that were reported delinquent but did not default within 300 days thereafter, paid by transfers out of the Student Loan Reserve Fund
Collection Retention Fee	16% of the amount collected on loans on which reinsurance has been paid (10% of the amount collected for a defaulted loan that is purchased by a lender for rehabilitation or consolidation), withheld from gross receipts

The Higher Education Act requires guaranty agencies to establish two funds: a Student Loan Reserve Fund and an Agency Operating Fund. The Student Loan Reserve Fund contains the reinsurance payments received from the Department, Insurance Premiums and the Collection Retention Fee. The fund is federal property and its assets may be used only to pay insurance claims and to pay Default Aversion Fees. The Agency Operating Fund is the guarantor's property and is not subject to strict limitations on its use.

Interest Subsidy Payments

Interest subsidy payments are interest payments paid with respect to an eligible loan before the time that the loan enters repayment and during grace and deferment periods. The Department of Education and the guaranty agencies enter into interest subsidy agreements whereby the Department of Education agrees to pay interest subsidy payments to the holders of eligible guaranteed loans for the benefit of students meeting certain requirements, subject to the holders' compliance with all requirements of the Higher Education Act. Only Subsidized Federal Stafford Loans and Federal Consolidation Loans for which the application was received on or after January 1, 1993, are eligible for interest subsidy payments. Federal Consolidation Loans made after August 10, 1993 are eligible for interest subsidy payments only if all loans consolidated thereby are Subsidized Federal Stafford Loans, except that Federal Consolidation Loans for which the application is received by an eligible lender on or after November 13, 1997 are eligible for interest subsidy payments on that portion of the Federal Consolidation Loan that repays Subsidized Federal Stafford Loans or similar subsidized loans made under the direct loan program discussed under "*—Direct Loans*" herein.

In addition, to be eligible for interest subsidy payments, guaranteed loans must be made by an eligible lender under the applicable guaranty agency's guarantee program, and must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act.

The Department of Education makes interest subsidy payments quarterly on behalf of the borrower to the holder of a guaranteed loan in a total amount equal to the interest that accrues on the outstanding principal amount prior to the commencement of the repayment period of the loan or during any grace or deferment period. A borrower may elect to forego interest subsidy payments, in which case the borrower is required to make interest payments. Lenders generally receive interest subsidy payments within 15 days to 30 days after the submission of the applicable data for any given calendar quarter to the Department of Education. However, there can be no assurance that payments will, in fact, be received from the Department within that period.

Special Allowance Payments

The Higher Education Act provides for special allowance payments to be made by the Department of Education to eligible holders of qualifying loans. The rates for special allowance payments are based on formulas that differ according to the type of loan, the date the loan was originally made or insured and the type of funds used to finance the loan (taxable or tax-exempt).

Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans. The effective formulas for special allowance payment rates for Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans are summarized in the following chart. The T-Bill Rate mentioned in the chart refers to the average of the bond equivalent yield of the 91-day Treasury bills auctioned during the preceding quarter.

Date of Loans	Annualized SAP Rate
On or after October 1, 1981	T-Bill Rate less Applicable Interest Rate + 3.50%(1)
On or after November 16, 1986	T-Bill Rate less Applicable Interest Rate + 3.25%
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.10%(2)
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.80%(3)
On or after January 1, 2000	3-Month Commercial Paper Rate less Applicable Interest Rate + 2.34%(4)

(1) Substitute 3.25% in this formula for Subsidized Federal Stafford Loans disbursed on or after October 17, 1986 for periods of enrollment beginning on or after November 16, 1986.

(2) Substitute 2.50% in this formula while such loans are in the in-school, deferral, or grace period.

(3) Substitute 2.20% in this formula while such loans are in-school, during the grace period, and during any deferment periods. Substitute 3.1% for Federal PLUS Loans and Federal Consolidation Loans.

(4) Substitute 1.74% in this formula while such loans are in-school, during the grace period, and during any deferment periods. Substitute 2.64% for Federal PLUS Loans and Federal Consolidation Loans.

The effective formulas for special allowance payment rates for Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans differ depending on whether loans to borrowers were acquired or originated with the proceeds of tax-exempt obligations. There are minimum special allowance payment rates for Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans acquired with proceeds of tax-exempt obligations,

which rates effectively ensure an overall minimum return of 9.5% on such loans. However, loans acquired with the proceeds of tax-exempt obligations originally issued after September 30, 1993 are not assured of a minimum special allowance payment.

For FFELP student loans first disbursed on or after April 1, 2006, lenders are required to pay the Department of Education any interest paid by borrowers on student loans that exceeds the special allowance support levels applicable to such loans.

The College Cost Reduction and Access Act reduces the special allowance payments for loans held by for-profit lenders and first disbursed on or after October 1, 2007 as follows:

- 0.55% reduction for Subsidized and Unsubsidized Stafford Loans and Consolidation Loans; and
- 0.85% reduction for PLUS Loans.

Federal PLUS, Federal SLS Loans and Consolidation Loans. Special Allowance Payments are made with respect to Consolidation Loans for which the application is received on or after October 1, 1998 and prior to January 1, 2000 only if the T-Bill Rate plus 3.10% exceeds the applicable interest rate on the loan. Special Allowance Payments are made with respect to Consolidation Loans for which the application is received on or after January 1, 2000 only if the 3 Month Commercial Paper Rate plus 2.64% exceeds the applicable interest rate on the loan. The portion, if any, of a Federal Consolidation Loan that repaid a loan made under Title VII, Sections 700-721 of the Public Health Services Act, as amended, is ineligible for special allowance payments. Special Allowance Payments are paid with respect to Federal SLS Loans and Federal PLUS Loans made on or after July 1, 1987 and prior to October 1, 1992 only if the interest rate that would otherwise apply (notwithstanding any applicable interest rate caps) exceeds 12% per annum. Special Allowance Payments are paid with respect to Federal SLS Loans made on or after October 1, 1992 but prior to July 1, 1994, only if the interest rate that would otherwise apply (notwithstanding any applicable interest rate caps) exceeds 11% per annum. Special Allowance Payments are paid with respect to Federal PLUS Loans made on or after October 1, 1992 but prior to July 1, 1998, only if the interest rate that would otherwise apply (notwithstanding any applicable interest rate caps) exceeds 10% per annum. Special Allowance Payments are made with respect to Federal PLUS Loans made on or after July 1, 1998 and prior to July 1, 2006 only if the interest rate that would otherwise apply (notwithstanding any applicable interest rate caps) exceeds 9% per annum. Special Allowance Payments are paid with respect to Federal PLUS Loans made on or after July 1, 2006 only if the 3 Month Commercial Paper Rate plus 2.64% exceeds 9% per annum.

The Higher Education Act provides that if special allowance payments or interest subsidy payments have not been made within 30 days after the Department of Education receives an accurate, timely and complete request therefor, the special allowance payable to such holder shall be increased by an amount equal to the daily interest accruing on the special allowance and interest subsidy payments due the holder.

Special allowance payments and interest subsidy payments are reduced by the amount that the lender is authorized or required to charge as an origination fee. In addition, the amount of the lender origination fee is collected by offset to special allowance payments and interest subsidy payments.

Recent Developments

Department of Education Action to Determine the Commercial Paper Rate. Each quarter, the Department of Education calculates the rate at which special allowance payments are made to student loan lenders. Generally, the rate is determined based on the average daily three-month commercial paper rate published by the Federal Reserve in Publication H.15. As a result of the current period of general market uncertainty, no such daily three-month commercial paper rate was published for 33 business days during the fourth quarter of 2008. In response to this situation, the Department of Education used the commercial paper funding facility rates published by the Federal Reserve in Publication H.15 as a substitute for the unpublished daily three-month commercial paper rates. The effect of this substitution was a short-term increase in the rate at which special allowance payments were made to student loan lenders, which brought such payments closer to their historical levels. It is not certain what, if anything, the Department of Education may do in response to any similar situations in the future or what the effect on noteholders of any such action or inaction may be.

DESCRIPTION OF FFELP GUARANTY AGENCIES

General

Each FFELP Loan is required to be guaranteed as to principal and interest by a guaranty agency and reinsured by the Department of Education under the Higher Education Act and must be eligible for special allowance payments and, in the case of some FFELP Loans, interest subsidy payments by the Department of Education.

A guaranty agency guarantees loans made to students or parents of students by lending institutions such as banks, credit unions, savings and loan associations, certain schools, pension funds and insurance companies. FFELP student loans are guaranteed for 100% of principal and accrued interest against death, disability, discharge in bankruptcy or the crime of identity theft. The guarantor also pays 100% of the outstanding principal amount and accrued interest on PLUS Loans, where the student on whose behalf the loan was borrowed dies. Guaranty agencies also guarantee lenders against default. For loans that were made before October 1, 1993, lenders are insured for 100% of the principal and unpaid accrued interest. For loans that are made after October 1, 1993, but prior to July 1, 2006, lenders are insured at 98% of principal and accrued interest. For loans that are made on or after July 1, 2006 and prior to October 1, 2012, the lenders will be insured at 97% of principal and accrued interest. For loans disbursed on or after October 1, 2012, lenders will be insured against default at 95% of principal and accrued interest.

Guaranty agencies have two separate funds, a federal reserve fund and an agency operating fund. In general, a guaranty agency's federal reserve fund has been funded principally by administrative cost allowances and other payments made by the Department of Education, guarantee fees paid by borrowers, investment income on money in the reserve fund, and a portion of the money collected from borrowers on guaranteed loans that has been retained by the guaranty agency.

