IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS MEETING THE QUALIFICATIONS DESCRIBED IN THE ATTACHED PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM").

IMPORTANT: You must read the following before continuing. The following applies to the Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Memorandum. In accessing the Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACQUISITION AND TRANSFER OF THE SECURITIES ARE SUBJECT TO ANY ADDITIONAL RESTRICTIONS DESCRIBED IN THE MEMORANDUM.

EXCEPT AS SET FORTH THEREIN, THE MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE 1933 ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Memorandum, investors must be Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the 1933 Act). This Memorandum is being sent at your request and by accepting this e-mail and accessing this Memorandum, you shall be deemed to have represented to us that you are a QIB and that you consent to delivery of this Memorandum by electronic transmission.

You are reminded that this Memorandum has been delivered to you on the basis that you are a person into whose possession this Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Memorandum to any other person.

This Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently no initial purchaser nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchaser.

PRIVATE PLACEMENT MEMORANDUM

$227,900,000
Student Loan Asset-Backed Notes,
2010-1 Series

EFS Volunteer, LLC

Issuer

We are offering the following Notes:

Class	Original Principal Amount	Interest Rate	Stated Maturity Date
A-1 Notes	$151,800,000	3 Month LIBOR + 0.85% per annum	10/26/2026
A-2 Notes	$76,100,000	3 Month LIBOR + 0.85% per annum	10/25/2035

The above-captioned notes (the "A-1 Notes" or the "A-2 Notes," as applicable, and collectively, the "Notes") are being issued by EFS Volunteer, LLC (the "Issuer") pursuant to an Indenture, dated as of June 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The Notes will be secured under the Indenture by a pool of student loans made under the Federal Family Education Loan Program (the "FFELP"), rights the Issuer has under certain agreements, a Debt Service Reserve Fund, a Capitalized Interest Fund and the other moneys and investments pledged to the Trustee under the Indenture.

The Notes are LIBOR-based notes. A description of how LIBOR is determined appears under "DESCRIPTION OF THE NOTES—Determination of LIBOR" herein. The Notes will receive quarterly distributions of principal and interest on the 25th day (or the next Business Day if such day is not a Business Day) of each January, April, July and October as described in this Private Placement Memorandum, beginning October 25, 2010. In general, the Notes will receive principal sequentially to the Class A-1 Notes and the Class A-2 Notes, in that order, until each such Class is paid in full.

Credit enhancement for the Notes will include overcollateralization, excess interest on the Financed Student Loans and cash on deposit in the Debt Service Reserve Fund and the Capitalized Interest Fund. The Notes are not insured or guaranteed by any government agency or instrumentality, by any insurance company, or by any other person or entity.

It is a condition to the issuance of the Notes that they be rated "AAA" by Fitch Ratings, Inc. ("Fitch") and "AAA" by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P").

Potential investors should carefully review the risk factors listed under "RISK FACTORS" herein.

THE NOTES ARE LIMITED OBLIGATIONS ONLY OF THE ISSUER PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE CREATED UNDER THE INDENTURE DESCRIBED HEREIN. THE ISSUER HAS NO TAXING POWER. THE NOTES DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR THE TAXING POWER, OF THE STATE OF TENNESSEE OR ANY OF ITS AGENCIES OR POLITICAL SUBDIVISIONS.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities or blue sky laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities or blue sky laws. Accordingly, the Notes are being offered and sold only to Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is a criminal offense.

We are offering the Notes through the Initial Purchaser when and if issued. The Notes are offered when, as and if received by the Initial Purchaser, subject to prior sale, withdrawal or modification of the offer without notice. The Notes will be delivered in book-entry only form through the facilities of The Depository Trust Company on or about June 23, 2010.

Morgan Stanley

Sole Book-Running Manager and Initial Purchaser
Dated: June 21, 2010

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ADDITIONAL INFORMATION

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Initial Purchaser to give any material information or to make any material representations, other than those contained in this Private Placement Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Private Placement Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Private Placement Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

THIS PRIVATE PLACEMENT MEMORANDUM WAS PREPARED BY THE ISSUER. THE INITIAL PURCHASER HAS REVIEWED THE INFORMATION IN THIS PRIVATE PLACEMENT MEMORANDUM, BUT THE INITIAL PURCHASER HAS NOT INDEPENDENTLY VERIFIED ANY OF THE INFORMATION CONTAINED HEREIN AND MAKES NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY THE INITIAL PURCHASER. IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE NOTES, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER (INCLUDING, WITHOUT LIMITATION, ITS ASSETS) AND THE TERMS AND CONDITIONS OF THE OFFERING OF THE NOTES, INCLUDING THE RISKS INVOLVED.

THIS PRIVATE PLACEMENT MEMORANDUM IS BEING PROVIDED ON A CONFIDENTIAL BASIS ONLY TO INVESTORS THAT ARE REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT WHO ARE WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS INVOLVED WITH OWNERSHIP OF THE NOTES.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUBSEQUENT PURCHASERS OR TRANSFEREES MUST BE QUALIFIED INSTITUTIONAL BUYERS. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE NOTES FOR AN INDEFINITE PERIOD OF TIME.

This Private Placement Memorandum contains certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on beliefs of the Issuer's management as well as assumptions and estimates based on information currently available to the Issuer, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, depending on a variety of factors, including economic and market instability, the financial health of the Issuer and the Guaranty Agencies, changes in federal and state laws applicable to the Issuer and the Notes and interest rate fluctuations. Should one or more of these risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. See "RISK FACTORS."

Within this Private Placement Memorandum are cross-references to captions found elsewhere in this Private Placement Memorandum, under which you can find further related discussions. The table of contents in this Private Placement Memorandum indicates where such captions and discussions are located.

The Notes will be available to investors that are Qualified Institutional Buyers only in book-entry form. The Issuer expects that the Notes sold pursuant hereto to Qualified Institutional Buyers will be issued in the form of fully-registered note certificates totaling the aggregate principal amount of the Notes, which will be deposited with, or on behalf of, DTC and registered in its name or in the name of its nominee. Beneficial interests in the Notes will be shown on, and transfers thereof to Qualified Institutional Buyers only will be effected through, records maintained by DTC and its participants.

An investor or potential investor in the Notes (and each employee, representative, or other agent of such person or entity) may disclose to any and all persons, without limitation, the tax treatment and tax structure of the transaction and all directly related materials of any kind, including opinions or other tax analyses, that are provided to such person or entity. However, such person or entity may not disclose any other information relating to this transaction unless such information is directly related to such tax treatment and tax structure

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sales of the Notes, the Administrator will be required, for so long as any Note is a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act, to provide, upon request of a Noteholder, to such Noteholder and a prospective purchaser designated by such Noteholder, the information which is required to be delivered under Rule 144A(d)(4) under the Securities Act, if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended.

IRS CIRCULAR 230 NOTICE

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, NOTEHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PRIVATE PLACEMENT MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCLOSURE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

COMPLIANCE WITH APPLICABLE SECURITIES LAWS

THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY AND THIS PRIVATE PLACEMENT MEMORANDUM MAY NOT BE DISTRIBUTED IN OR FROM OR PUBLISHED IN ANY COUNTRY OR JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE HANDS THIS PRIVATE PLACEMENT MEMORANDUM COMES ARE REQUIRED BY THE ISSUER AND THE INITIAL PURCHASER TO COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN EACH COUNTRY OR JURISDICTION IN WHICH THEY PURCHASE, SELL OR DELIVER THE NOTES OR HAVE IN THEIR POSSESSION OR DISTRIBUTE SUCH PRIVATE PLACEMENT MEMORANDUM, IN ALL CASES AT THEIR OWN EXPENSE.

SUMMARY OF TERMS

The following summary is a general overview of the terms of the Notes and does not contain all of the information that you need to consider in making your investment decision.

Before deciding to purchase the Notes, you should consider the more detailed information appearing elsewhere in this Private Placement Memorandum.

The words "we," "us," "our," and similar terms, as well as references to the "issuer", refer to EFS Volunteer, LLC. References herein to the Notes shall refer to the Class A-1 and Class A-2 Notes. This Private Placement Memorandum contains forward-looking statements that involve risks and uncertainties. See "SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS" herein.

All capitalized terms used in this Private Placement Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Indenture. See "EXHIBIT II—GLOSSARY OF CERTAIN DEFINED TERMS FROM THE INDENTURE."

Principal Parties and Dates

Issuer

EFS Volunteer, LLC, a special purpose, Delaware limited liability company, which is a wholly owned subsidiary of Educational Funding of the South, Inc., a Tennessee nonprofit corporation ("EFS").

Servicers

Edfinancial Services, LLC ("Edfinancial Services")

Great Lakes Educational Loan Services, Inc. ("Great Lakes")

Pennsylvania Higher Education Assistance Agency ("PHEAA")

Back-up Servicer

PHEAA will serve as back-up servicer for Edfinancial Services.

