

**Student Loan Backed Reporting Mixed Deal - FFELP  
Monthly/Quarterly Distribution Report**

<b>Issuer</b>	Educational Funding of the South, Inc.
<b>Deal Name</b>	2003FL Indenture
<b>Distribution Date</b>	10/25/2012
<b>Collection Period</b>	9/30/2012
<b>Contact Name</b>	Ken Mann
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**Notes/Bonds - Group I (FFELP)**

Class	CUSIP	Rate	Index	Margin	Auction Status	Original Balance	Beg Princ Bal	Interest Accrual	Principal Paid	End Princ Bal <sup>a</sup>	% of Securities	Payment Frequency	Maturity
2012FL A	28148WAD5	1.26650%	0.21650%	1.05000%		511,000,000.00	495,242,536.17	522,666.32	5,325,472.28	489,917,063.89	80.06%	Monthly	3/25/2036
2012FL B	28148WAE3	3.71650%	0.21650%	3.50000%		15,000,000.00	15,000,000.00	46,454.39	-	15,000,000.00	2.45%	Monthly	12/28/2048
2007-1 A-2	28148XAQ4	0.72080%	0.42075%	0.30000%		400,000,000.00	20,735,039.53	8,692.27	4,655,000.00	16,080,039.53	2.63%	Quarterly	3/1/2016
2007-1 A-3	28148XAR2	0.77080%	0.42075%	0.35000%		235,000,000.00	90,967,000.00	52,584.61	-	90,967,000.00	14.86%	Quarterly	9/1/2017
<b>Total</b>						<b>1,161,000,000.00</b>	<b>621,944,575.70</b>	<b>630,397.59</b>	<b>9,980,472.28</b>	<b>611,964,103.42</b>	<b>100%</b>		

(a) Should include Principal Pmts in the current distribution month

**Portfolio Summary**

	Beg Balance	Activity	End Balance
Principal Balance	588,715,800.90	(7,323,100.70)	581,392,700.20
Accrued Interest to be Capitalized	6,403,436.97	(224,467.60)	6,178,969.37
<b>Total Pool Balance</b>	<b>595,119,237.87</b>	<b>(7,547,568.30)</b>	<b>587,571,669.57</b>
Repurchased Guaranteed Student Loans <sup>a</sup>	-	1,023,731.33	1,023,731.33
Weighted Average Coupon (WAC)	4.75	0.00	4.75
Weighted Average Maturity (WAM)	173.57	(0.21)	173.36
Number of Loans	83,423	(1,356.00)	82,067
Number of Borrowers	43,094	(708.00)	42,386
Average Loan Balance	\$ 7,133.75	25.90	\$ 7,159.66
Average Borrower Indebtedness	\$ 13,809.79	52.61	\$ 13,862.40

(a) Pending repurchase loans that are not reflected in the ending pool balance

**Weighted Average Payments Made**

	% of Pool	W.A. Time until Repayment (months) <sup>(a)</sup> (should include grace period)
In School	1.02%	-25.74
Grace	0.60%	-1.71
Deferment	14.20%	-14.57
Forbearance	15.27%	-3.17
<b>W.A. Time in Repayment (months)</b>		
Repayment	68.07%	78.60
Claims in Progress	0.80%	77.40
Claims Denied	0.03%	94.77
<b>Total Weighted Average</b>		<b>51.33</b>

(a) W.A. Time Until Repayment would most likely be reflected as a negative number in this calculation. For example, if a loan has 3 months left in school and 6 months of grace period, the time until repayment for that loan would be -9 months.