Various changes to the Higher Education Act and practices of guaranty agencies have adversely affected the receipt of revenues by the guaranty agencies and their ability to maintain their reserve funds at previous levels, and may adversely affect their ability to meet their guarantee obligations. The changes and practices include:

- the reduction in reinsurance payments from the Department of Education because of reduced reimbursement percentages on new loans;
- the reduction in maximum permitted guarantee fees from 3% to 1% for loans made on or after July 1, 1994, and the widespread practice among guaranty agencies of charging no fee or less than the maximum authorized fee;
- the replacement of the administrative cost allowance with a student loan processing and issuance fee equal to 65 basis points (40 basis points for loans made on or after October 1, 1993) paid at the time a loan is guaranteed, and an account maintenance fee of 12 basis points (10 basis points for fiscal years 2001-2003) paid annually on outstanding guaranteed student loans;
- the repeal of statutory authority for the payment of fees for supplemental preclaims assistance by the Department of Education; and
- the reduction in permissible retention by a guaranty agency of collections on defaulted loans from 27% to 24% (23% beginning on October 1, 2003).

Additionally, the adequacy of a guaranty agency's reserve fund to meet its guarantee obligations with respect to existing student loans depends, in significant part, on its ability to collect revenues generated by new loan guarantees. The Federal Direct Student Loan Program discussed below may adversely affect the volume of new loan guarantees. Future legislation may make additional changes to the Higher Education Act that would significantly affect the revenues received by guaranty agencies and the structure of the guaranty agency program.

The Higher Education Act gives the Secretary of Education oversight authority over guaranty agencies. Those powers include requiring a guaranty agency to maintain its reserve fund at a certain required level and taking various actions relating to a guaranty agency if its administrative and financial condition jeopardizes its ability to meet its obligations. Those actions include, among others, providing advances to the guaranty agency, terminating the guaranty agency's federal reimbursement contracts, assuming responsibility for all functions of the guaranty agency, and transferring the guaranty agency's guarantees to another guaranty agency or assuming such guarantees. The Higher Education Act provides that a guaranty agency's reserve fund shall be considered to be the property of the United States to be used in the operation of FFELP or the Federal Direct Student Loan Program, and, under certain circumstances, the Secretary of Education may demand payment of amounts in the reserve fund.

The 1998 Reauthorization mandates the recall of guaranty agency reserve funds by the Department of Education amounting to $85 million in fiscal year 2002, $82.5 million in fiscal year 2006, and $82.5 million in fiscal year 2007. However, certain minimum reserve levels are protected from recall, and under the 1998 Reauthorization, guaranty agency reserve funds were restructured to provide guaranty agencies with additional flexibility in choosing how to spend certain funds they receive. The new recall of reserves for guaranty agencies increases the risk that resources available to guaranty agencies to meet their guarantee obligation will be significantly reduced. Relevant federal laws, including the Higher Education Act, may be further changed in a manner that may adversely affect the ability of a guaranty agency to meet its guarantee obligations.

Under the Higher Education Act, if the Department of Education has determined that a guaranty agency is unable to meet its guarantee obligations, the holders of loans guaranteed by such guaranty agency must submit claims directly to the Department of Education, and the Department of Education is required to pay the full guarantee payment due with respect thereto in accordance with guarantee claims processing standards no more stringent than those applied by the guaranty agency.

There are no assurances as to the Department of Education's actions if a guaranty agency encounters administrative or financial difficulties or that the Department of Education will not demand that a guaranty agency transfer additional portions or all of its reserve fund to the Department of Education.

Federal Agreements

General. A guaranty agency's right to receive federal reimbursements for various guarantee claims paid by such guaranty agency is governed by the Higher Education Act and various contracts entered into between guarantees agencies and the Department of Education. Each guaranty agency and the Department of Education have entered into federal reimbursement contracts pursuant to the Higher Education Act, which provide for the guaranty agency to receive reimbursement of a percentage of guarantee payments that the guaranty agency makes to eligible lenders with respect to loans guaranteed by the guaranty agency prior to the termination of the federal reimbursement contracts or the expiration of the authority of the Higher Education Act. The federal reimbursement contracts provide for termination under certain circumstances and also provide for certain actions short of termination by the Department of Education to protect the federal interest.

In addition to guarantee benefits, qualified student loans acquired under FFELP benefit from certain federal subsidies. Each guaranty agency and the Department of Education have entered into an Interest Subsidy Agreement under the Higher Education Act that entitles the holders of eligible loans guaranteed by the guaranty agency to receive interest subsidy payments from the Department of Education on behalf of certain students while the student is in school, during a six to twelve month grace period after the student leaves school, and during certain deferment periods, subject to the holders' compliance with all requirements of the Higher Education Act.

United States Courts of Appeals have held that the federal government, through subsequent legislation, has the right unilaterally to amend the contracts between the Department of Education and the guaranty agencies described herein. Amendments to the Higher Education Act in 1986, 1987, 1992, 1993, and 1998, respectively:

- abrogated certain rights of guaranty agencies under contracts with the Department of Education relating to the repayment of certain advances from the Department of Education,

- authorized the Department of Education to withhold reimbursement payments otherwise due to certain guaranty agencies until specified amounts of such guaranty agencies' reserves had been eliminated,

- added new reserve level requirements for guaranty agencies and authorized the Department of Education to terminate the federal reimbursement contracts under circumstances that did not previously warrant such termination,

- expanded the Department of Education's authority to terminate such contracts and to seize guaranty agencies' reserves, and

- mandated the additional recall of guaranty agency reserve funds.

Federal Insurance and Reimbursement of Guaranty Agencies

Effect of Annual Claims Rate. With respect to loans made prior to October 1, 1993, the Department of Education currently agrees to reimburse the guaranty agency for up to 100% of the amounts paid on claims made by lenders, as discussed in the formula described below, so long as the eligible lender has properly originated and serviced such loan. The amount of reimbursement is lower for loans originated after October 1, 1993, as described below. Depending on the claims rate experience of a guaranty agency, such reimbursement may be reduced as discussed in the formula described below. The Department of Education also agrees to repay 100% of the outstanding principal amount plus applicable accrued interest expended by a guaranty agency in discharging its guarantee obligation as a result of the bankruptcy, death, or total and permanent disability of a borrower, or in the case of a Federal PLUS Loan, the death of the student on behalf of whom the loan was borrowed, which reimbursements are not to be included in the calculations of the guaranty agency's claims rate experience for the purpose of federal reimbursement under the federal reimbursement contracts.

The formula used for loans initially disbursed prior to October 1, 1993 is summarized below:

Claims Rate	Federal Payment
0% up to and including 5%	100%
Greater than 5% up to and including 9%	90%
Greater than 9%	80%

Subject to limited exceptions, the formula used for loans initially disbursed on or after October 1, 1993 and on or prior to September 30, 1998 is summarized below:

Claims Rate	Federal Payment
0% up to and including 5%	98%
Greater than 5% up to and including 9%	88%
Greater than 9%	78%

Subject to limited exceptions, the formula used for loans initially disbursed on or after October 1, 1998 is summarized below:

Claims Rate	Federal Payment
0% up to and including 5%	95%
Greater than 5% up to and including 9%	85%
Greater than 9%	75%

The claims experience is not accumulated from year to year, but is determined solely on the basis of claims in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year.

The reduced reinsurance for guaranty agencies increases the risk that resources available to guaranty agencies to meet their guarantee obligation will be significantly reduced.

Reimbursement. The original principal amount of loans guaranteed by a guaranty agency that are in repayment for purposes of computing reimbursement payments to a guaranty agency means the original principal amount of all loans guaranteed by a guaranty agency less:

- the original principal amount of such loans that have been fully repaid or on which a guarantee payment has been made, and
- the original amount of such loans for which the first principal installment payment has not become due.

Guaranty agencies with default rates below 5% are required to pay the Department of Education annual fees equivalent to 0.51% of new loans guaranteed, while all other such agencies must pay a 0.5% fee. The Department of Education may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Department of Education or applicable federal law.

Under the guarantee agreements, if a payment on a Federal Family Education Loan guaranteed by a guaranty agency is received after reimbursement by the Department of Education, the guaranty agency is entitled to receive an equitable share of the payment.

Any originator of any student loan guaranteed by a guaranty agency is required to discount from the proceeds of the loan at the time of disbursement, and pay to the guaranty agency, an insurance premium that may not exceed that permitted under the Higher Education Act.

Under present practice, after the Department of Education reimburses a guaranty agency for a default claim paid on a guaranteed loan, the guaranty agency continues to seek repayment from the borrower. The guaranty agency returns to the Department of Education payments that it receives from a borrower after deducting and retaining: a percentage amount equal to the complement of the reimbursement percentage in effect at the time the loan was

reimbursed, and an amount equal to 24% of such payments (23% beginning October 1, 2003, or 18.5% in the case of a payment from the proceeds of a consolidation loan) for certain administrative costs. The Department of Education may, however, require the assignment to the Department of Education of defaulted guaranteed loans, in which event no further collections activity need be undertaken by the guaranty agency, and no amount of any recoveries shall be paid to the guaranty agency.

A guaranty agency may enter into an addendum to its Interest Subsidy Agreement that allows the guaranty agency to refer to the Department of Education certain defaulted guaranteed loans. Such loans are then reported to the IRS to "offset" any tax refunds that may be due any defaulted borrower. To the extent that the guaranty agency has originally received less than 100% reimbursement from the Department of Education with respect to such a referred loan, the guaranty agency will not recover any amounts subsequently collected by the federal government that are attributable to that portion of the defaulted loan for which the guaranty agency has not been reimbursed.

For a loan to be eligible for rehabilitation, the guaranty agency must have received consecutive payments for 12 months of amounts owed on such loan. Upon rehabilitation, a loan is eligible for all the benefits under the Higher Education Act for which it would have been eligible had no default occurred (except that a borrower's loan may be rehabilitated only once).