Guaranty Agencies

We expect that all of the Financed Student Loans will be FFELP loans guaranteed by a Guaranty Agency, which is any entity authorized to guarantee student loans under the Higher Education Act and reinsured by the U.S. Department of Education, and with which the Issuer (or Eligible Lender Trustee on behalf of the Issuer) maintains a Guaranty Agreement.

Seller

EFS Interim Funding, LLC, a special purpose, Delaware limited liability company ("EFS Interim"), which is a wholly-owned subsidiary of EFS.

Trustee, Paying Agent and Registrar

The Bank of New York Mellon Trust Company, N.A.

Eligible Lender Trustee

The Bank of New York Mellon Trust Company, N.A., is our Eligible Lender Trustee under a trust agreement, and will hold legal title to the Financed Student Loans beneficially owned by us.

Administrator

EFS

Application of Proceeds

We will use the proceeds from the sale of the Notes to acquire FFELP Student Loans from the Seller through our Eligible Lender Trustee, guaranteed by a Guaranty Agency as to unpaid principal and accrued interest pursuant to the Higher Education Act, fund a deposit to the Capitalized Interest Fund, and fund the Debt Service Reserve Fund for the Notes.

The Seller will use the proceeds of the sale of the Student Loans to retire certain outstanding debt of the Seller that is currently secured by the Student Loans being sold. Upon the sale of the Student

Loans by the Seller, any liens or security interests relating to the Student Loans and associated with debt of the Seller will be extinguished.

Monthly Expense Payment Dates

Monthly expense payment dates for the Notes will be the 25th day of each month, or if such day is not a Business Day, the next succeeding Business Day, beginning on July 26, 2010. We refer to these dates as "Monthly Expense Payment Dates." There will not be a Monthly Expense Payment Date in a month containing a Distribution Date.

Distribution Dates

Distribution dates for the Notes will be the 25th day of each January, April, July and October, or if such day is not a Business Day, the next succeeding Business Day, beginning on October 25, 2010. We refer to these dates as "Distribution Dates."

Collection Periods

The collection periods will be three-month periods ending on the last day of the month preceding each Distribution Date. However, the initial collection period will begin on the Issue Date and end on September 30, 2010.

Interest Periods

The Initial Interest Period for the Notes begins on the Issue Date and ends on the day before the first Distribution Date for the Notes. For any other Distribution Date, the Interest Period will begin on the prior Distribution Date and end on the day before such Distribution Date.

Cut-off Date

The cut-off date for the Student Loan portfolio that will be transferred to the Trust Estate on the Issue Date will be June 1, 2010 which we refer to as the "Payment Cut-off Date". All loan revenues received with respect to such Financed Student Loan portfolio starting on such date, until the Issue Date, will be deposited in the Acquisition Fund (other than Special Allowance Payments attributable to the period ending on such date).

For the definition of "Student Loan," see "EXHIBIT II—GLOSSARY OF CERTAIN DEFINED TERMS FROM THE INDENTURE."

"Financed" when used with respect to Student Loans, means or refers to the (i) Student Loans acquired by the Issuer with balances in the Acquisition Fund or otherwise deposited in or accounted for in the Acquisition Fund or otherwise constituting a part of the Trust Estate, and (ii) Student Loans substituted or exchanged for administrative reasons for Financed Student Loans but, in any event, shall not include Student Loans released from the lien of the Indenture.

Information Relating to the Financed Student Loans

The information presented in this Private Placement Memorandum relating to the Student Loans we expect to transfer to the Trust Estate on the Issue Date or during the Acquisition Period is as of April 30, 2010, which we refer to as the "Statistical Cut-off Date." We believe that the information set forth in this Private Placement Memorandum with respect to the Student Loans as of the Statistical Cut-off Date is materially representative of the characteristics of the Student Loans as they will exist on the Issue Date for the Notes and during the Acquisition Period.

Issue Date

The Issue Date for the Notes is expected to be on or about June 23, 2010.

Description of the Notes

General

We are offering the following Notes:

- Class A-1 Notes in the aggregate principal amount of $151,800,000.
- Class A-2 Notes in the aggregate principal amount of $76,100,000.

The Notes are limited debt obligations of the Issuer and will be issued and secured pursuant to the Indenture. The Notes will receive payments primarily from collections on the pool of Financed Student Loans held in the Trust Estate. The Notes do not constitute a debt, liability, or obligation of EFS, or of any state or of any agency or political subdivision of any state, or a pledge of the full faith and credit of any state or of any agency or political subdivision of any state. The Issuer has no taxing power.

The Notes will be issued in minimum denominations of $250,000 and in integral multiples of $1,000 in excess thereof. Principal of and interest on the Notes will be payable to the record owners of the Notes as of the close of business on the day before the related Distribution Date.

Priority of Principal Payments

We will pay principal sequentially on each Distribution Date, to the extent of any Available Funds remaining after payments with a higher priority have been made, first to the Class A-1 Notes until paid in full, then to the Class A-2 Notes until paid in full.

See "THE TRUST ESTATE—Flow of Funds—Distribution Dates" and "DESCRIPTION OF THE NOTES—Distributions of Principal" in this Private Placement Memorandum.

No Additional Notes

The Indenture will not permit the issuance of any additional bonds, notes, or other evidences of indebtedness secured by the Trust Estate.

Interest on the Notes

Except for the Initial Interest Period, the Notes will bear interest at an annual rate equal to three-month LIBOR plus 0.85% per annum.

The Trustee will determine the rate of interest on the Notes for the next Interest Period on the second Business Day immediately preceding each Distribution Date. Interest on the Notes will be calculated on the basis of the actual number of days elapsed during the Interest Period divided by 360. For the Initial Interest Period, the Trustee will determine the interest rate for the Notes according to a formula described below in "DESCRIPTION OF THE NOTES—Interest Payments."

Interest accrued on the outstanding principal balance of the Notes during each Interest Period will be paid on the following Distribution Date.

Stated Maturity

The Distribution Date on which the Class A-1 Notes are due and payable in full is the Distribution Date in October, 2026 and the Distribution Date on which the Class A-2 Notes are due and payable in full is the Distribution Date in October, 2035.

The principal of the Notes may be paid prior to its Stated Maturity Date as a result of either:

- payments and prepayments on the Financed Student Loans;
- the existence of excess Available Funds after payments on the Notes and other required amounts are made in accordance with the priority of payments described under "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum;
- mandatory redemption of the Notes if the amount on deposit in the Debt Service Reserve Fund (after all required transfers and distributions have been made therefrom), together with other Available Funds, equals or exceeds the outstanding principal balance of and accrued interest on the Notes as described under "DESCRIPTION OF THE NOTES–Mandatory Redemption" in this Private Placement Memorandum;
- the exercise by us of our option to sell all of the Financed Student Loans, and thereby redeem the Notes in whole, which may be exercised on any Distribution Date commencing with the first Distribution Date on which the outstanding Pool Balance (as of the last day of the related Collection Period) is 10% or less of the Initial Pool Balance; or
- in the event we do not exercise such sale option on the first Distribution Date on which we are entitled to do so, a successful auction of the Financed Student Loans by the Issuer which will also thereby cause a redemption of the Notes in whole.

See "DESCRIPTION OF THE NOTES—Optional Redemption" and "—Mandatory Auction" in this Private Placement Memorandum. The "Pool Balance" of the Financed Student Loans is defined under "DESCRIPTION OF THE NOTES—Distributions of Principal" in this Private Placement Memorandum.

Description of the Issuer

EFS Volunteer, LLC, the Issuer, was formed on April 20, 2010, under the Limited Liability Company Act of the State of Delaware (registered number 4813864) pursuant to a certificate of formation and limited liability company agreement. The registered office of EFS Volunteer, LLC is located at c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle, telephone number (302) 658-7581.

We are a special purpose limited liability company formed, under the laws of the State of Delaware, pursuant to the Limited Liability Company Agreement. Our purpose is limited solely to: (i) acquiring and refinancing Financed Student Loans; (ii) entering into such other agreements as necessary for issuing student loan revenue notes; (iii) entering into any agreement providing for the administration, servicing and collection of amounts due on any Student Loans; (iv) lending or investing proceeds from Student Loans; (v) entering into such other agreements and instruments of any kind as may be contemplated by the Limited Liability Company Agreement or the Indenture, and/or are necessary, convenient or incidental to accomplishing the purposes stated above; and (vi) engaging in any lawful act or activity and exercising any powers permitted to limited liability companies established under the laws of the State of Delaware provided such act or activity is incidental to and necessary, suitable or convenient for the accomplishment of the foregoing purposes.

We have pledged the Trust Estate and all payments to be received with respect thereto to the Trustee as security for the Notes issued under and secured by the Indenture.

Prior to the offering of the Notes, we have not conducted business in any material respect and have not issued any debt.