**Funds and Accounts**

Department Reserve Account 2012-1	Debt Service Payment Account 2007-1	Capitalized Interest Account	Debt Service Reserve Account 2012-1
Dept. Reserve Account (beginning) \$ 3,457,286.83	Debt Service Payment Account (beginning) \$ 4,893,213.93	Capitalized Interest Account (beginning) \$ 21,522,460.47	Reserve Account (beginning) \$ 3,016,752.01
Plus transfers in 849,202.44	Plus transfers in \$1,478,686.57	Less releases -	Less releases (41,155.82)
Less DOE Fees paid (350,234.07)	Less Funds paid on 2007 taxable bond (4,893,046.41)	Less draws -	Less draws -
Plus investment earnings -	Plus investment earnings -	Beginning Balance transfer -	Beginning Balance transfer -
Dept. Reserve Account (ending) \$ 3,956,255.20	Debt Service Payment Account (ending) \$ 1,478,854.09	Capitalized Interest Account (ending) \$ 21,522,460.47	Reserve Account (ending) \$ 2,975,596.19
		Capitalized Interest Account Requirement -	Reserve Account Requirement \$ 2,942,977.00
2007-1 Debt Service Reserve \$ 2,300,000.00			
Collection Account - (Available Funds) \$ 8,567,001.82			
Total Accounts Balances (includes above accounts) \$ 40,800,167.77			

**Balance Sheet and Parity**

	Beg Balance	Activity	End Balance
<b>Assets</b>			
Pool Balance	597,741,261.10	(6,494,216.56)	591,247,044.54
Capitalized Interest Fund	21,522,460.47	-	21,522,460.47
Debt Service Reserve	5,275,596.19	(32,619.18)	5,242,977.00
Debt Payment Account <sup>b</sup>	6,371,966.02	(3,414,359.84)	2,957,606.18
<b>Total Assets</b>	<b>630,911,283.78</b>	<b>(9,941,195.58)</b>	<b>620,970,088.19</b>
<b>Liabilities</b>			
Note Outstanding Class A	495,242,536.17	(5,325,472.28)	489,917,063.89
Note Outstanding Class B	15,000,000.00	-	15,000,000.00
Bonds Outstanding 2007-1	111,702,039.53	(4,655,000.00)	107,047,039.53
Accrued Interest 2007-1	230,529.27	(169,252.39)	61,276.88
<b>Total Liabilities</b>	<b>622,175,104.97</b>	<b>(10,149,724.67)</b>	<b>612,025,380.30</b>
Class A Parity %	103.91%		104.01%
Class B Parity %	101.41%		101.46%

(a) Pool Balance for parity includes all accrued interest and pending loans. Including accrued interest to be capitalized and additional interest.

(b) Included 1/3 of the Principal and Interest for the 2007 Bond for the next payment date

**CPR (constant prmt rate)**

	%
Current	14.27%
Lifetime	-

**Servicer Balance**

	Balance	% of Portfolio	# of Loans	Cms Outstanding
Edfinancial	438,504,194.01	74.63%	70,563	4,130,855.61
PHEAA	114,030,892.14	19.41%	8,326	562,744.00
CitiBank	-	0.00%	-	-
Great Lakes	35,036,583.42	5.96%	3,178	238,056.09
<b>Total Portfolio</b>	<b>587,571,669.57</b>		<b>82,067</b>	<b>4,931,655.70</b>