Eligibility for Federal Reimbursement. To be eligible for federal reimbursement payments, guaranteed loans must be made and administered by an eligible lender under the applicable guaranty agency's guarantee program, which must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act, including the borrower eligibility, loan amount, disbursement, interest rate, repayment period and guarantee fee provisions described herein and the other requirements set forth in the Higher Education Act.

Prior to the 1998 Reauthorization, a Federal Family Education Loan was considered in to be in default for purposes of the Higher Education Act when the borrower failed to make an installment payment when due, or to comply with the other terms of the loan, and if the failure persists for 180 days in the case of a loan repayable in monthly installments or for 240 days in the case of a loan repayable in less frequent installments. Under the 1998 Reauthorization, the delinquency period required for a student loan to be declared in default is increased from 180 days to 270 days for loans payable in monthly installments on which the first day of delinquency occurs on or after the date of enactment of the 1998 Reauthorization and from 240 days to 330 days for a loan payable less frequently than monthly on which the delinquency occurs on or after the date of enactment of the 1998 Reauthorization.

The guaranty agency must pay the lender for the defaulted loan prior to submitting a claim to the Department of Education for reimbursement. The guaranty agency must submit a reimbursement claim to the Department of Education within 45 days after it has paid the lender's default claim. As a prerequisite to entitlement to payment on the guarantee by the guaranty agency, and in turn payment of reimbursement by the Department of Education, the lender must have exercised reasonable care and diligence in making, servicing and collecting the guaranteed loan. Generally, those procedures require:

- that completed loan applications be processed;
- a determination of whether an applicant is an eligible borrower attending an eligible institution under the Higher Education Act be made;
- the borrower's rights and responsibilities under the loan be explained to him or her;
- the promissory note evidencing the loan be executed by the borrower; and
- that the loan proceeds be disbursed by the lender in a specified manner.

After the loan is made, the lender must diligently attempt to contact the borrower to establish repayment terms with the borrower, properly administer deferments and forbearances and credit the borrower for payments made. If a borrower becomes delinquent in repaying a loan, a lender must perform certain collection procedures, primarily telephone calls, demand letters, skiptracing procedures and requesting assistance from the applicable guaranty agency, that vary depending upon the length of time a loan is delinquent.

Direct Loans

The 1993 Reauthorization authorized a program of "direct loans", to be originated by schools with funds provided by the Department of Education. Under the direct loan program, the Department of Education is directed to enter into agreements with schools, or origination agents acting on behalf of schools, to disburse loans with funds provided by the Department of Education. Participation in the program by schools is voluntary.

The loan terms are generally the same under the direct loan program as under FFELP, though more flexible repayment provisions are available under the direct loan program. At the discretion of the Department of Education, students attending schools that participate in the direct loan program (and their parents) may still be eligible for participation in FFELP, though no borrower could obtain loans under both programs for the same period of enrollment.

It is difficult to predict the impact of the direct lending program. There is no way to accurately predict the number of schools that will participate in future years, or, if the Department of Education will continue to authorize students attending participating schools to continue to be eligible for FFELP loans, or how many students will seek loans under the direct loan program instead of FFELP. In addition, it is impossible to predict whether future legislation will eliminate, limit or expand the direct loan program or FFELP.

Guaranty Agency for the Student Loans

The FFELP loans acquired by the issuing entity will be guaranteed by the guaranty agency identified herein.

Under the Higher Education Amendments of 1992, if the Department of Education has determined that a guaranty agency is unable to meet its guarantee obligations, a loan holder may submit claims directly to the Department of Education and the Department of Education is required to pay the full guarantee payment in accordance with guarantee claim processing standards no more stringent than those of the guaranty agency. We cannot assure you that the Department of Education would ever make such a determination with respect to a guaranty agency or, if such a determination was made, whether that determination or the ultimate payment of guarantee claims would be made in a timely manner. See "*DESCRIPTION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM*" in this offering memorandum.

Each guaranty agency's guarantee obligations with respect to any student loan is conditioned upon the satisfaction of all the conditions in the applicable guarantee agreement. Those conditions include, but are not limited to, the following:

- the origination and servicing of the student loan being performed in accordance with FFELP, the Higher Education Act, the guaranty agency's rules and other applicable requirements;
- the timely payment to the guaranty agency of the guarantee fee payable on the student loan; and
- the timely submission to the guaranty agency of all required pre-claim delinquency status notifications and of the claim on the student loan.

Failure to comply with any of the applicable conditions, including those listed above, may result in the refusal of the guaranty agency to honor its guarantee agreement on the student loan, in the denial of guarantee coverage for certain accrued interest amounts, and/ or in the loss of certain interest subsidy payments and special allowance payments.

Student Loan Discharges

FFELP loans are not generally dischargeable in bankruptcy. Under the United States Bankruptcy Code, before a student loan may be discharged, the borrower must demonstrate that repaying it would cause the borrower or his family undue hardship. When a FFELP borrower files for bankruptcy, collection of the loan is suspended during the time of the proceeding. If the borrower files under the "wage earner" provisions of the Bankruptcy Code or files a petition for discharge on the grounds of undue hardship, then the lender transfers the loan to the guaranty agency which then participates in the bankruptcy proceeding. When the proceeding is complete, unless there was a finding of undue hardship, the loan is transferred back to the lender and collection resumes.

FFELP student loans are eligible for discharge if the borrower dies or becomes totally and permanently disabled. A physician must certify the borrower's condition in order to be eligible for discharge due to disability. This discharge is conditional for the first three years; if a borrower recovers sufficiently during that period to earn a reasonable income, the borrower must resume repayment. Effective January 20, 2009, discharge eligibility was extended to survivors of eligible public servants and certain other eligible victims of the September 11, 2001 terrorist attacks on the United States.

If a school closes while a student is enrolled, or within 90 days after the student withdrew, loans made for that enrollment period are eligible to be discharged. Also, if a school falsely certifies that a borrower is eligible for the loan, the loan may be discharged. Moreover, if a school fails to make a refund to which a student is entitled, the loan is discharged to the extent of the unpaid refund. Effective July 1, 2006, a loan is also eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft.

Rehabilitation of Defaulted Loans

The Secretary of Education is authorized to enter into agreements with the guarantor under which the guarantor may sell defaulted loans that are eligible for rehabilitation to an eligible lender. The guaranty agency shall repay the Department of Education an amount equal to 81.5% of the then current principal balance of such loan, multiplied by the reimbursement percentage in effect at the time the loan was reimbursed. The amount of such repayment shall be deducted from the amount of federal reimbursement payments for the fiscal year in which such repayment occurs, for purposes of determining the reimbursement rate for that fiscal year.

For a loan to be eligible for rehabilitation the borrower must make nine on-time, full monthly payments to the guarantor during a period of 10 consecutive months. Payments must be made voluntarily by the borrower and must be equal to or greater than the amount determined to be reasonable and affordable. Upon rehabilitation, a loan is eligible for all the benefits under the Higher Education Act for which it would have been eligible had no default occurred and the negative credit record is expunged. No student loan may be rehabilitated more than once.

FEDERAL INCOME TAX CONSEQUENCES

Certain Federal Income Tax Consequences

The following discussion is a summary of certain anticipated federal income tax consequences of the purchase, disposition and ownership of the notes by prospective holders. This summary is of a general nature only and does not consider all the possible federal tax consequences of the purchase, ownership or disposition of the notes and is not intended to and does not exhaust all possible aspects of federal income taxation that may be relevant to a holder based on his or her particular circumstances (including, but not limited to, potential application of the alternative minimum tax). Moreover, except as expressly indicated, it addresses purchasers of the notes at the issue price, which is the first price to the investors at which a substantial amount of the notes is sold.

This summary is based upon the existing provisions of the Code, existing regulations thereunder, and the current administrative rulings and court decisions thereunder, all of which are subject to change. There can be no assurance that any changes in the Code, regulations or court cases will not retroactively change the statements made herein. Moreover, this summary does not take into account or anticipate any changes in the law, whether by legislative, judicial or administrative action, nor does it take into account any state, local or foreign tax consequences or

considerations for any potential holders. No rulings on the federal, state or local tax issues considered relevant to the organization or operation of the issuing entity or an investment in the notes have been sought or obtained by the issuing entity, the seller or the master servicer. Also, there are no authorities dealing with similar transactions or having facts comparable to the issuance of the notes. Consequently, the Internal Revenue Service may disagree with certain portions of the following discussion and the opinions expressed herein.

This discussion is directed solely to holders that hold the notes as capital assets under Code Section 1221 and does not deal with the tax consequences to holders who do not hold the notes as capital assets or who are subject to special tax treatment under the federal income tax laws (including, without limitation, banks, thrifts, insurance companies, estates, trusts, real estate investment trusts and certain tax exempt organizations, dealers in securities or currencies, holders that hold notes or foreign currency as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a note and one or more other investments, or holders that have a "functional currency" other than the U.S. dollar). Except to the extent discussed under "*—Non-United States Holders*", this summary is not applicable to non-United States persons not subject to U.S. federal income tax on their worldwide income.

This summary is included for general information only and may not be applicable depending on a holder's particular situation. Prospective holders are strongly urged to consult their tax advisor as to the specific tax consequences to them of the purchase, disposition, or ownership of notes, including the applicability and effect of federal, state, local and foreign income and other tax laws in their particular circumstances.

United States Holders

Characterization of the Notes as Indebtedness

As used herein, the term "United States Holder" means a beneficial owner of a note that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- an entity for federal U.S. income tax purposes treated as a corporation or a partnership (unless, in the case of an entity treated as a partnership, Treasury Regulations are adopted that provide otherwise) created or organized in or under the laws of the United States or of any state thereof or of the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or if the trust has validly made an election to be treated as a United States person under applicable Treasury Regulations.