100% of our membership interests are owned by EFS. EFS is a Tennessee nonprofit, public benefit corporation.

The only sources of funds for payment of the Notes are the Financed Student Loans and investments pledged to the Trustee and the payments we receive on those Financed Student Loans and investments.

The Trust Estate

The Trust Estate will consist primarily of:

- the Financed Student Loans, which are Student Loans originated under the Federal Family Education Loan Program ("FFELP loans") transferred to the Issuer on the Issue Date or acquired during the Acquisition Period;
- collections and other payments received on account of the Financed Student Loans;
- money and investments held in funds created under the Indenture, including the Acquisition Fund, the Collection Fund, Capitalized Interest Fund, and the Debt Service Reserve Fund, but excluding the Department Reserve Fund; and
- any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture.

A Guaranty Agency guarantees, and the U.S. Department of Education reinsures, the Financed Student Loans, both to the maximum extent permitted by the Higher Education Act.

Joint Sharing Agreement

Due to a U.S. Department of Education policy limiting the granting of eligible lender identification numbers, billings submitted to the U.S. Department of Education for origination fees, Interest Subsidy Payments, and Special Allowance Payments with respect to other EFS-related trust estates may be consolidated with billings for the payments for FFELP loans using the same lender identification number. U.S. Department of Education payments are made in lump sum form. The same may be applicable with respect to payments by a Guaranty Agency. In addition, if amounts are owed from other unrelated EFS trust estates to the U.S. Department of Education, U.S. Department of Education lump sum payments may be offset by these amounts and therefore may affect other trust estates using the same eligible lender number. We have agreed, in a joint sharing agreement with EFS, the Seller and certain other affiliates of EFS to allocate properly and to pay to or from the applicable trust estate amounts that

should be reallocated to reflect payment on the FFELP loans of each such trust estate.

Description of Funds and Accounts

On the Issue Date, we will make a deposit to the Acquisition Fund in an amount sufficient to acquire Student Loans on or about the Issue Date or during the Acquisition Period and will pledge and transfer such Financed Student Loans to the Trust Estate.

The Acquisition Period will begin on the Issue Date and will end on the tenth Business Day thereafter. Any amounts remaining in the Acquisition Fund at the end of the Acquisition Period will be transferred to the Collection Fund.

The Collection Fund

The Trustee will establish the Collection Fund as part of the Trust Estate. The Trustee will deposit into the Collection Fund all moneys received by or on behalf of the Issuer as assets of, or with respect to, the Trust Estate.

Moneys on deposit in the Collection Fund will be used as described below under "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum.

The Department Reserve Fund

A Department Reserve Fund will be established under the Indenture. The Department Reserve Fund will not be a part of the Trust Estate. Amounts on deposit in the Department Reserve Fund will be used as directed by the Issuer to pay amounts due and payable by the Issuer to the U.S. Department of Education related to the Financed Student Loans or any payment due and payable to a Guaranty Agency relating to its guaranty of Financed Student Loans, or any such payment due to the Issuer, another entity or trust estate if amounts under the Indenture due to the U.S. Department of Education or a Guaranty Agency with respect to the Financed Student Loans were paid by the Issuer or such other entity or trust estate pursuant to a joint sharing agreement. We refer to such amount as the "Department Reserve Fund Amount." The Department Reserve Fund will be funded as described under "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum in an amount equal to the Department Reserve Fund Amount of the Issuer for the current month and such additional amount as we deem appropriate (not to exceed three months' of Department Reserve Fund Amounts as determined by the Issuer). We refer to this amount as the "Department Reserve Fund Requirement." Amounts in the Department Reserve Fund in excess of the Department Reserve Fund Requirement will be transferred to the Collection Fund.

The Capitalized Interest Fund

The Capitalized Interest Fund will be created with an initial deposit by the Issuer on the Issue Date of cash in an amount equal to $2,406,036. The initial deposit will not be replenished. Amounts held from time to time in the Capitalized Interest Fund will be held for the benefit of the Noteholders. If on any Distribution Date, the amount of Available Funds is insufficient to pay any of the items specified in clauses (i), (ii), (iii), (iv) and (v) under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" in this Private Placement Memorandum, amounts on deposit in the Capitalized Interest Fund on that Distribution Date will be withdrawn by the Trustee to cover such shortfalls, to the extent of funds on deposit therein, and will be allocated in the same order of priority as shown under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" in this Private Placement Memorandum. If on any Monthly Expense Payment Date, the amount of Available Funds is insufficient to pay any of the items due on such date as described under "THE TRUST ESTATE—Flow of Funds—Monthly Expense Payment Dates" in this Private Placement Memorandum, amounts on deposit in the Capitalized Interest Fund on that Monthly Expense Payment Date will be withdrawn by the Trustee to cover such shortfalls, to the extent of funds on deposit therein, and will be allocated in the same order of priority shown under "THE TRUST ESTATE—Flow of Funds—Monthly Expense Payment Dates" in this Private Placement Memorandum.

All funds remaining on deposit in the Capitalized Interest Fund on the July 2011 Distribution Date will be transferred to the Collection Fund and included in Available Funds on that Distribution Date. The Capitalized Interest Fund is intended to enhance the likelihood of timely distributions of interest to the Noteholders through the July 2011 Distribution Date.

The Debt Service Reserve Fund

The Trustee will establish the Debt Service Reserve Fund as part of the Trust Estate. On the Issue Date, we will make a deposit to the Debt

Service Reserve Fund in the amount of $601,509. The Debt Service Reserve Fund is subject to a minimum amount equal to the greater of 0.25% of the Pool Balance or 0.15% of the Initial Pool Balance. We refer to such minimum amount as the "Debt Service Reserve Fund Requirement." On any Monthly Expense Payment Date or Distribution Date, moneys in the Debt Service Reserve Fund will be used to pay any of the items specified in clauses (i), (ii), (iii) and (iv) under "THE TRUST ESTATE—Flow of Funds—Monthly Expense Payment Dates" and in clauses (i), (ii), (iii), (iv) and (v) under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" in this Private Placement Memorandum, in each case, to the extent available and to the extent Available Funds for the related collection period in the Collection Fund and moneys in the Capitalized Interest Fund are insufficient for such purposes as described herein. To the extent the amount on deposit in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement, the Debt Service Reserve Fund will be replenished on each Distribution Date from funds available in the Collection Fund as described below under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" in this Private Placement Memorandum. Funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will be transferred to the Collection Fund. Amounts on deposit in the Debt Service Reserve Fund, other than amounts in excess of the Debt Service Reserve Fund Requirement, will not be available to make principal payments on the Notes except upon their Stated Maturity or earlier if amounts on deposit in the Debt Service Reserve Fund, together with other Available Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes as described below under "DESCRIPTION OF THE NOTES—Mandatory Redemption" or if the Notes are accelerated following an Event of Default under the Indenture.

Characteristics of the Financed Student Loan Portfolio

On the Issue Date or during the Acquisition Period, the Issuer will acquire through its Eligible Lender Trustee a portfolio of Student Loans, which are described more fully below under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO". As of the Statistical Cut-off Date, the weighted average annual interest rate of the Student Loans was approximately 5.273% and their weighted average remaining term to scheduled maturity was approximately 214 months. The Financed Student Loans we expect to acquire during the Acquisition Period through our Eligible Lender Trustee will be subsidized and unsubsidized Stafford loans, unsubsidized PLUS loans and Consolidation loans under FFELP. The Indenture does not permit the funding of private student loans with the proceeds of the Notes.

Flow of Funds

Moneys on deposit in the Collection Fund will be transferred or distributed by the Trustee on each Monthly Expense Payment Date and each Distribution Date in the priority described below. There will not be a Monthly Expense Payment Date in the months that include a Distribution Date.