2003FL Indenture

Portfolio by Loan Status											
	# of Loans		Balance (inc Accrued Interest)		% of Balance		WAC		WARM		
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	
In School	1,983	1,617	6,850,778.11	6,007,509.13	1.15%	1.02%	5.59	5.65	120.11	120.14	
Grace	760	944	2,861,478.20	3,507,646.47	0.48%	0.60%	5.76	5.69	119.21	116.16	
Repayment											
Current	47,962	45,889	337,492,791.64	336,064,527.17	56.71%	57.20%	4.54	4.53	169.83	169.43	
31-60 Days Delinquent	2,747	2,900	17,427,123.89	18,598,384.27	2.93%	3.17%	5.02	4.84	173.18	172.17	
61-90 Days Delinquent	2,000	1,729	11,346,658.04	10,935,848.73	1.91%	1.86%	5.10	5.09	177.59	161.00	
91-120 Days Delinquent	1,321	1,285	7,533,627.12	8,080,923.26	1.27%	1.38%	4.91	4.93	148.45	162.49	
121-180 Days Delinquent	1,957	1,791	11,297,559.47	11,672,534.59	1.90%	1.99%	4.93	4.98	168.46	166.03	
181-270 Days Delinquent	1,795	1,852	10,486,460.71	10,501,364.75	1.76%	1.79%	4.87	4.91	160.49	152.07	
271+ Days Delinquent	1,056	790	4,230,294.11	4,119,138.36	0.71%	0.70%	4.77	5.03	164.44	146.38	
Total Repayment	58,838	56,236	399,814,514.98	399,972,721.13	67.18%	68.07%	4.60	4.60	169.52	168.39	
Forbearance	10,221	9,377	92,543,842.66	89,731,056.25	15.55%	15.27%	5.20	5.27	192.34	194.75	
Deferment	14,455	12,894	87,419,561.10	83,456,031.79	14.69%	14.20%	4.82	4.84	182.15	181.25	
Claims in Progress	786	949	5,382,560.94	4,719,258.55	0.90%	0.80%	5.26	4.85	145.26	160.56	
Claims Denied	36	50	246,501.88	177,446.25	0.04%	0.03%	4.24	4.74	77.80	98.08	
<b>Total Portfolio</b>	<b>87,079</b>	<b>82,067</b>	<b>595,119,237.87</b>	<b>587,571,669.57</b>			<b>4.75</b>	<b>4.75</b>	<b>173.96</b>	<b>173.36</b>	

Delinquency Status											
	# of Loans		Balance (inc Accrued Interest)		% of Balance		WAC		WARM		
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	
Current	47,962	45,889	337,492,791.64	336,064,527.17	84.41%	84.02%	4.54	4.53	169.83	169.43	
31-60 Days Delinquent	2,747	2,900	17,427,123.89	18,598,384.27	4.36%	4.65%	5.02	4.84	173.18	172.17	
61-90 Days Delinquent	2,000	1,729	11,346,658.04	10,935,848.73	2.84%	2.73%	5.10	5.09	177.59	161.00	
91-120 Days Delinquent	1,321	1,285	7,533,627.12	8,080,923.26	1.88%	2.02%	4.91	4.93	148.45	162.49	
121-180 Days Delinquent	1,957	1,791	11,297,559.47	11,672,534.59	2.83%	2.92%	4.93	4.98	168.46	166.03	
181-270 Days Delinquent	1,795	1,852	10,486,460.71	10,501,364.75	2.62%	2.63%	4.87	4.91	160.49	152.07	
271+ Days Delinquent	1,056	790	4,230,294.11	4,119,138.36	1.06%	1.03%	4.77	5.03	164.44	146.38	
<b>Total Portfolio in Repayment</b>	<b>58,838</b>	<b>56,236</b>	<b>399,814,514.98</b>	<b>399,972,721.13</b>			<b>4.60</b>	<b>4.60</b>	<b>169.52</b>	<b>168.39</b>	

Portfolio by Loan Type											
	# of Loans		Balance (inc Accrued Interest)		% of Balance		WAC		WARM		
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	
Subsidized Consolidation Loans	15,014	14,483	172,843,153.54	171,118,187.66	29.04%	29.12%	4.56	4.56	195.01	192.80	
Unsubsidized Consolidation Loans	16,132	15,578	226,045,113.39	224,057,886.68	37.98%	38.13%	4.69	4.69	208.95	206.79	
Subsidized Stafford Loans	30,402	28,246	81,944,858.26	80,219,779.48	13.77%	13.65%	4.66	4.67	111.94	112.00	
Unsubsidized Stafford Loans	22,980	21,358	96,243,106.94	94,432,288.45	16.17%	16.07%	4.80	4.82	121.03	121.70	
Grad PLUS Loans	2,472	2,324	17,782,333.47	17,512,983.52	2.99%	2.98%	7.48	7.51	115.56	116.29	
Other Loans	79	78	260,672.27	230,543.78	0.04%	0.04%	3.34	3.37	93.65	90.80	
<b>Total Balance</b>	<b>87,079</b>	<b>82,067</b>	<b>595,119,237.87</b>	<b>587,571,669.57</b>			<b>4.75</b>	<b>4.75</b>	<b>173.96</b>	<b>173.36</b>	