There are no Treasury Regulations, published administrative rulings, or judicial decisions involving the federal income tax characterization of securities with terms substantially similar to the notes. The seller, the master servicer, the excess distribution certificateholder, the administrator, the subservicer and the issuing entity have agreed, and the holders, by accepting the notes, will agree, to treat the notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. The seller, the master servicer, the excess distribution certificateholder, the administrator, the subservicer and the issuing entity intend to treat this transaction as a financing reflecting the notes as indebtedness for U.S. federal, state and local income and franchise tax purposes.

McKee Nelson LLP will deliver its opinion that the notes will be characterized as debt for federal income tax purposes. This opinion will not be binding on the courts or the Internal Revenue Service. Except as specifically provided, the discussion below assumes this opinion is correct.

Characterization of the Issuing Entity

McKee Nelson LLP will deliver its opinion that the issuing entity will not be treated as a separate entity classified as an association (or publicly traded partnership) taxable as a corporation. Such opinion will not be binding on the courts or the Internal Revenue Service.

Tax Consequences if the Notes Are Characterized as Equity

Contrary to the opinion of McKee Nelson LLP, the Internal Revenue Service might assert that the notes do not represent debt for federal income tax purposes, but, rather, the notes should be treated as equity interests of the issuing entity or the owner of the issuing entity's equity. If, instead of treating the transaction as creating secured debt in the form of the notes issued, the transaction were treated as creating a partnership among the noteholders and the owner or owners of the issuing entity, the resulting partnership would not be subject to federal income tax, unless such partnership were treated as a publicly traded partnership taxable as a corporation. Rather, each holder treated as owning equity in the issuing entity would be taxed individually on his, her or its respective distributive share of the partnership's income, gain, loss, deduction and credit. The amount and timing of items of income and deductions of a holder might differ if the notes were held to constitute partnership interests, rather than indebtedness. Furthermore, the distributive share of partnership income of tax-exempt entities (including pension funds) might be "unrelated business taxable income," and the distributive share of partnership income of foreign holders might be subject to United States tax and United States tax return filing and withholding requirements.

If the holders were treated as partners in a publicly traded partnership, such partnership would be taxable as a corporation, unless at least 90% of the gross income of the issuing entity was "qualifying income". Qualifying income does not include income attributable to a financial business. Although it is unclear what constitutes a financial business, the issuing entity does not expect that its activities generally will constitute a financial business.

If, alternatively, the notes were determined to be equity interests of the issuing entity and the issuing entity were classified as a corporation or a publicly traded partnership taxable as a corporation, such entity would be subject to federal income tax at corporate income tax rates on the income it derived from the student loans and other assets, which would substantially reduce the amounts available for payment to the holders. Cash payments to the holders generally would be treated as dividends for tax purposes to the extent of such corporation's earnings and profits and would not be deductible as interest. Moreover, income to foreign holders would be subject to United States tax and United States tax return filing and withholding requirements. The foregoing results would also be obtained if the notes were determined to be equity interests of the entity holding the legal equity of the issuing entity, because such entity is expected be treated as a corporation for federal income tax purposes. The remainder of this discussion assumes that the notes will be treated as debt for federal income tax purposes.

Payments of Interest

Interest paid on a note will be taxable to a United States Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. If a partnership holds notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships that hold notes should consult their tax advisors.

Although the matter is not free from doubt, it is anticipated that the notes will be treated as having been issued without original issue discount and, as providing for stated interest at "qualified floating rates," as this term is defined by applicable Treasury Regulations. A rate of interest is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated. It is believed that the procedures contemplated by this offering memorandum to derive the stated interest rate of the notes will establish a rate with sufficient indicia of the market cost of borrowing to constitute a qualified floating rate. The issuing entity intends to report interest income in respect of the notes in a manner consistent with this treatment.

Nevertheless, it is possible that the Internal Revenue Service could take a position contrary to the position taken by the issuing entity and assert that interest on the notes is not qualified stated interest. Interest payable at a qualifying floating rate will be considered qualified stated interest if such interest must be paid at least annually and reasonable provisions exist to compel payment or the terms of the debt instrument otherwise make non-payment sufficiently remote. If it were determined that the notes do not provide for qualified stated interest, the notes would be treated as having been issued with original issue discount. In that event, each holder would be required to include original issue discount in gross income as it accrues on a constant yield to maturity basis in advance of the receipt of any cash attributable to the income, regardless of whether the holder is a cash or accrual basis taxpayer. The issuing entity anticipates, however, that even if the notes were treated as issued with original issue discount under those circumstances, the amount that a holder would be required to include currently in income under this method would not differ materially from the amount of interest on the note otherwise includable in income.

Original Issue Discount

General Rules. If the notes were issued at a price less than their stated principal amount or the interest rate of the notes is deemed by the Internal Revenue Service not to be a qualified stated interest as described above, the notes would be deemed to be issued with "original issue discount" within the meaning of Section 1273(a) of the Code, subject to the de minimis rules described below. Such original issue discount would equal the difference between the "stated redemption price at maturity" of the note (generally, its principal amount) and its issue price. Original issue discount is treated as ordinary interest income, and holders of notes with original issue discount must include the amount of original issue discount in income on an accrual basis in advance of the receipt of the cash to which such discount relates. The remainder of the discussion under this heading "*—Original Issue Discount*" (and its respective subheadings) assumes solely for purposes of illustration that the notes will be issued with original issue discount.

The amount of original issue discount required to be included in a holder's income in any taxable year will be computed in accordance with Section 1272(a)(6) of the Code, which provides rules for the accrual of original issue discount for certain debt instruments, such as the notes, that are subject to prepayment by reason of prepayments of underlying debt obligations. No regulatory guidance currently exists under Section l272(a)(6) of the Code. Accordingly, the issuing entity or other person responsible for computing the amount of original issue discount to be reported to a holder each taxable year expects to base its computations on Section 1272(a)(6) of the Code and final Treasury Regulations governing the accrual of original issue discount on debt instruments (the "OID Regulations"). The amount and rate of accrual of original issue discount on a note will be calculated based on:

- a single constant yield to maturity; and
- the prepayment rate of the student loans and the reinvestment rate on amounts held by the issuing entity pending distribution that was assumed in pricing the note.

Holders should be aware, however, that the OID Regulations do not address directly the treatment of instruments that are subject to Section 1272(a)(6) of the Code and, in part, do not apply to such instruments and, accordingly, there can be no assurance that such methodology, which is described more fully below, represents the correct manner of calculating original issue discount on the notes.

For tax information reporting purposes, the issuing entity will assume a prepayment assumption equal to 100% CLR, as described under "*Weighted Average Lives and Expected Maturities of the Notes*" in Exhibit I to this offering memorandum. No representation is made that the student loans held by the issuing entity will prepay in accordance with that prepayment assumption or in accordance with any other prepayment assumption.

Computation of Original Issue Discount. The amount of original issue discount on a note equals the excess, if any, of the note's "stated redemption price at maturity" over its "issue price". Under the OID Regulations, a debt instrument's stated redemption price at maturity is the sum of all payments provided by the instrument other than "qualified stated interest" ("deemed principal payments"). Qualified stated interest, in general, is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuing entity) at least annually at (1) a single fixed rate or (2) a variable rate that meets certain requirements set out in the OID Regulations (a qualified floating rate being one such variable rate that generally constitutes qualified stated interest). Thus, in the case of any

note providing for qualified stated interest, the stated redemption price at maturity generally will equal the total amount of all deemed principal payments due on that note. The issue price of the notes generally will equal the initial price at which the notes are sold to the investors.

De Minimis Rule. Under a *de minimis* rule, a note will be considered to have no original issue discount if the amount of original issue discount is less than the product of 0.25% of the note's stated redemption price at maturity and the weighted average maturity of the note. No Treasury Regulations have been issued with respect to computing the weighted average maturity of debt instruments similar to the notes. The weighted average maturity of a note will equal the sum of the amounts obtained by multiplying the number of complete years from the note's issue date until the date payment is made by a fraction, the numerator of which is the amount of each deemed principal payment, and the denominator of which is the note's stated redemption price at maturity. A holder will include de minimis original issue discount in income on a pro rata basis as stated principal payments on the note are received or, if earlier, upon disposition of the note, unless the holder makes the election described below under "*—All Original Issue Discount Election*".

Computation of Daily Portions of Original Issue Discount. A holder must include in gross income the sum, for all days during its taxable year on which it holds the note, of the "daily portions" of the original issue discount on such note, if any. The daily portions of original issue discount with respect to a note will be determined by allocating to each day in any accrual period the note's ratable portion of the excess, if any, of:

(1) the sum of (a) the present value of all payments under the note yet to be received as of the close of such period and (b) the amount of any deemed principal payments received on the note during such period; over

(2) the note's "adjusted issue price" at the beginning of such period.

The present value of payments yet to be received on a note will be computed by using the note's original yield to maturity (adjusted to take into account the length of the particular accrual period) and taking into account deemed principal payments actually received on the note prior to the close of the accrual period. The adjusted issue price of a note at the beginning of the first accrual period is its issue price.

The adjusted issue price at the beginning of each subsequent period is the adjusted issue price of the note at the beginning of the preceding period, increased by the amount of original issue discount allocable to that period and decreased by the amount of any deemed principal payments received during that period. Thus, an increased (or decreased) rate of prepayments received with respect to a note will be accompanied by a correspondingly increased (or decreased) rate of recognition of original issue discount by the holder of such note.