On each Monthly Expense Payment Date, the Trustee will transfer or distribute from Available Funds on deposit in the Collection Fund the following amounts in the following priority:

(i) an amount sufficient to make the balance in the Department Reserve Fund equal to the Department Reserve Fund Requirement;

(ii) the portion of the annual Trustee Fee then due (which Trustee Fee shall be paid quarterly) and any Trustee Fee remaining unpaid from prior Distribution Dates;

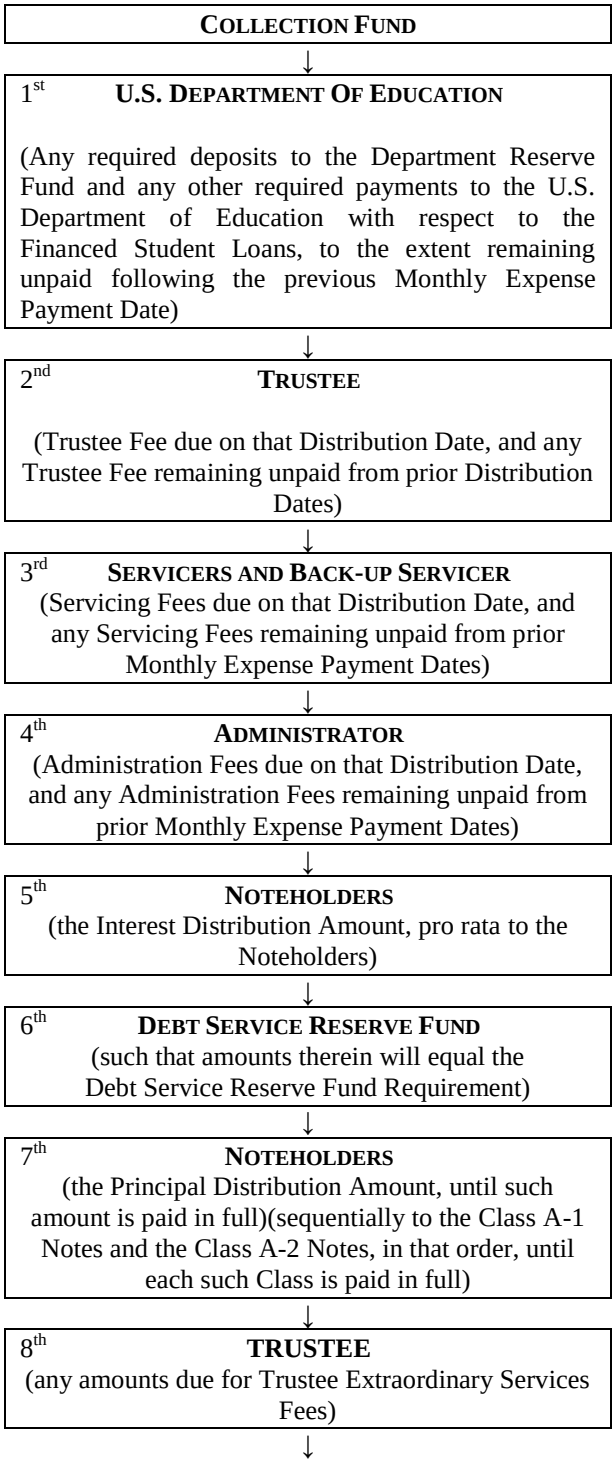
(iii) Servicing Fees due with respect to the preceding calendar month (which will be an amount equal to one-twelfth of the annual Servicing Fees) and any Servicing Fees remaining unpaid from prior Monthly Expense Payment Dates; and

(iv) Administration Fees due with respect to the preceding calendar month (which will be an amount equal to one-twelfth of the annual Administration Fees) and any Administration Fees remaining unpaid from prior Monthly Expense Payment Dates.

These deposits and distributions will be made from Available Funds in the Collection Fund on that Monthly Expense Payment Date; and, if necessary, from amounts transferred from the Capitalized Interest Fund and then from amounts transferred from the Debt Service Reserve Fund.

On each Distribution Date prior to an Event of Default, Available Funds on deposit in the Collection Fund, as of the last day of the month prior

to such Distribution Date, will be used to make the following deposits and distributions, to the extent funds are available, as set forth in the following chart:



See "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum.

Flow of Funds After Events of Default

After the occurrence of an Event of Default under the Indenture, payments of principal and interest on the Notes will be made in accordance with the provisions of the Indenture. See "EXHIBIT III—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies." Following the occurrence of an Event of Default and acceleration of the Notes, principal payments will be made to the Class A-1 Notes and the Class A-2 Notes, pro rata.

Initial Parity Ratio

Based upon information relating to the portfolio of Student Loans as of the Statistical Cut-off Date and certain cash flow modeling assumptions summarized herein under EXHIBIT VI—PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES, the Issuer estimates that the Parity Ratio will be approximately 106.89% on the Issue Date. The "Parity Ratio" means, (a) on the Issue Date, (i) the Adjusted Pool Balance (as defined in this Private Placement Memorandum) on the Issue Date divided by (ii) the Outstanding Principal Balance of the Notes on the Issue Date, and (b) on any Distribution Date, (i) the Adjusted Pool Balance divided by (ii) the Outstanding Principal Balance of the Notes, after giving effect to distributions to be made on that Distribution Date. The Student Loans actually pledged under the Indenture on the Issue Date or during the Acquisition Period will have characteristics that differ somewhat from the characteristics of the Student Loans described herein due to payments received on and other changes in the Student Loans that occur during the period from the Statistical Cut-off Date to the end of the Acquisition Period. These changes could result in the actual Parity Ratio on the Issue Date

varying somewhat from the estimated Parity Ratio set forth above. However, the Issuer does not expect that the actual Parity Ratio on the Issue Date will differ materially from the estimated Parity Ratio provided above. The Parity Ratio for each Distribution Date will be reported in the related Distribution Date Information Form. The Parity Ratio will be tracked only for such reporting purposes. Therefore, the level of the Parity Ratio, which will vary from time to time, will not affect the flow of funds under the Indenture, including but not limited to the amount that is required to be distributed on the Notes, on any Distribution Date or at any other time.

Credit Enhancement

Credit enhancement for the Notes will include overcollateralization, excess interest on the Financed Student Loans and cash on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund as described below under "THE TRUST ESTATE—Capitalized Interest Fund" and "—The Debt Service Reserve Fund."

Administration

EFS will serve as Administrator for the Issuer and will be paid an Administration Fee equal to 0.25% of the outstanding principal of the Financed Student Loans annually, payable proportionately in arrears on each Distribution Date and Monthly Expense Payment Date. Certain Rating Agency fees will additionally be paid annually as part of the Administration Fees.

Optional Redemption, Mandatory Redemption and Mandatory Auction

The Notes are subject to redemption in whole prior to maturity at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date (as described below) from proceeds deposited into the Collection Fund from the sale of the Financed Student Loans by the Issuer pursuant to the exercise of the sale option granted to the Issuer under the Indenture. The Issuer will have the option to sell the Financed Student Loans as of the last day of any Collection Period immediately preceding a Distribution Date whenever the then outstanding Pool Balance is 10% or less of the Initial Pool Balance. To exercise such option, the Issuer is required to deposit, in the Collection Fund, on or prior to the next Distribution Date, an amount equal to the greater of (i) the Minimum Purchase Amount (as defined below), and (ii) the fair market value of the Financed Student Loans, as determined by a third-party financial advisor, acceptable to the Issuer, with nationally recognized experience in the securitization of student loans, and which may be an underwriter of the Notes, but may not be the Issuer or an affiliate of the Issuer (the "Third-Party Financial Advisor"). In the event that the Issuer effects the sale of the Financed Student Loans, the Notes will be subject to redemption in whole on the next Distribution Date with the proceeds from the sale of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund. See "DESCRIPTION OF THE NOTES—Optional Redemption" herein. The Trustee will, upon an election of the Issuer to sell the Financed Student Loans as described above, give prompt written notice of such election to the Noteholders specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

"Minimum Purchase Amount" means, for any Distribution Date, that amount which, when added to all moneys in the Debt Service Reserve Fund, would be sufficient to (i) reduce the Outstanding Principal Balance of the Notes on such Distribution Date to zero, (ii) pay to the Noteholders the accrued interest on the Notes payable on such Distribution Date, and (iii) pay any accrued and unpaid fees and expenses under the Indenture, including any amounts deposited in the Department Reserve Fund and payable to the U.S. Department of Education with respect to the Financed Student Loans.

The Notes are also subject to mandatory redemption from (i) excess Available Funds on deposit in the Collection Fund after payments on the Notes and other required amounts are made in accordance with the priority of payments described under "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum and (ii) amounts on deposit in the Debt Service Reserve Fund (after all required transfers and distributions have been made therefrom) when such amounts, together with other Available Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes. The redemption price for the Notes will be 100% of the principal amount thereof plus interest accrued to the redemption date. The Trustee will give prompt written notice of a mandatory redemption to the Noteholders specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