Portfolio by Program Type											
	# of Loans		Balance (inc Accrued Interest)		% of Principal		WAC		WARM		
	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	Beginning	Ending	
Graduate / 4-Year Loans	54,201	51,020	398,242,714.37	392,942,133.79	66.92%	66.88%	4.68	4.68	173.76	173.13	
2-Year Loans	15,576	14,545	52,255,188.46	51,300,947.03	8.78%	8.73%	4.80	4.83	127.67	127.15	
Proprietary / Technical / Vocational Loans	9,720	9,204	41,146,203.34	40,678,329.02	6.91%	6.92%	4.53	4.55	139.46	139.43	
Unknown (Consolidation) Loans	7,545	7,261	103,061,691.34	102,235,373.18	17.32%	17.40%	5.08	5.08	212.59	211.12	
Other Loans	37	37	413,440.36	414,886.55	0.07%	0.07%	6.29	6.30	117.27	116.72	
<b>Total Portfolio</b>	<b>87,079</b>	<b>82,067</b>	<b>595,119,237.87</b>	<b>587,571,669.57</b>			<b>4.75</b>	<b>4.75</b>	<b>173.96</b>	<b>173.36</b>	

SAP Indices							
	# of Loans		Balance		% of Total		Margin
	Beginning	Ending	Beginning	Ending	Beginning	Ending	
T-Bill Loans	5,150	4,858	18,166,030.34	17,662,861.88	3.05%	3.01%	2.6996
1ML Loans	81,929	77,209	576,953,207.53	569,908,807.69	96.95%	96.99%	2.3549
Other Loans	-	-	-	-	0.00%	0.00%	-
<b>Total Pool Balance</b>	<b>87,079</b>	<b>82,067</b>	<b>595,119,237.87</b>	<b>587,571,669.57</b>			<b>2.3653</b>

**Student Loan Backed Reporting Mixed Deal  
Monitoring Waterfall and Collections  
2003FL Indenture**

Distribution Date	10/25/2012
Collection Period	9/30/2012

Collection Activity	
<b>Cash Inflows Available to be Distributed</b>	<b>9/30/2012</b>
Collection Amount Received	5,574,706.61
Recoveries	-
Reserve Account	-
Excess of Required Reserve Account	32,619.18
Interest on Investment Earnings	-
Capitalized Interest Account (after a stepdown or release date)	-
Prefunding Account (after release date)	-
Payments from Guarantor	2,954,081.24
Proceeds from Tender	-
Prepayments	-
Purchased by Servicers/Sellers	-
Prior Month's Allocations or Adjustments	-
Investment Income	5,594.79
All Fees	-
Other Amounts Received in Collection	-
<b>Total Available Funds</b>	<b>\$ 8,567,001.82</b>

(a) Cash collections represent amounts received and posted in the Trust accounts as of the last day of the collection period.

Fees Due for Current Period	9/30/2012
Indenture Trustee Fees	-
Custodial Fees	-
Paying Agent Fees	-
Registrar Fees	-
Servicing Fees	220,682.86
Administration Fees	96,898.78
Late Fees	-
Other Fees	347,118.92
<b>Total Fees</b>	<b>\$ 664,700.56</b>

Cumulative Default Rate	as of 9/30/2012
Current Period's Defaults (\$)	7,508,437.24
Cumulative Defaults (\$)	200,416,917.16
Cumulative Default (% of original pool balance)	NA
Cumulative Default (% of Repayment ending balances)	34.67%
Current period payments (recoveries) from Guarantor (\$)	2,954,081.24
Current period borrower recoveries (\$)	-
Cumulative Recoveries (\$) <sup>a</sup>	206,059,573.13
Cumulative Recovery Rate (%) <sup>b</sup>	102.82%
Cumulative Net Loss Rate (%)	NA
Cumulative Servicer Reject Rate (FFELP) (%)	0.00194%

a) Cumulative Recoveries includes 97% of Claims in Progress

b) Due to the inclusion of death, disability and bankruptcy claims, the recovery rate can exceed 100%.