The yield to maturity of a note will be calculated based on:

(1) the pricing prepayment assumptions; and

(2) any contingencies not already taken into account under the pricing prepayment assumptions that, considering all the facts and circumstances as of the issue date, are significantly more likely than not to occur.

Contingencies, such as the exercise of "mandatory redemptions," that are taken into account by the parties in pricing the note typically will be subsumed in the pricing prepayment assumptions and thus will be reflected in the note's yield to maturity.

Optional Redemption. The notes may be subject to optional redemption by the issuing entity before their final maturities. Under the OID Regulations, the issuing entity will be presumed to exercise its option to redeem for purposes of computing the accrual of original issue discount if, and only if, by using the optional redemption date as the maturity date and the optional redemption price as the stated redemption price at maturity, the yield to maturity of the notes is lower than it would be if the notes were not redeemed before their final maturities. If the issuing entity is presumed to exercise its option to redeem the notes, original issue discount on such notes will be calculated as if the redemption date was the maturity date and the optional redemption price was the stated redemption price at maturity.

All Original Issue Discount Election. The OID Regulations provide that a holder may elect to include in gross income under the constant yield method used to account for original issue discount all stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount (see *"—United States Holders — Notes Purchased at a Market Discount"),* de minimis market discount that accrues on the note and unstated interest (as reduced by any amortizable premium (see *"—United States Holders—Notes Purchased at a Premium")* or acquisition premium, as described below. To make such an election, the holder of the note must attach a statement to its timely filed federal income tax return for the taxable year in which the holder acquired the note. The statement must identify the instruments to which the election applies. An election is irrevocable unless the holder obtains the consent of the Internal Revenue Service to change the election.

If an election is made for a debt instrument with market discount, the holder is deemed to have made an election to include in income currently the market discount on all of the holder's other debt instruments with market discount acquired in that year or thereafter. See "*—United States Holders—Notes Purchased at a Market Discount*". In addition, if an election is made for a debt instrument with amortizable premium, the holder is deemed to have made an election to amortize under the constant yield method the premium on all of the holder's other debt instruments with amortizable premium. See "*—United States Holders —Notes Purchased at a Premium*".

Subsequent Holder. A note having original issue discount may be acquired in a transaction subsequent to its issuance for more than its adjusted issue price. If the subsequent holder's adjusted basis in such a note, immediately after its acquisition, exceeds the sum of all deemed principal payments to be received on the note after the acquisition date, the note will no longer have original issue discount, and the holder may be entitled to reduce the amount of interest income recognized on the note by the amount of amortizable premium. See "*—United States Holders—Notes Purchased at a Premium*".

If the subsequent holder's adjusted basis in the note immediately after the acquisition exceeds the adjusted issue price of the note, but is less than or equal to the sum of the deemed principal payments to be received under the note after the acquisition date, the amount of original issue discount on the note will be reduced by a fraction, the numerator of which is the excess of the note's adjusted basis immediately after its acquisition over the adjusted issue price of the note, and the denominator of which is the excess of the sum of all deemed principal payments to be received on the note after the acquisition date over the adjusted issue price of the note. Alternatively, the subsequent holder of a note having original issue discount may make the election described under "*—All Original Issue Discount Election*" with respect to the note.

In view of the complexities and uncertainties as to the manner of inclusion in income of original issue discount on the notes, potential holders should consult their own tax advisors to determine the appropriate amount and method of inclusion in income of original issue discount on the notes for federal income tax purposes.

Anti-Abuse Rule

The U.S. Department of the Treasury issued Treasury Regulations containing an anti-abuse rule because it was concerned that taxpayers might be able to structure debt instruments or transactions, or apply the bright-line or mechanical rules of the OID Regulations, in a way that produces unreasonable tax results. Those regulations provide that if a principal purpose in structuring a debt instrument or engaging in a transaction is to achieve a result that is unreasonable in light of the purposes of the applicable statutes, the Internal Revenue Service may apply or depart from the OID Regulations as necessary or appropriate to achieve a reasonable result. A result is not considered unreasonable under the Treasury Regulations, however, in the absence of a substantial effect on the present value of a taxpayer's tax liability.

Notes Purchased at a Premium

Under the Code, a United States Holder that purchases a note for an amount in excess of its stated redemption price at maturity may elect to treat such excess as "amortizable bond premium". Under this election, the amount of interest required to be included in the United States Holder's income each year with respect to interest on a note will be reduced by the amount of amortizable bond premium allocable (based on the note's yield to maturity) to that year. In general, if the amortizable bond premium allocable to a year exceeds the amount of interest allocable to that year, the excess would be allowed as a deduction for that year, but only to the extent of the United States Holder's prior interest

inclusions on the note. This rule does not technically apply to debt instruments, such as the notes, required to use a prepayment assumption. It is unclear whether the Internal Revenue Service or a United States Holder could seek to apply it in appropriate circumstances. Any excess is generally carried forward and allocable to the next year. A United States Holder who elects to amortize bond premium must reduce its tax basis in the note. Any election to amortize bond premium is applicable to all bonds (other than bonds the interest on which is excludable from gross income) held by the United States Holder at the beginning of the first taxable year to which the election applies, or bonds acquired thereafter by the United States Holder. This election may not be revoked without the consent of the Internal Revenue Service.

Notes Purchased at a Market Discount

A note will be treated as acquired at a market discount (a "Market Discount Note") if the amount for which a United States Holder purchased the note is less than the note's stated redemption price at maturity or, in the case of a note issued with original issue discount, the note's original issue price plus any accrued original issue discount, unless, in either case, such difference is less than a specified de minimis amount.

In general, any partial payment of principal or any gain recognized on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such note. Alternatively, a United States Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Market Discount Note. This election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

Market discount accrues on a straight-line basis unless the United States Holder elects to accrue such discount on a constant yield to maturity basis. This election applies only to the Market Discount Note with respect to which the election is made and is irrevocable. A United States Holder of a Market Discount Note that does not elect to make a current inclusion of market discount in income generally will be required to defer until the maturity or disposition of the note deductions for payments of interest on borrowings allocable to the note in an amount not exceeding the accrued market discount on such note. Market discount should generally be accrued using the same prepayment assumption as that which would be used for original issue discount. See "*—Original Issue Discount—General*" above.

Purchase, Sale, Exchange and Retirement of the Notes

A United States Holder's tax basis in a note generally will equal its cost, increased by any market discount and original issue discount included in the United States Holder's income with respect to the note, and reduced by the amount of any amortizable bond premium applied to reduce interest on the note. A United States Holder generally will recognize gain or loss on the sale, exchange or retirement of a note equal to the difference between the amount realized on the sale or retirement of the note and the United States Holder's tax basis in the note. Except to the extent described under "*—United States Holders—Notes Purchased at a Market Discount*", and except to the extent attributable to accrued but unpaid interest, gain or loss recognized on the sale, exchange or retirement of a note will be capital gain or loss and will be long-term capital gain or loss if the note was held for more than one year. In the event that the notes were treated as issued with original issue discount, as discussed under "*—United States Holders—Payments of Interest*", a portion of any gain recognized on the disposition, exchange or retirement of a note could be characterized as ordinary income.

Non-United States Holders

The following is a general discussion of certain United States federal income and estate tax consequences resulting from the beneficial ownership of notes by a person other than a United States Holder or a former United States citizen or resident (either, a "Non-United States Holder").

Subject to the discussion of backup withholding below, payments of principal or any premium by the issuing entity or any of its agents (acting in its capacity as agent) to any Non-United States Holder will not be subject to U.S. withholding tax. In the case of payments of interest to any Non-United States Holder, however, U.S. withholding tax will apply unless the Non-United States Holder (1) does not own (actually or constructively) 10% or more of the voting

equity interests of the issuing entity, (2) is not a controlled foreign corporation for United States tax purposes that is related to the issuing entity (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. Moreover, either (1) the Non-United States Holder must certify on an appropriate IRS Form W-8 to the issuing entity or its agent under penalties of perjury that it is not a United States person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the note must certify to the issuing entity or its agent under penalties of perjury that such statement on and appropriate IRS Form W-8 has been received from the Non-United States Holder by it or by another financial institution and must furnish the interest payor with a copy.

A Non-United States Holder that does not qualify for exemption from withholding as described above must provide the issuing entity or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to such Non-United States Holder and be subject instead to the 30% foreign withholding rate, or to reduce further the withholding tax under an applicable tax treaty. The documentation may require that the Non-United States Holder provide a U.S. tax identification number.

Holders that are foreign partnerships for U.S. tax purposes generally must provide on IRS Form W-8IMY (or successor form) and associate with that form appropriate certification or documentation from each partner to avoid U.S. withholding tax on interest income from the notes.

If a Non-United States Holder is engaged in a trade or business in the United States and interest on a note or notes held by such holder is effectively connected with the conduct of such trade or business, the Non-United States Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a United States Holder. In addition, if the Non-United States Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a note will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Any capital gain or market discount realized on the sale, exchange, retirement or other disposition of a note by a Non-United States Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-United States Holder, and (2) in the case of an individual, the Non-United States Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

Noteholders that are Non-United States Holders should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the notes.

United States Estate Tax Considerations

The notes generally will not be includible in the U.S. taxable estate of a Non-United States Holder unless the individual owns (actually or constructively) 10% or more of the voting equity interests of the issuing entity or the master servicer or, at the time of the individual's death, payments in respect of the notes would have been effectively connected with the conduct by the individual of a trade or business in the United States.

Information Reporting and Backup Withholding

For each calendar year in which the notes are outstanding, the issuing entity is required to provide the Internal Revenue Service with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain United States Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts.