In addition, the Notes are subject to redemption in whole prior to maturity at a redemption price of 100% of the principal amount

thereof plus interest accrued to the redemption date (as described below) from proceeds of the sale of the Financed Student Loans on a Student Loan Auction Date (as defined below). If the Notes have not been redeemed as a result of the exercise by the Issuer of its option to sell the Financed Student Loans on the first Distribution Date after the date when the Pool Balance is equal to 10% or less of the initial Pool Balance, the Issuer is required to engage a Third-Party Financial Advisor to try to complete an auction of the Financed Student Loans on the date that is three Business Days prior to the next Distribution Date (the "Student Loan Auction Date"). In connection with any auction of the Financed Student Loans at which at least three (3) bids are received, the Third-Party Financial Advisor, on behalf of the Issuer, will solicit and resolicit new bids from all participating bidders until only one bid remains or the remaining bidders decline to resubmit bids. The Third-Party Financial Advisor, on behalf of the Issuer, will accept the highest of such remaining bids if it is equal to or in excess of the greater of the Minimum Purchase Amount or the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor. If at least (3) bids are not received, or the highest bid after the resolicitation process is completed is not equal to or in excess of the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor, the Third-Party Financial Advisor will not consummate such sale. If the sale is not consummated as described above, the Third-Party Financial Advisor, on behalf of the Issuer, will continue to solicit and re-solicit bids for sale of the Financed Student Loans, with respect to future Distribution Dates upon terms similar to those described above, including the Issuer's waiver of its option to sell the Financed Student Loans, with respect to each such future Distribution Date, until the Third-Party Financial Advisor has received at least one bid that is equal to or in excess of the greater of (i) the Minimum Purchase Amount and (ii) the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor. In the event that there is a successful auction of the Financed Student Loans as described above, the Notes will be subject to redemption in whole on the next Distribution Date immediately following such auction with the proceeds from the sale of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund. See "DESCRIPTION OF THE NOTES—Mandatory Auction" herein. Upon a successful auction of the Financed Student Loans as described above, the Trustee will give prompt written notice to the Noteholders of the occurrence of such event specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

Book-Entry Registration

The Notes will be delivered in book-entry form through The Depository Trust Company. You will not receive a certificate representing your Notes except in very limited circumstances. See "EXHIBIT IV—BOOK ENTRY SYSTEM" and "EXHIBIT V—GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES."

Transfer Restrictions

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. Subsequent purchasers or transferees must be Qualified Institutional Buyers (as hereinafter defined). Prospective purchasers should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time. See "NOTICE TO INVESTORS: TRANSFER RESTRICTIONS."

Ratings

It is a condition to the issuance of the Notes that they be rated "AAA" by Fitch and "AAA" by S&P. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revisions or withdrawal at any time by the assigning rating agency. See "RATINGS" herein.

Considerations for ERISA and Other U.S. Benefit Plan Employee Benefit Plan Investors

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), place certain restrictions on those pension and other employee benefit plans (each a "Benefit Plan Investor") to which such statues apply. Governmental and certain church plans are not subject to the fiduciary and prohibited transaction provision of ERISA or the Code, but may be subject to similar restrictions under applicable state, local or other law ("Similar Law"). Subject to the considerations discussed under "Considerations for ERISA and Other U.S. Benefit Plan Investors," the Notes are eligible for purchase by Benefit Plan Investors, governmental plans and church plans.

Fiduciaries of such plans and accounts are urged to carefully review the matters discussed in this Memorandum and consult with their legal advisors before making an investment decision.

By its acquisition of a Note (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) shall be deemed to represent and warrant that either (i) it is not acquiring such Note (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of such Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a nonexempt violation of any Similar Law.

See "CONSIDERATIONS FOR ERISA AND OTHER US BENEFIT PLAN INVESTORS" in this Private Placement Memorandum.

Tax Matters

Nixon Peabody LLP will deliver its opinion that, for federal income tax purposes, (i) the Notes will be treated as debt to a holder thereof other than the beneficial owner of the Financed Student Loans, and (ii) the Issuer will be treated as a disregarded entity. See "TAX MATTERS" in this Private Placement Memorandum.

Reports to Noteholders

Under the Indenture, the Issuer has agreed to make available quarterly reports to Noteholders on EFS' web site at www.edsouth.org. See "REPORTS TO NOTEHOLDERS" in this Private Placement Memorandum. These periodic reports will contain information concerning the Notes.

CUSIP Number[*]:

Class A-1 Notes: **26844VAA4**

Class A-2 Notes: 26844VAB2

International Securities Identification Number (ISIN):

Class A-1 Notes: **US26844VAA44**

Class A-2 Notes: **US26844VAB27**

[*] Copyright 2007, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of noteholders only at the time of issuance of the Notes and the Issuer does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

RISK FACTORS

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

Experience May Vary from Assumptions

There can be no assurance that the assumptions and considerations relied upon by us with respect to our expectations concerning the timing and sufficiency of receipts of distributions with respect to the Trust Estate are accurate or that actual experience will not vary from such assumptions and considerations.

Interest Rates and Differentials

There is a degree of basis risk associated with the Notes. Basis risk is the risk that shortfalls might occur because the interest rates of the Financed Student Loans and those of the Notes adjust on the basis of different indexes or at different times. As described above, the interest rates on the Notes will be based on LIBOR, thus the interest rates on the Notes are variable and will fluctuate from one Interest Period to another in response to changes in benchmark rates, general market conditions, national and international conditions, and numerous other factors, all of which are totally beyond our control or anticipation. We can make no representation as to what these rates may be in the future. The interest payments, and certain other interest related payments, received by us from the Financed Student Loans will also vary from time to time based on changes in the bond equivalent rate of U.S. Treasury Bills and Commercial Paper rates, as applicable. Because of the differences in the bases for the calculation of interest payable on the Notes and the determination of the interest and interest-related payments received by us from the Financed Student Loans, there could be times when payments received by the Trust Estate are not sufficient to cover principal and/or interest payments to be made on the Notes and other costs of the Issuer in administering our program. Further, proceeds of the Notes and moneys in the funds and accounts under the Indenture may be invested from time to time in Investment Securities that bear interest at rates that fluctuate and that differ from, and may be less than, the interest rates on the Notes.

Changes to Federal Law

Changes to Federal Law, including the recent enactment of the Health Care and Education Reconciliation Act of 2010 ("HCEARA" or the "Reconciliation Act"), changes to the Higher Education Act and other applicable law and other Congressional action may affect your notes and the Financed Student Loans. On March 30, 2010, the HCEARA was enacted into law. Effective July 1, 2010, the Reconciliation Act eliminates the FFELP and the origination of new FFELP loans after June 30, 2010. All loans made under the Higher Education Act beginning on July 1, 2010 will be originated under the Federal Direct Student Loan Program (the "Direct Loan Program"). The terms of existing FFELP loans are not materially affected by the Reconciliation Act.

In addition to the passage of the Reconciliation Act, Title IV of the Higher Education Act and the regulations promulgated by the United States Department of Education (the "Department of Education") thereunder have been the subject of frequent and extensive amendments and reauthorizations in recent years. See "EXHIBIT I — SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto for more information on the Higher Education Act and various amendments thereto. Additional legislation has been proposed or passed by members of either the U.S. House of Representatives or the U.S. Senate. Among other things, some of such legislation increases lender disclosure requirements, restricts lender marketing practices, restricts the way lenders interact with educational institutions, and restricts the means by which educational institutions choose or allow lenders to originate loans at their institution. There can be no assurance that relevant federal laws, including the Higher Education Act, will not be changed in a manner that might adversely affect the Issuer and the Financed Student Loans.

The Issuer cannot predict the effects of the passage of the Reconciliation Act or whether any other changes will be made to the Higher Education Act or other relevant federal laws, and rules and regulations promulgated by the Secretary of Education in future legislation, or the effect of such legislation on the Issuer, the Servicers, the guaranty agencies, the Financed Student Loans or the Issuer's loan programs, including on our ability to have the Financed Student Loans serviced on similar terms and conditions as the Financed Student Loans are currently being serviced.

See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."

Competition from the Federal Direct Student Loan Program and other lenders

The Direct Loan Program was established under the Student Loan Reform Act of 1993. Under the Direct Loan Program, approved institutions of higher education, or alternative loan originators approved by the Department of Education, make loans to students or parents without application to or funding from outside lenders or guarantors. The Department of Education provides the funds for such loans, and the program provides for a variety of flexible repayment plans, including consolidations under the Direct Loan Program of existing FFELP student loans. Such consolidation permits borrowers to prepay existing student loans and consolidate them into a Federal Direct Consolidation Loan under the Direct Loan Program. As a result of the enactment of the Reconciliation Act, no FFELP loans will be originated after June 30, 2010, and all loans made under the Higher Education Act will be originated under the Direct Loan Program. The Direct Loan Program also results in a reduced volume and variety of student loans available to be purchased by EFS and may result in prepayments of financed student loans if such financed student loans are consolidated under the Direct Loan Program.

Due to the limited recourse nature of the trust estate created under the Indenture for the notes, competition from the Direct Loan Program should not impact the payment of the notes unless it causes (a) erosion in the finances of the Issuer or EFS to such an extent that they cannot honor their respective repurchase, administration or similar obligations under the Indenture or (b) causes the interest rates on the notes to increase more than the interest rates and subsidies received by the Issuer on the financed student loans, or (c) prepayments of financed student loans if such financed student loans are consolidated under the Direct Loan Program.