Waterfall Activity		
Waterfall for Distribution (in accordance with Transaction - specific documents)	Amount Due	Amount Remaining
<b>Total Available Funds</b>	8,567,001.82	
<b>First:</b> Deposits to Department Reserve Fund	876,075.11	7,690,926.71
<b>Second:</b> Trustee Fees due	-	7,690,926.71
<b>Third:</b> Servicing Fee due	220,682.86	7,470,243.85
<b>Fourth:</b> Administration Fees due	96,898.78	7,373,345.07
<b>Fifth:</b> Interest Distribution on Senior Notes or Obligations		
1. 2007 Debt Service Account		
>1/3 of 2007 Bonds Interest Distribution Amount	68,085.42	
>Any 2007 Bonds Interest Remaining unpaid	-	
	<u>68,085.42</u>	7,305,259.65
2. 2012-1 A Interest Distribution Amount	522,666.32	
Total Interest Distribution on Senior Notes or Obligations	<u>522,666.32</u>	6,782,593.33
<b>Sixth:</b> To the 2007 Debt Service Account 1/3 of Principal or unpaid Principal (if Maturity Date occurs in one of the next three months)	1,410,666.67	5,371,926.67
<b>Seventh:</b> 2012-1 B Interest Distribution Amount Subject to Class B Interest Cap	46,454.39	5,325,472.28
<b>Eighth:</b> Debt Service Reserve Fund Replenishment	-	5,325,472.28
<b>Ninth:</b> 2007 Bonds Principal Distribution Amount	-	5,325,472.28
<b>Tenth:</b> Payments to Noteholders for 2012 A and 2012 B Notes	5,325,472.28	-
<b>Eleventh:</b> Class B Carryover Amount	-	-
<b>Twelfth:</b> Release to Issuer	-	-

(a) Footnotes

(b) Footnotes

Principal and Interest Distributions	2007-1 A2	2007-1 A3	2012-1 A	2012-1 B	TOTAL
Periodic Interest Due	9,658.07	58,427.35	522,666.32	46,454.39	637,206.13
Periodic Interest Paid	9,658.07	58,427.35	522,666.32	46,454.39	637,206.13
Interest Shortfall	-	-	-	-	-
Interest Carryover Due	-	-	-	-	-
Interest Carryover Paid	-	-	-	-	-
Interest Carryover	-	-	-	-	-
Periodic Principal Distribution Amount	1,410,666.67	-	5,325,472.28	-	6,736,138.94
Periodic Principal Paid	1,410,666.67	-	5,325,472.28	-	6,736,138.95
Excess/(Shortfall)	(0.00)	-	-	-	(0.00)
<b>Total Distribution Amount</b>	<b>1,420,324.74</b>	<b>58,427.35</b>	<b>5,848,138.60</b>	<b>46,454.39</b>	<b>7,373,345.08</b>

**Educational Funding of the South, Inc**  
**2003FL Indenture**  
**Balance Sheet**  
**September 30, 2012**  
**(Unaudited)**

**ASSETS**

Cash	\$ 40,800,167.77
Assets Held by Trustee	
Investments	4,468.71
Student Loans Receivable, Net	581,459,170.84
Accrued Interest Receivable	7,335,303.91
Other Receivables	179,023.49
Bond Issue Costs	2,693,058.11
Prepaid and Deferred Expenses	30,683.34
	<hr/>
Total Assets	<b><u><u>\$ 632,501,876.17</u></u></b>

**LIABILITIES AND NET ASSETS**

Notes Payable, Net	\$ 617,289,577.27
Discount on Notes Payable, Net	(6,375,642.64)
Accrued Interest Payable	175,048.04
Other Accounts Payable & Accrued Expenses	664,700.56
Total Liabilities	<hr/> <b>\$ 611,753,683.23</b>
<b>Net Assets</b>	<hr/> <b>\$ 20,748,192.94</b>
<b>Total Liabilities and Net Assets</b>	<hr/> <b><u><u>\$ 632,501,876.17</u></u></b>