If a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the issuing entity, its agents or paying agents or a broker may be required to "backup" withhold tax on each payment of interest, principal and any premium on the notes. This backup withholding is not an additional tax and may be credited against the United States Holder's federal income tax liability, provided that the United States Holder furnishes the required information to the Internal Revenue Service.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the issuing entity or any of its agents (in their capacity as such) to a Non-United States Holder if such holder has provided the required certification that it is not a United States person (as set forth in the second paragraph under "*—Non-United States Holders*"), or has otherwise established an exemption (provided that neither the issuing entity nor its agent has actual knowledge that the holder is a United States person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a note to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a United States person;
- a controlled foreign corporation for United States tax purposes;
- a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a note to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

Reportable Transactions

Pursuant to recently enacted legislation, a penalty in the amount of $10,000 in the case of a natural person and $50,000 in any other case is imposed on any taxpayer that fails to file timely an information return with the IRS with respect to a "reportable transaction" (as defined in Section 6011 of the Code). The rules defining "reportable transactions" are complex and include transactions that result in certain losses that exceed certain threshold amounts. Prospective investors are encouraged to consult their own tax advisers regarding any possible disclosure obligations in light of their particular circumstances.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the notes, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

STATE TAX CONSIDERATIONS

In addition to the federal income tax consequences described under *"FEDERAL INCOME TAX CONSEQUENCES"* in this offering memorandum, potential noteholders should consider the state income tax consequences of the acquisition, ownership, and disposition of the notes. State income tax law may differ substantially from the corresponding federal law, and this discussion does not describe any aspect of the income tax laws of any state. We strongly encourage you to consult your own tax advisors with respect to the various state tax consequences of an investment in the notes.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary duties and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans"). Section 4975 of the Code imposes similar prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Code, individual retirement accounts and annuities, described in Section 408 of the Code, Archer MSAs, described in Section 220 of the Code, health savings accounts, described in Section 223 of the Code, and Coverdale education savings accounts, described in Section 530 of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to the foregoing prohibited transaction rules set forth in ERISA. Accordingly, assets of such plans may be invested in the notes without regard to the Code and ERISA considerations described below, subject to the provisions of applicable federal and state law. However, if such plans are tax qualified under Section 401(a) of the Code, the plans are also subject to the prohibited transaction rules of Section 503(b) of the Code, which the plans should review with their counsel.

In addition to the imposition of general ERISA fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships with the Benefit Plans ("Parties in Interest" or "Disqualified Persons"), unless an exemption is available. The acquisition or holding of notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if certain entities, including but not limited to the issuing entity, are or become a Party in Interest or a Disqualified Person with respect to such Benefit Plan. Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502 of ERISA (or Section 4975 of the Code), unless an exemption is available. Those exemptions include, but are not limited to: (i) Prohibited Transaction Class Exemption ("PTCE") 95-60, regarding investments by insurance company general accounts; (ii) PTCE 91-38, regarding investments by bank collective investment funds; (iii) PTCE 90-1, regarding investments by insurance company pooled separate accounts; (iv) PTCE 84-14, regarding transactions negotiated by qualified professional asset managers or (v) PTCE 96-23 regarding certain transactions effected by an in-house asset manager (each an "Investor Based Exemption"). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a Party in Interest that is a service provider to a Plan investing in the notes for adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan's assets used to acquire the Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the "Non-Fiduciary Service Provider Exemption"). Before purchasing the notes, a Benefit Plan should consult with its counsel to determine whether the purchase and holding of the notes constitute a prohibited transaction and, if so, whether the conditions of any exemption would be met.

In addition, certain transactions involving the purchase, holding or transfer of the notes, the operation of the issuing entity and the management of its assets might constitute a prohibited transaction under ERISA and the Code if assets of the issuing entity issuing the notes were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3-101, the "Plan Asset Regulation"), the assets of the issuing entity would be treated as plan assets of a Benefit Plan for purposes of ERISA and the Code if the notes constitute an "equity interest" and none of the exceptions contained in the Plan Asset Regulation is applicable. An "equity interest" is defined under the Plan Asset Regulation as "any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features". The notes are not expected to be treated as equity interests within the meaning of the Plan Asset Regulation. However, without regard to whether the notes are considered debt or equity, a prohibited transaction could arise if the issuing entity, the trustee, the indenture trustee or certain of their affiliates are, or become, Parties in Interest with respect to investing Benefit Plans, although the exemptions referred to above or other exemptions may apply to such prohibited transactions. A Benefit Plan fiduciary considering the purchase of the notes should consult its tax and legal advisors regarding whether the assets of the issuing entity issuing the notes would be considered plan assets under the Plan Asset Regulation, the possibility of exemptive relief from the prohibited transaction rules and other issues and their potential consequences under ERISA.

Each Plan investor acquiring a note is deemed to represent that its purchasing and holding of such note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code which is not covered by an Investor-Based Exemption, the Non-Fiduciary Service Provider Exemption or some other applicable exemption.

The notes should not be purchased with the assets of a Benefit Plan if the initial purchaser, the indenture trustee, the eligible lender trustee, the master servicer and administrator, the seller or any of their affiliates has fiduciary or investment discretion with respect to such Benefit Plan assets or is an employer maintaining or contributing to such Benefit Plan, as these parties or their affiliates may receive certain benefits from the sale of the notes, unless such purchase and holding of the notes would be covered by an applicable prohibited transaction exemption.

The sale of any notes to a Plan will not constitute a representation by the seller, the master servicer or Citigroup Global Markets Inc. that such an investment meets all relevant legal requirements relating to investments by Plans generally or by any particular Plan, or that such an investment is appropriate for Plans generally or for any particular Plan.

Prospective Plan investors should consult with their legal advisors concerning the impact of ERISA and Section 4975 of the Code, the effect of the assets of the issuing entity being deemed "plan assets" and the applicability of any applicable exemption prior to making an investment in the notes. Each Plan fiduciary should determine whether under the fiduciary standards of investment prudence and diversification, an investment in the notes is appropriate for the Plan, also taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

AFFILIATES AND RELATED TRANSACTIONS

The seller, the master servicer and XLS are affiliates. There is not currently and there was not during the past two years any material business relationship, arrangement or other understanding between the seller, XLS and the master servicer that was entered into outside the ordinary course of business of each such party or on terms other than would be obtained in an arm's length transaction with unaffiliated entities.

LEGAL PROCEEDINGS

To the knowledge of the seller and the master servicer, as of the date of the issuing entity's formation and for the past 12 months, there are no and have not been any legal or arbitration proceedings pending, or governmental proceedings contemplated, against the seller, the master servicer, the subservicer or the issuing entity that would be material to holders of any notes or would have a material adverse affect on the noteholders.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement, among the seller, the master servicer and Citigroup Global Markets Inc., as the initial purchaser, Citigroup Global Markets Inc. has agreed to offer and to place the notes to potential investors on a best efforts basis.

The initial purchaser has agreed to purchase the notes that it has placed with third-party investors. The initial purchaser is not required to purchase or sell any specific number or dollar amount of notes. The initial purchaser has advised the seller that it proposes initially to offer the notes to certain dealers.

The purchase agreement provides that Education Funding Resources, LLC will indemnify the initial purchaser against certain liabilities (including liabilities under applicable securities laws), or contribute to payments the initial purchaser may be required to make as a result of those liabilities.

The notes are new issues of securities with no established trading market. The initial purchaser intends to make a market in the notes but it does not have to do so and may discontinue market making activities at any time without notice. We cannot assure you that you will be able to sell the notes.

The initial purchaser and some of its affiliates have in the past engaged, and may in the future engage, in commercial or investment banking activities with the issuing entity, the seller, the master servicer and their affiliates.

The initial purchaser has agreed that, except as permitted under the purchase agreement, it will not offer, sell or deliver the notes as part of its distribution at any time, except to Qualified Institutional Buyers in reliance on Rule 144A and Regulation S under the Securities Act.

The issuing entity may, from time to time, invest the proceeds from the offering of the notes in accounts in eligible investments acquired from the initial purchaser.

LISTING INFORMATION

Application has been made to The Irish Stock Exchange Limited for the notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such listing will be obtained. The issuance and settlement of the notes are not conditioned on the listing of the notes on The Irish Stock Exchange Limited.

For so long as the notes are listed on The Irish Stock Exchange Limited from the date of this offering memorandum, all of the material contracts referred to herein, including the trust agreement and the indenture, will be made available for inspection at the principal office of the seller, where electronic or physical copies thereof may be obtained upon request. The Irish Stock Exchange Limited will also be advised if the Class A notes is delisted.

Except as outlined herein, the issuing entity has not commenced trading and no financial statements have been produced.

The issuance of the notes has been authorized by a resolution of the Board of Directors of the seller.

It is expected that the total expenses relating to the application for admission of the notes to the Official District of the Irish Stock Exchange Limited will be approximately €15,000.

The address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg. The address of DTC is 55 Water Street, 50th Floor, New York, NY 10041-0099, USA.

The notes and the indenture are governed by the laws of the State of Delaware.

LEGAL MATTERS

Certain legal matters relating to the issuing entity, the seller, the master servicer, and the notes will be passed on by McKee Nelson LLP. Specific legal matters relating to the perfection of the transfers of the student loan notes and related to federal income tax matters will be passed on by McKee Nelson LLP. McKee Nelson LLP has performed legal services for the seller and/or its affiliates in the past, and it is expected that they will continue to perform those services in the future. Certain legal matters will be passed upon for the initial purchaser by Stroock & Stroock & Lavan LLP.

RATINGS

It is a condition to the sale of the Class A notes that they be rated “Aaa” by Moody’s and “AAA” by S&P. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. The ratings of the notes address the likelihood of the ultimate payment of principal of and interest on the notes under their terms.