Noncompliance with the Higher Education Act

Noncompliance with the Higher Education Act with respect to Financed Student Loans may adversely affect payment of principal of and interest on the Notes when due. The Higher Education Act and the applicable regulations thereunder require the lenders making FFELP loans, guaranty agencies guaranteeing FFELP loans, and lenders or servicers servicing FFELP loans to follow certain due diligence procedures in an effort to ensure that FFELP loans are properly made and disbursed to, and timely repaid by, the borrowers. Such due diligence procedures include certain loan application procedures, certain loan origination procedures and, when a FFELP loan is delinquent, certain loan collection procedures. The procedures to make, guarantee, and service FFELP loans are set forth in the Code of Federal Regulations and other documents of the U.S. Department of Education, and no attempt has been made in this Private Placement Memorandum to describe those procedures in their entirety. Failure to follow such procedures may result in the Secretary's refusal to make reinsurance payments to a guaranty agency on such loans or may result in the guaranty agency's refusal to honor its guarantee on such loans to holders of FFELP loans, including the Eligible Lender Trustee on behalf of the Issuer. Such action by the Secretary could adversely affect a Guaranty Agency's ability to honor guarantee claims, and loss of guarantee payments to us could adversely affect our ability to make payment of principal of and interest on the Notes from assets in the Trust Estate.

Eligible Lender Trustee under the Higher Education Act

The Higher Education Act provides that only "eligible lenders" may hold title to loans made under the FFELP. Our Eligible Lender Trustee may become disqualified as an "eligible lender" under the Higher Education Act or fail to comply with the provisions of the Higher Education Act. In such an event, a suitable replacement eligible lender trustee must be appointed. Failure of the Financed Student Loans to be owned by an eligible lender would result in the loss of guarantee payments, Interest Subsidy Payments and Special Allowance Payments with respect thereto.

Timing and Sufficiency of Receipts

Amounts received with respect to the Trust Estate, including, but not limited to, Financed Student Loans, may vary materially in both timing of receipts and amounts received as a result of innumerable factors (by way of example only, collectability of loans and guaranty or other payments with respect thereto, deferral or forbearance of a borrower's repayment obligation, timing of the quarterly filings for and receipt of interest subsidy payments and special allowance payments with respect to Student Loans, general economic conditions that can affect the ability of

borrowers to pay principal of and interest on Student Loans, or default claims that can affect the solvency of a Guaranty Agency). For loans disbursed prior to April 1, 2006, lenders are entitled to retain interest income in excess of the special allowance support level in instances when the loan rate exceeds the special allowance support level. However, lenders are not allowed to retain interest income in excess of the special allowance support level on loans disbursed on or after April 1, 2006, and are required to rebate any such "excess interest" to the federal government on a quarterly basis. This modification effectively limits lenders' returns to the special allowance support level and could require a lender to rebate excess interest accrued but not yet received. For fixed rate loans, the excess interest owed to the federal government will be greater when commercial paper rates are relatively low, causing the special allowance support level to fall below the loan rate. See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM." There can be no assurance that such factors or other types of factors will not occur or that, if they occur, such occurrence will not materially adversely affect the sufficiency of the Trust Estate to pay the principal of and interest on the Notes, as and when due.

Uncertainty as to Available Remedies

The remedies available to owners of the Notes upon the occurrence of an Event of Default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Notes will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, judicial discretion, or other similar laws affecting the rights of creditors generally. There can be no assurance that the occurrence of an Event of Default or a bankruptcy, reorganization, or insolvency proceeding will not occur or that, if they occur, such occurrence will not materially adversely affect our ability to pay the principal of and interest on the Notes from the assets in the Trust Estate, as and when due.

Bankruptcy or Insolvency of the Issuer

If the Issuer were to become a debtor in a case under Title 11 of the United State Code, among other things, payments to the Eligible Lender Trustee or to Noteholders would be stayed and a bankruptcy court could confirm a plan that could affect the rights of the Eligible Lender Trustee or the Noteholders by reducing or eliminating the amount of the Issuer's indebtedness, deferring or rearranging the debt service schedule(s), reducing or eliminating the interest rate(s), modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising, modifying, or terminating and discharging the rights and remedies of the Eligible Lender Trustee or the Noteholders against the Issuer. Furthermore, a bankruptcy court has the power to avoid and recover certain payments made to creditors prior to the filing of the bankruptcy case.

Bankruptcy or Insolvency of EFS or the Seller

EFS is the sole member of the Issuer. We have taken steps to ensure that a bankruptcy proceeding involving EFS, the Seller or any other subsidiary of EFS under the United States Bankruptcy Code will not result in consolidation of the assets and liabilities of the Issuer with those of EFS, the Seller or any other subsidiary of EFS. EFS is a nonprofit, public benefit Tennessee corporation and the Issuer and the Seller were established as special purpose Delaware limited liability companies. However, we cannot guarantee that the steps we have taken will be successful, that EFS or the Seller will not become a debt or in bankruptcy proceeding or that the activities of EFS, the Seller or any other subsidiary of EFS will not result in a court concluding that our assets and liabilities should be consolidated with those of EFS, the Seller or any other subsidiary of EFS in a proceeding under any insolvency law. If a court were to reach this conclusion or a filing were made under any insolvency law by or against us, or if an attempt were made to litigate this issue, then delays in distributions on the Notes or reductions in these amounts could result.

We intend that each transfer of Student Loans to the Issuer will constitute a true sale and we have taken steps to structure each of our loan purchases such that the loans purchased should not be included in the bankruptcy estate of EFS or the Seller if either of them should become bankrupt. If a court disagrees with this position, we could experience delays in receiving payments on the Student Loans and this could then result in delays in investors

receiving principal and interest on the Notes, or even a reduction in payments on the Notes. If EFS or the Seller were to become subject to an insolvency law, and a creditor, a trustee-in-bankruptcy or EFS or the Seller itself were to take the position that the sale of Student Loans to the Issuer should instead be treated as a pledge of the Student Loans to secure a borrowing of that Seller, delays in payments on the Notes could occur as payments to the Eligible Lender Trustee or Noteholders would be stayed and a bankruptcy court could confirm a plan that could affect the Eligible Lender Trustee or the Noteholders by reducing or eliminating the amount of the Issuer's indebtedness, deferring or rearranging the debt service schedule(s), reducing or eliminating the interest rate(s), modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising, modifying, or terminating and discharging the rights and remedies of the Eligible Lender Trustee or Noteholders against the Issuer. Furthermore, a bankruptcy court has the power to avoid and recover certain payments made to creditors prior to the filing of the bankruptcy case. A court could also subject the Student Loans to a superior tax or government lien arising before the sale of the Student Loans to the Issuer.

The Financed Student Loans are Unsecured and the Ability of a Guaranty Agency to Honor its Guarantee May Become Impaired

The Higher Education Act requires that all FFELP loans be unsecured. As a result, the only security for payment of the Financed Student Loans held in the Trust Estate are the guarantee provided by a Guaranty Agency.

A deterioration in the financial status of a guaranty agency and its ability to honor guarantee claims on defaulted FFELP loans could delay or impair the guaranty agency's ability to make claims payments. The financial condition of a guaranty agency can be adversely affected if it submits a large number of reimbursement claims to the U.S. Department of Education, which results in a reduction of the amount of reimbursement that the U.S. Department of Education is obligated to pay the guaranty agency. The U.S. Department of Education may also require a guaranty agency to return its reserve funds to the U.S. 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 a Guaranty Agency to meet its guarantee obligations could reduce the amount of money available to pay principal and interest to you as an owner of Notes or delay those payments past their due date.

If the U.S. Department of Education has determined that a guaranty agency is unable to meet its guarantee obligations, the loan holder may submit claims directly to the U.S. Department of Education and the U.S. Department of Education is required to pay the full guarantee claim amount due with respect to such claims. However, the U.S. Department of Education's obligation to pay guarantee claims directly in this fashion is contingent upon the U.S. Department of Education's making the determination that a guaranty agency is unable to meet its guarantee obligations. The U.S. Department of Education may not ever make this determination with respect to a Guaranty Agency and, even if the U.S. Department of Education does make this determination, payment of the guarantee claims may not be made in a timely manner.

The Federal Direct Student Loan Program could result in reduced revenues for the Servicers and Guarantors

The Federal Direct Student Loan Program, established under the Higher Education Act, may result in reductions in the volume of loans made under FFELP. If so, the Servicers may experience increased costs due to reduced economies of scale. These cost increases could reduce the ability of each Servicer to satisfy its obligations to service the Financed Student Loans. This increased competition from the Federal Direct Student Loan Program could also reduce revenues of guarantors that would otherwise be available to pay claims on defaulted student loans. The level of demand currently existing in the secondary market for loans made under FFELP could be reduced, resulting in fewer potential buyers of the student loans and lower prices available in the secondary market for those loans. The U.S. Department of Education also has implemented a direct consolidation loan program, which may reduce the volume of loans outstanding under FFELP and result in prepayments of Student Loans.