## 2003FL Indenture

### IV. Transactions for the Time Period

9/1/2012 - 9/30/2012

#### A. Student Loan Principal Collection Activity

i. Regular Principal Collections	(3,093,858.48)
ii. Principal Collections from Guarantor	(2,881,062.03)
iii. Paydown due to Loan Consolidation	(2,332,751.76)
iv. Principal Collections from Schools	5,149.58
v. Principal Write-Offs Reimbursed to the Trust -	-
vi. Other System Adjustments	(5,237.86)
vii. Loans transferred out/deconverted (PUT)	(0.00)
<b>viii. Total Principal Collections</b>	<b>(8,307,760.55)</b>

#### B. Student Loan Non-Cash Principal Activity

i. Principal Realized Losses - Claim Write-Offs	(5,152.66)
ii. Principal Realized Losses - Other	(21,133.68)
iii. Other Adjustments	22.35
iv. Capitalized Interest	999,983.42
<b>v. Total Non-Cash Principal Activity</b>	<b>973,719.43</b>

#### C. Student Loan Principal Additions

i. New Loan Additions	10,940.42
<b>ii. Total Principal Additions</b>	<b>10,940.42</b>

#### **D. Total Student Loan Principal Activity (Aviii + Bv + Cii) (7,323,100.70)**

#### E. Student Loan Interest Activity

i. Regular Interest Collections	(1,108,223.28)
ii. Interest Claims Received from Guarantors	(73,019.21)
iii. Late Fees & Other	(168,977.51)
iv. Interest due to Loan Consolidation	(45,214.89)
v. Interest Write-Offs Reimbursed to the Trust -	-
vi. Other System Adjustments -	-
vii. Interest Benefit and Special Allowance Payments	509,031.67
viii. Loans transferred out/deconverted	-
<b>vix. Total Interest Collections</b>	<b>(886,403.22)</b>

#### F. Student Loan Non-Cash Interest Activity

i. Interest Losses - Claim Write-offs	(58,474.31)
ii. Interest Losses - Other	(3,432.07)
iii. Other Adjustments	6.65
iv. Capitalized Interest	(999,983.42)
v. Interest Accrual	2,095,901.26
<b>vi. Total Non-Cash Interest Adjustments</b>	<b>1,034,018.11</b>

#### G. Student Loan Interest Additions

i. New Loan Additions	59.44
<b>ii. Total Interest Additions</b>	<b>59.44</b>

#### **H. Total Student Loan Interest Activity (Eix + Fvi + Gii) 147,674.33**

I. Defaults Paid this Period (Aii + Eii) (2,954,081.24)

J. Cumulative Defaults Paid to Date (206,059,573.13)

#### K. Interest Expected to be Capitalized

Interest Expected to be Capitalized - Beginning (III - A-ii)	6,403,436.97
Interest Capitalized into Principal During Collection Period (B-iv)	999,983.42
Change in Interest Expected to be Capitalized	(1,224,451.02)
Interest Expected to be Capitalized - Ending (III - A-ii)	6,178,969.37

## 2003FL Indenture

<b>V. Cash Receipts for the Time Period</b>	<b>9/1/2012 - 9/30/2012</b>	
<b>A. Principal Collections</b>		
i. Principal Payments Received - Cash	\$	5,975,008.79
ii. Principal Received from Loans Consolidated		2,332,751.76
<b>iii. Total Principal Collections</b>	\$	8,307,760.55
<b>B. Interest Collections</b>		
i. Interest Payments Received - Cash	\$	1,181,242.49
ii. Interest Received from Loans Consolidated		45,214.89
iii. Interest Payments Received(Paid) - Interest Benefit and Special Allowance Payments		(509,031.67)
iv. Late Fees & Other		168,977.51
<b>v. Total Interest Collections</b>	\$	886,403.22
<b>C. Other Reimbursements</b>	\$	-
<b>D. Repurchases/ Reimbursements by Servicer/Seller</b>	\$	-
<b>E. Investment Earnings</b>	\$	5,594.79
<b>F. Total Cash Receipts during Collection Period</b>	\$	9,199,758.56