The issuing entity has furnished and will furnish to the rating agencies information and materials, some of which have not been included in this offering memorandum. Generally, a rating agency bases its rating on this information and materials, investigations, studies and assumptions obtained by the rating agency. There is no

assurance that any rating will apply for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency.

Each rating is subject to change or withdrawal at any time and any change or withdrawal may affect the market price or marketability of the notes. The initial purchaser undertakes no responsibility either to bring to the attention of the noteholders any proposed change in or withdrawal of any rating of the notes or to oppose any change or withdrawal.

WHERE TO FIND MORE INFORMATION

We will provide without charge to each person to whom a copy of this offering memorandum is delivered, on the written or oral request of that person, a copy of any or all of the documents referred to in this offering memorandum, except the exhibits to those documents, unless the exhibits are specifically incorporated by reference in such documents. Written requests for copies should be directed to Education Funding Capital I, LLC, c/o CIT Group Inc., Attention: Treasury Department, 1 CIT Drive, Livingston, NJ 07039. Telephone requests for copies should be directed to (973) 740-5000.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these notes. The information in this document may not be accurate after the date of this document.

APPENDIX A

Glossary of Defined Terms

"Accelerated Principal Trigger Date" means the earlier to occur of (a) the distribution date in December 2025 and (b) the distribution date immediately following the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance (in the event the student loans held by the issuing entity are not sold on or after the first distribution date on which the Pool Balance is less than 10% of the initial Pool Balance.)

"Adjusted Pool Balance" means, for any distribution date,

- if the Pool Balance as of the last day of the related collection period is greater than 40% of the initial Pool Balance, the sum of that Pool Balance, any amounts on deposit in the capitalized interest account and the Reserve Account Requirement for that distribution date; or

- if the Pool Balance as of the last day of the related collection period is less than or equal to 40% of the initial Pool Balance, the sum of the Pool Balance and any amounts on deposit in the capitalized interest account.

"Aggregate Available Funds" means, with respect to any distribution date or any monthly expense payment date, the sum of the following amounts to the extent not previously distributed:

- all collections received by the master servicer on the student loans, including any guarantee payments received on the student loans, but net of:

(a) any collections in respect of principal on the student loans applied by the issuing entity to repurchase guaranteed loans from the guarantor under the guarantee agreement, and

(b) amounts deposited into the floor income rebate account during the related collection period;

- any interest subsidy payments and special allowance payments received by the master servicer or the eligible lender trustee during the related collection period for the student loans;

- all proceeds of the liquidation of defaulted student loans that were liquidated in accordance with the master servicer's or the subservicer's customary servicing procedures, net of expenses incurred by the master servicer or the subservicer related to their liquidation and any amounts required by law to be remitted to the borrower on the liquidated student loans, and all recoveries on liquidated student loans that were written off;

- the aggregate purchase amounts received during the related collection period for those student loans repurchased by the seller or purchased by the master servicer or for student loans sold to another eligible lender pursuant to the master servicing agreement;

- the aggregate purchase amounts received during the related collection period for those student loans purchased by the seller;

- the aggregate amounts, if any, received from the seller or the master servicer, as the case may be, as reimbursement of non-guaranteed interest amounts, or lost interest subsidy payments or special allowance payments, on the student loans pursuant to the transfer and sale agreement or the master servicing agreement;

- amounts received by the issuing entity pursuant to the master servicing agreement during that collection period as to yield or principal adjustments;

- investment earnings on amounts on deposit in the trust accounts on such distribution date and any interest remitted by the indenture trustee to the collection account prior to such distribution date;

- amounts transferred from the floor income rebate account to the collection account during the related collection period;

- amounts transferred from the reserve account in excess of the Reserve Account Requirement as of that distribution date;

- on the September 2009, December 2009, March 2010, June 2010, September 2010, December 2010, March 2011, June 2011 and September 2011 distribution dates, all funds then on deposit in the capitalized interest account that are transferred into the collection account on those distribution dates;

- all amounts received from any potential future cap counterparty, or otherwise under any potential future interest rate cap agreement, for deposit into the distribution account for that quarterly distribution date; and

- on the distribution date on which the notes will be redeemed in full as set forth herein under *"DESCRIPTION OF THE NOTES—Optional Redemption"*, the proceeds of any sale of student loans held by the issuing entity.

provided that if on any distribution date there would not be sufficient funds, after application of Aggregate Available Funds and amounts available from the capitalized interest account and the reserve account, if any, to pay the monthly issuing entity expenses and the items specified in clause (1) under *"DESCRIPTION OF THE NOTES—Distributions—Distributions on each Distribution Date"* in this offering memorandum, then Aggregate Available Funds on that distribution date will include, in addition to the Aggregate Available Funds as defined above, amounts on deposit in the collection account, or amounts held by the indenture trustee, or which the indenture trustee reasonably estimates to be held by the indenture trustee, for deposit into the collection account which would have constituted Aggregate Available Funds for the distribution date succeeding that distribution date, up to the amount necessary to pay such items, and the Available Funds for the succeeding distribution date will be adjusted accordingly.

"Available Funds" means, with respect to any distribution date, the Aggregate Available Funds for such distribution date less (a) any payments required to be made on any monthly expense payment date subsequent to the immediately preceding distribution date (including the monthly expense payment date occurring on such distribution date) and (b) any fees and expenses payable to the administrator or the owner trustee on such distribution date.

"Class A Interest Distribution Amount" means, for any distribution date, the sum of:

(a) the amount of interest accrued at the Class A note interest rate for the related accrual period on the outstanding principal amount of the Class A notes on the applicable immediately preceding distribution date after giving effect to all principal distributions to Class A noteholders on that preceding distribution date, and

(b) the Class A Note Interest Shortfall on that distribution date.

"Class A Note Interest Shortfall" means, for any distribution date, the sum, for all of the Class A notes, of the excess of:

(a) the Class A Interest Distribution Amount payable on the preceding distribution date, over

(b) the amount of interest actually distributed to the Class A noteholders on that preceding distribution date;

plus interest on the amount of that excess, to the extent permitted by law, at the Class A note interest rate from that preceding distribution date to the current distribution date.

"Pool Balance" for any date means the aggregate principal balance of the student loans on that date, including accrued interest that is expected to be capitalized and reflecting the amount attributable to principal from the following:

- all payments received by the issuing entity through that date from borrowers, the guaranty agencies and the Department of Education;
- all amounts received by the issuing entity through that date from purchases of the student loans by the seller or the master servicer;
- all liquidation proceeds and Realized Losses on the student loans liquidated through that date;
- the amount of any adjustments to balances of the student loans that the master servicer makes under the master servicing agreement through that date; and
- the amount by which guarantor reimbursements of principal on defaulted student loans through that date are reduced from 100% to 98%, or other applicable percentage, as required by the risk sharing provisions of the Higher Education Act.

"Principal Distribution Amount" means, with respect to any distribution date, an amount equal to the excess, if any, of (i) the outstanding principal amount of the notes immediately prior to such distribution date, over (ii) the difference between (A) the Adjusted Pool Balance for such distribution date and (B) the Specified Overcollateralization Amount for such distribution date. However, on the stated maturity date for the notes, the Principal Distribution Amount will be the amount needed to reduce the principal amount of the notes to zero.

"Realized Loss" means the excess of the principal balance, including any interest that had been or had been expected to be capitalized, of any liquidated student loan over liquidation proceeds for a student loan to the extent allocated to principal, including any interest that had been or had been expected to be capitalized.

"Reserve Account Requirement" for any distribution date means the greater of (a) 0.25% of the Pool Balance, and (b) $1,053,510. In no event will the reserve account requirement exceed the outstanding principal amount of the notes.

"Specified Overcollateralization Amount" means, with respect to any distribution date, an amount equal to 7.06% of the Adjusted Pool Balance.

EXHIBIT I

WEIGHTED AVERAGE LIVES
AND EXPECTED MATURITIES OF THE NOTES

The following table contains information concerning the weighted average lives and expected maturity dates of the notes. The information presented in the table is based on the following assumptions.

Prepayments on pools of student loans can be measured or calculated based on a variety of prepayment models. The model used to calculate prepayments in certain tables below is the consolidation loan ramp (or "CLR") model. The CLR model assumes that:

- Student loans will prepay at an annual rate of 1/15th of 1.0% in the first month after origination;
- The prepayment rate will increase by an annual rate of 1/15th of 1.0% per month up to the 119th month after origination; and
- The monthly prepayment rate will be constant at 8% per annum in the 120th month after origination and in all subsequent months.

This assumption is called "100% CLR". For example, at 100% CLR, student loans with a loan age of three months (student loans in the fourth month after origination) are assumed to prepay at an annual rate of 4/15ths of 1.0%. "0% CLR" assumes no prepayments; "50% CLR" assumes prepayment rates equal to 0.50 times 100% CLR; "200% CLR" assumes prepayment rates equal to 2.00 times 100% CLR; and so forth.

The model used to calculate prepayments in certain other tables below is based on prepayments assumed to occur at a constant percentage rate (or "CPR"). The CPR is stated as an annualized rate and is calculated as the percentage of principal outstanding at the beginning of a period (after applying scheduled payments) that prepays during that period. The CPR assumes that student loans will prepay in each month according to the following formula:

Monthly Prepayments = Balance After Scheduled Payments x (1-(1-CPR)^1/12)

Accordingly, monthly prepayments assuming a $1,000 balance after scheduled payments would be as follows for various CPR examples:

CPR	0%	4%	7%	10%	12%
Monthly Prepayment	$0.00	$3.40	$6.03	$8.74	$10.60

Neither the CLR model nor the CPR model purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The student loans will not prepay at any constant percentage of CLR or any constant CPR, nor will all of the student loans prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in making any investment decision.