Payment Offsets by a Guaranty Agency or the U.S. Department of Education Could Prevent the Issuer from Paying You the Full Amount of the Principal and Interest Due on Your Notes

The Eligible Lender Trustee on behalf of the Issuer may use the same U.S. Department of Education lender identification number for Financed Student Loans as it uses for other FFELP loans it holds that are not part of the

Trust Estate. If so, the billings submitted to the U.S. Department of Education and the claims submitted to a Guaranty Agency with respect to such Financed Student Loans will be consolidated with the billings and claims for payments for FFELP loans that are not part of the Trust Estate using the same lender identification number. Payments on those billings by the U.S. Department of Education as well as claim payments by a Guaranty Agency will be made to the Eligible Lender Trustee on behalf of the Issuer in lump sum form. Those payments may need to be allocated by a Servicer for the benefit of the Issuer among FFELP loans in various trust estates that reference the same lender identification number.

If the U.S. Department of Education or a Guaranty Agency determines that the Eligible Lender Trustee on behalf of the Issuer owes it a liability on any FFELP loan, the U.S. Department of Education or a Guaranty Agency may seek to collect that liability by offsetting it against payments due to the Eligible Lender Trustee on behalf of the Issuer in respect of the Financed Student Loans. Any offsetting or shortfall of payments due to the eligible Lender Trustee on behalf of the Issuer could adversely affect the amount of funds available to the Trust Estate and thus the Issuer's ability to pay you principal and interest on your Notes from assets in the Trust Estate.

The Servicing Function may be Transferred, Resulting in Additional Costs to Us, Increased Servicing Fees, or a Diminution in Servicing Performance, Which Could Cause Delays in Payment or Losses on the Notes

In the event that servicing functions with respect to FFELP loans are transferred to a successor Servicer, we cannot predict the cost of the transfer of servicing to the successor, the ability of the successor to perform the obligations and duties of the servicer under any servicing agreement, or the servicing fees charged by the successor. Among the events that could cause a transfer of servicing are material breaches of or defaults under the related servicing agreement or the exercise by the Servicer of a resignation or termination right under the related servicing agreement, as described in the following risk factor. The occurrence of these events could adversely affect us or our ability to pay principal of and interest on the Notes from the assets in the Trust Estate.

The Bankruptcy Of A Servicer Could Delay The Appointment Of A Successor Servicer Or Reduce Payments On Your Notes

In the event of default by a Servicer resulting solely from certain events of insolvency or the bankruptcy of the Servicer, a court, conservator, receiver or liquidator may have the power to prevent either the Trustee or the Noteholders from appointing a successor Servicer or prevent the Servicer from appointing a sub-servicer, as the case may be, and delays in the collection of payments on the Financed Student Loans may occur. Any delay in the collection of payments on the Financed Student Loans may delay or reduce payments to Noteholders.

The Servicing Agreements (including the Back-up Servicing Agreement) May Be Terminated Prior to the Payment in Full of the Notes

Under the terms of the Servicing Agreements (including the Back-up Servicing Agreement as defined herein), the Servicers and the Back-up Servicer may resign or the agreements may be terminated prior to the payment in full of the Notes, and such resignation or termination is not subject to the appointment of a successor Servicer or Back-up Servicer. See "STUDENT LOAN SERVICING—Description of the Servicing Agreement with Edfinancial Services," "—Description of the Servicing Agreement with Great Lakes", "—Description of the Servicing Agreement with PHEAA" and "—Description of the Back-up Servicing Agreement with PHEAA" in this Private Placement Memorandum. In the event of any such resignation or termination, the Issuer would be required to obtain the services of a comparable replacement servicer that is eligible to service FFELP loans. There can be no assurance regarding the availability or cost of a replacement servicer. Any of the foregoing could result in some disruption of the collection activity with respect to the Financed Student Loans, which may cause delayed or reduced payments on the Notes, and could reduce the market value of the Notes.

The Fees Charged Under the Servicing Agreements (including the Back-up Servicing Agreement) Are Subject to Increases and Noteholders Will Bear the Risk of Any Such Increases

The contracts with each Servicer and the Back-up Servicer provide for monthly fees for the servicing of Financed Student Loans according to schedules set forth in each Servicing Agreement (including the Servicing

Agreement with the Back-up Servicer). The fees are charged on a per borrower basis or a percentage of the principal balance of the Financed Student Loans serviced. As of the Statistical Cut-off Date, the Servicing Fees were approximately 0.9% per annum of the principal balance of the Stafford/PLUS Financed Student Loans in repayment, 0.6% per annum of the principal balance of the Stafford/PLUS Financed Student Loans in statuses other than repayment, and 0.4% per annum of the principal balance of the Consolidation Financed Student Loans. The Servicing Agreement with the Back-up Servicer provides for fees of $40,000 per annum. The fees of the Servicers and the Back-up Servicer are generally subject to increases upon prior written notice under each Servicing Agreement. As a result, our estimation of the current Servicing Fees may be materially different from the future Servicing Fees that are actually paid.

The fees payable to the Servicers are senior in priority to payments on the Notes. Thus Noteholders will bear the risks associated with any such increases, and could suffer losses on their investments as a result.

Indemnity by Servicers with Respect to Financed Student Loans

Under their respective servicing agreements, each of PHEAA, Edfinancial Services and Great Lakes agrees to indemnify the Issuer for certain losses, liabilities and expenses arising out of or relating to certain breaches, acts or omissions on the part of PHEAA, Edfinancial Services or Great Lakes, as applicable, with regard to the performance of services under the respective agreements. However, the amount of funds available to the Trust Estate from such indemnification may not necessarily be adequate to compensate the Trust Estate and investors in the Notes for any previous reduction in the Available Funds.

Treatment of Student Loans Upon Breach of Representations and Warranties under Student Loan Purchase Agreement

Under our Student Loan Purchase Agreement, the seller has made certain representations and warranties to us with respect to the Student Loans purchased by us. Under this Student Loan Purchase Agreement, if the seller fails to comply with certain representations and warranties set forth therein, we, under certain circumstances, may compel the repurchase of such Student Loans. For certain failures to comply with the representations and warranties, or for other breaches of contract, we may also be indemnified for the loss. The seller may not have sufficient assets to repurchase the Student Loans or indemnify us for such loss at such time. Failure to repurchase or receive adequate indemnification may cause some of the Student Loans held in the Trust Estate to be held as Financed Student Loans without U.S. Department of Education reinsurance, Interest Subsidy Payments and Special Allowance Payments. Failure to receive adequate indemnification may cause our Trust Estate to suffer a loss.

The Ratings of the Notes are Not A Recommendation to Purchase and May Change, Affecting the Price of Your Notes

It is a condition to the issuance of the Notes that they be rated in the highest rating category of Fitch and S&P. Ratings are based primarily on the creditworthiness of the underlying student loans, the amount of credit enhancement, and the legal structure of the transaction. The ratings are not a recommendation to you to purchase, hold, or sell your Notes inasmuch as the ratings do not comment as to market price or suitability for you as an investor. An additional Rating Agency may rate the Notes, and that rating may not be equivalent to the initial ratings described in this Private Placement Memorandum. Ratings may be increased, lowered, or withdrawn by any Rating Agency if, in the Rating Agency's judgment, circumstances so warrant. A downgrade in the rating of your Notes is likely to decrease the price a subsequent purchaser will be willing to pay for your Notes. The ratings of the Notes by the Rating Agencies will not address the market liquidity of the Notes. Additionally, we note that a rating agency may have a conflict of interest where, as in the case with the ratings of the Notes, the sponsor or the issuer of a security pays the fee charged by the rating agency for its rating services.

Ratings of Other Student Loan Backed Securities May be Reviewed or Downgraded

Recent disruptions in the credit markets, along with concerns over the financial health of several monoline insurers, have caused certain of the rating agencies to announce that they are reviewing or intend to review the ratings assigned to certain securities, including student loan backed securities. Additionally, repeated failed auctions

for many insured and uninsured auction rate securities, including student loan backed auction rate securities, may also cause the rating agencies to announce ratings actions. EFS, an entity distinct from the Issuer, has previously issued student loan backed securities that are student loan backed auction rate securities. Ratings actions may take place at any time. We cannot predict the timing of any ratings actions, nor can we predict whether the ratings assigned to these Notes will be downgraded.

The Notes are not auction rate securities, nor will they be insured by any monoline insurer. However, any further adverse action by the rating agencies regarding securities issued previously by EFS or other entities may adversely affect the market value of the Notes or any secondary market for the Notes that may develop.

You May Have Difficulty Selling your Notes

There currently is no secondary market for the Notes. We cannot assure you that any market will develop or, if it does develop, how long it will last. 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 your Notes. Under current market conditions, you may not be able to sell your Notes when you want to do so or you may not be able to obtain the price that you wish to receive. The market values of the Notes may fluctuate and movements in price may be significant.