This EXHIBIT I shows the weighted average remaining lives and expected maturity dates of the notes at each distribution date under various CLR or CPR scenarios. For purposes of calculating the information contained in this EXHIBIT I, it is assumed, among other things, that:

- the statistical cutoff date for the student loans is as of April 30, 2009;
- all student loans are in repayment with interest to be capitalized added to principal balance;

- no student loan moves from repayment to any other status;
- no delinquencies or defaults occur on any of the student loans, and all borrower payments are collected, in full, on the first day of each month;
- consolidation loan rebate fees equal to 1.05% per annum on the principal of and interest on the student loans are paid one month in arrears based on the current month's ending principal balance;
- there are government payment delays of 60 days for special allowance payments;
- index levels for calculation of borrower and government payments are:
  - 91-day Treasury bill rate of 0.17%; and
  - three-month commercial paper rate of 0.48%;
- distributions begin on the distribution date in September, and are made quarterly on the 25th day of every March, June, September and December thereafter, whether or not the 25th is a business day;
- the interest rate for the Class A notes is 1.40%, which is equal to a constant rate of three-month LIBOR of 0.65% plus the applicable spread, which on all distribution dates will be equal to 0.75%:
- a proportionate amount of an administration fee totaling $80,000 annually and an owner trustee fee totaling $7,500 annually is paid by the issuing entity to the administrator and the owner trustee, respectively, on each Distribution Date;
- an indenture trustee and eligible lender trustee fee equal to 0.005% per annum of the outstanding principal balance of the student loans is paid to the indenture trustee and eligible lender trustee on each Distribution Date;
- a master servicing fee equal to 1/12th of the then outstanding principal amount of the student loans times 0.50% is accrued monthly by the issuing entity to the master servicer and paid on each Distribution Date;
- the reserve account has an initial balance equal to $1,755,851 and at all times a balance equal to the Reserve Account Requirement;
- the collection account has an initial current balance equal to $0;
- the weighted average loan age is 11 months;
- prepayments on the student loans are applied monthly in accordance with CLR or CPR as described herein, as applicable; and
- there are no accumulation accounts and no interest rate swaps or interest rate caps entered into by the issuing entity;
- collections are reinvested in eligible investments until the day before the applicable distribution date at the assumed reinvestment rate of 0.17%; reinvestment earnings are available for distribution from the prior collection period; and
- the pool of student loans consists of representative loans ("rep lines"), which have been created from individual student loans based on combinations of similar individual student loan characteristics, which include, but are not limited to, loan status, interest rate, loan type, index, margin, rate cap and remaining

term. Each rep line containing the relevant characteristics, aggregate totals and weighted averages of the underlying student loans is used for modeling purposes.

This EXHIBIT I has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of student loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the student loans could produce slower or faster principal payments than implied by the information in this EXHIBIT I, even if the dispersions of *weighted average* characteristics, remaining terms and loan ages are the same as the characteristics, remaining terms and loan ages assumed.

Weighted Average Lives and Expected Maturity Dates of the Notes
At Various CLR Percentages(1)

Weighted Average Life (years)(2)	0%	50%	100%	150%	200%
Class A Note	13.16	10.65	8.92	7.72	6.88
Expected Maturity Date					
Class A Note	December 25, 2033	September 25, 2030	March 25, 2027	September 25, 2024	December 25, 2022

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(1) Assuming for purposes of this table that, among other things, the optional purchase by the master servicer or a successful auction of the remaining student loans occurs on the distribution date immediately following the date on which the Pool Balance falls below 10% of the initial Pool Balance.

(2) The weighted average life of the notes (assuming a 360-day year consisting of twelve 30-day months) is determined by: (1) multiplying the amount of each principal payment on the notes by the number of years from the closing date to the related distribution date, (2) adding the results, and (3) dividing that sum by the principal amount of the notes as of the closing date.

Class A Notes

Percentages of Original Principal of the Notes Remaining at Certain Distribution Dates at Various CLR Percentages[1]

Distribution Date	0%	50%	100%	150%	200%
Initial Percentage	100%	100%	100%	100%	100%
September 2009	100%	99%	99%	99%	99%
September 2010	96%	95%	95%	94%	93%
September 2011	92%	90%	89%	87%	85%
September 2012	89%	86%	83%	80%	78%
September 2013	86%	81%	77%	73%	69%
September 2014	82%	76%	71%	65%	60%
September 2015	79%	71%	64%	57%	52%
September 2016	75%	65%	57%	50%	43%
September 2017	71%	60%	50%	42%	35%
September 2018	67%	54%	44%	35%	28%
September 2019	62%	48%	37%	29%	22%
September 2020	57%	43%	32%	23%	17%
September 2021	53%	38%	27%	19%	13%
September 2022	48%	33%	22%	15%	10%
September 2023	44%	29%	19%	12%	0%
September 2024	40%	25%	16%	0%	0%
September 2025	36%	22%	13%	0%	0%
September 2026	32%	18%	11%	0%	0%
September 2027	27%	15%	0%	0%	0%
September 2028	24%	13%	0%	0%	0%
September 2029	21%	10%	0%	0%	0%
September 2030	18%	0%	0%	0%	0%
September 2031	15%	0%	0%	0%	0%
September 2032	11%	0%	0%	0%	0%
September 2033	9%	0%	0%	0%	0%
September 2034	0%	0%	0%	0%	0%

(1) Assuming for purposes of this table that, among other things, the optional purchase by the master servicer occurs on the distribution date immediately following the date on which the Pool Balance falls below 10% of the initial Pool Balance.

Weighted Average Lives And Expected Maturity Dates of the Notes
At Various CPRs(1)

Weighted Average Life (years)[2]	0%	4%	7%	10%	12%
Class A Note	13.16	9.37	7.48	6.13	5.43
Expected Maturity Date					
Class A Note	December 25, 2033	September 25, 2029	June 25, 2026	December 25, 2023	June 25, 2022

(1) Assuming for purposes of this table that, among other things, the optional purchase by the master servicer of the remaining student loans occurs on the distribution date immediately following the date on which the Pool Balance falls below 10% of the initial Pool Balance.

(2) The weighted average life of the notes (assuming a 360-day year consisting of twelve 30-day months) is determined by: (1) multiplying the amount of each principal payment on the notes by the number of years from the closing date to the related distribution date, (2) adding the results, and (3) dividing that sum by the principal amount of the notes as of the closing date.

Class A Notes

Percentages of Original Principal of the Notes Remaining at Certain Distribution Dates at Various CPR Percentages[1]

Distribution Date	0%	4%	7%	10%	12%
Initial Percentage	100%	100%	100%	100%	100%
September 2009	100%	99%	98%	98%	97%
September 2010	96%	92%	88%	85%	83%
September 2011	92%	84%	79%	73%	70%
September 2012	89%	78%	71%	64%	59%
September 2013	86%	72%	63%	55%	50%
September 2014	82%	67%	57%	48%	43%
September 2015	79%	61%	50%	41%	36%
September 2016	75%	56%	45%	35%	30%
September 2017	71%	51%	39%	30%	25%
September 2018	67%	46%	34%	25%	21%
September 2019	62%	41%	30%	21%	17%
September 2020	57%	36%	25%	18%	14%
September 2021	53%	32%	22%	15%	11%
September 2022	48%	28%	18%	12%	0%
September 2023	44%	25%	16%	10%	0%
September 2024	40%	21%	13%	0%	0%
September 2025	36%	19%	11%	0%	0%
September 2026	32%	16%	0%	0%	0%
September 2027	27%	13%	0%	0%	0%
September 2028	24%	11%	0%	0%	0%
September 2029	21%	0%	0%	0%	0%
September 2030	18%	0%	0%	0%	0%
September 2031	15%	0%	0%	0%	0%
September 2032	11%	0%	0%	0%	0%
September 2033	9%	0%	0%	0%	0%
September 2034	0%	0%	0%	0%	0%

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(1) Assuming for purposes of this table that, among other things, the optional purchase by the master servicer of the remaining student loans occurs on the distribution date immediately following the date on which the Pool Balance falls below 10% of the initial Pool Balance.

PRINCIPAL OFFICES

ADMINISTRATOR AND MASTER SERVICER

Education Lending Services, Inc.
12680 High Bluff Drive
San Diego, California 92130

CIT EDUCATION LOAN TRUST 2009-1

BNY Mellon Trust of Delaware as Owner Trustee
White Clay Center, Route 273
Newark, Delaware 19711

IRISH PAYING AGENT

Custom House Fund Services (Ireland) Limited
25 Eden Quay
Dublin 1, Ireland

IRISH LISTING AGENT

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2, Ireland

LEGAL ADVISORS TO THE SELLER, THE ISSUING ENTITY, THE ADMINISTRATOR AND THE MASTER SERVICER

McKee Nelson LLP
One Battery Park Plaza
New York, New York 10004

Richards, Layton & Finger, P.A.
920 King Street
Wilmington, Delaware 19801

LEGAL ADVISORS TO INITIAL PURCHASER

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038

INITIAL PURCHASER

Citigroup Global Markets Inc.
388 Greenwich Street, 19th Floor
New York, New York 10013

$666,000,000

CIT EDUCATION LOAN TRUST 2009-1

Education Loan Backed Notes

EDUCATION LENDING SERVICES, INC.
Administrator and Master Servicer

EDUCATION FUNDING RESOURCES, LLC
Seller

OFFERING MEMORANDUM

You should rely only on the information contained or incorporated by reference in this offering memorandum. No one has been authorized to provide you with different information.

We are not offering the notes in any state where the offer is not permitted.

Citi

Initial Purchaser

September 16, 2009