The Notes have not been registered under the Securities Act or any state securities or blue sky laws, and, may be purchased only by Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A. These limitations, together with the other restrictions set forth under "NOTICE TO INVESTORS: TRANSFER RESTRICTIONS" in this Private Placement Memorandum, will further limit any secondary market for the Notes and the likelihood that one may develop.

Notes Issued in Book-Entry Form Only

Each class of the Notes will be issued in book-entry form only, represented by a single fully registered note, initially registered in the name of Cede & Co., the nominee of DTC. You will be able to exercise your rights as beneficial owner only indirectly through DTC and its participating organizations (collectively, "DTC Participants").

The furnishing of notices and other communications by DTC to DTC Participants, and directly and indirectly through the DTC Participants to you, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Furthermore, you may suffer delays in the receipt of distributions on the Notes, and your ability to pledge or otherwise take actions with respect to your interest in your Notes may be limited due to the lack of a physical certificate evidencing such interest.

Military Service Obligations and Natural Disasters

Military service obligations and national disasters may result in delayed payments from borrowers.

Congress has enacted statutes and other guidelines that provide relief to borrowers who enter active military service, to borrowers in reserve status who are called to active duty after the origination of their student loan, and to individuals who live in a disaster area or suffer a direct economic hardship as a result of a national emergency. See "—Higher Education Relief Opportunities for Students Act of 2003 May Result in Delayed Payments from Borrowers."

The number and aggregate principal balance of Financed Student Loans that may be affected by the application of these statutes and other guidelines will not be known at the time we issue the Notes. If a substantial number of borrowers of Financed Student Loans becomes eligible for the relief under these statutes and other guidelines, there could be an adverse effect on the total collections on those Financed Student Loans and our ability to make principal and interest payments on the Notes from assets in the Trust Estate.

Higher Education Relief Opportunities for Students Act of 2003 May Result in Delayed Payments from Borrowers

The Higher Education Relief Opportunities for Students Act of 2003 ("HEROS Act of 2003") authorizes the Secretary to waive or modify any statutory or regulatory provisions applicable to student financial aid programs under Title IV of the Higher Education Act as the Secretary deems necessary for the benefit of "affected individuals" who:

- are serving on active military duty or performing qualifying national guard duty during a war or other military operation or national emergency;
- reside or are employed in an area that is declared by any federal, state or local office to be a disaster area in connection with a national emergency; or
- suffered direct economic hardship as a direct result of war or other military operation or national emergency, as determined by the Secretary.

The Secretary is authorized to waive or modify any provision of the Higher Education Act to ensure that:

- such recipients of student financial assistance are not placed in a worse financial position in relation to that assistance;
- administrative requirements in relation to that assistance are minimized;
- calculations used to determine need for such assistance accurately reflect the financial condition of such individuals;
- provision is made for amended calculations of overpayment; and
- institutions of higher education, eligible lenders, guaranty agencies and other entities participating in such student financial aid programs that are located in, or whose operations are directly affected by, areas that are declared to be disaster areas by any federal, state or local official in connection with a national emergency may be temporarily relieved from requirements that are rendered infeasible or unreasonable.

The number and aggregate principal balance of student loans that may be affected by the application of the HEROS Act of 2003 is not known at this time. Accordingly, payments we receive on student loans made to a borrower who qualifies for such relief may be subject to certain limitations. If a substantial number of borrowers become eligible for the relief provided under the HEROS Act of 2003, there could be an adverse effect on the total collections on the trust's student loans and our ability to pay principal and interest on the notes.

Congressional Actions May Affect the Student Loan Portfolio

The U.S. Department of Education's authority to provide interest subsidies, special allowance payments, and guarantees and federal reinsurance for loans originated under the Higher Education Act terminates on a date specified in the Higher Education Act. The Higher Education Act must be reauthorized by Congress periodically in order to prevent sunset of the Higher Education Act. The current reauthorization of the Higher Education Act expires in 2014. Funds for payment of interest subsidies and other payments under the FFELP are subject to annual budgetary appropriation by Congress. Federal budget legislation has in the past contained provisions that restricted payments made under the FFELP to achieve reductions in federal spending. Future federal budget legislation may adversely affect expenditures by the U.S. Department of Education, and the financial condition of a Guaranty Agency.

Congressional amendments to the Higher Education Act or other relevant federal laws, and rules and regulations promulgated by the Secretary, may adversely impact holders of FFELP loans. For example, changes might be made to the rate of interest paid on FFELP loans, to the level of guarantee provided by guaranty agencies or to the servicing requirements for FFELP loans. See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."

Variety of Factors Affecting Borrowers

Collections on the Student Loans during a monthly collection period may vary greatly in both timing and amount from the payments actually due on such Student Loans for that collection period for a variety of economic, social, and other factors.

Failures by borrowers to pay timely the principal and interest on their Financed Student Loans or an increase in deferments or forbearances could affect the timing and amount of available funds for any collection period and our ability to pay principal of and interest on the Notes from the assets in the Trust Estate. The effect of these factors, including the effect on the timing and amount of available funds for any collection period and our ability to pay principal of and interest on the Notes from the assets in the Trust Estate, is impossible to predict.

In general, a guaranty agency reinsured by the U.S. Department of Education will guarantee less than one hundred percent (100%) of each FFELP loan. As a result, if a borrower of a Financed Student Loan defaults, the Issuer may experience a loss of the difference between the guaranteed percentage of the Financed Student Loan and the outstanding principal of and accrued interest on each of the defaulted loans. We have no right to pursue the borrower for the remaining unguaranteed portion. If defaults occur on a Financed Student Loan, you may suffer a delay in payment or a loss on your Notes.

Consumer Protection Laws

Consumer protection laws impose requirements upon lenders and servicers. Some state laws impose finance charge restrictions on certain transactions and require certain disclosures of legal rights and obligations. Furthermore, to the extent applicable, these laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of the loan. As they relate to FFELP loans, these state laws are generally preempted by the Higher Education Act.

Amendments of the Indenture and Waivers of Defaults

Under the Indenture, holders of specified percentages of the aggregate principal amount of Notes may amend or supplement provisions thereof and waive Events of Default and compliance provisions without the consent of the other holders. A holder of the Notes may have no recourse if other holders vote and such holder disagrees with the vote on these matters. The holders may vote in a manner that impairs our ability to pay principal and interest on the Notes from assets in the Trust Estate.

The Notes are Limited Obligations

The Notes are ultimately backed by and will be payable solely from payments and other collections on or in respect of the Financed Student Loans, among other sources of revenue and security within the Trust Estate. See "THE TRUST ESTATE." The Notes are limited obligations of the Issuer and will not and do not represent obligations, or a pledge of the full faith and credit or the taxing power, of the State of Tennessee or any of its agencies or political subdivisions. Payments of interest and principal on the Notes will ultimately depend on the amount and timing of payments and other collections in respect of the Student Loans and other assets in the Trust Estate. Neither EFS nor any of its affiliated entities will be obligated to make any payments on the Notes.

Sale of Financed Student Loans After Default

Upon the occurrence of an Event of Default or to prevent an Event of Default under the Indenture, Financed Student Loans may have to be sold. However, it may not be possible to find a purchaser for such Financed

Student Loans. Also, the market value of such Financed Student Loans plus other assets in the Trust Estate available for the payment of the Notes may not equal the principal amount of the Notes Outstanding plus accrued interest. The secondary market for Student Loans also could be further diminished, resulting in fewer or no potential buyers of such Financed Student Loans and lower prices or no bids available in the secondary market for such Financed Student Loans. You may suffer a loss in circumstances such as these if purchaser(s) cannot be found who are willing to pay sufficient prices for such Financed Student Loans.

Differing Incentive and Repayment Terms

Under some borrower payment incentive programs, a portion of the principal of Financed Student Loans may be forgiven and/or interest rates on Financed Student Loans may be reduced based upon the graduation and payment performance of the borrowers. We cannot predict which borrowers will qualify for or decide to participate in these programs. The effect of these incentive programs may be to reduce the yield on the Financed Student Loans. See "THE ISSUER—Borrower Benefit Programs" below.

Superior Security Interest

If, through inadvertence or fraud, Financed Student Loans were to be sold to a purchaser who purchases in good faith without knowledge of the Trustee's security interest, such purchaser may defeat the Trustee's security interest. Custody of the loan documents for the Financed Student Loans is maintained for us by our Servicers. The loan documents may not be physically segregated or marked to evidence the Trustee's interest in those Financed Student Loans. A third party that obtained control of the loan documents might be able to assert rights that defeat the Trustee's security interest.

The Financed Student Loans May Be Evidenced by a Master Promissory Note

Loans made under the FFELP may be evidenced by a master promissory note. Once a borrower executes a master promissory note with a lender, additional loans made by the lender are evidenced by a confirmation sent to the borrower, and all loans are governed by the single master promissory note.

A loan evidenced by a master promissory note may be pledged as security or sold independently of the other loans evidenced by the master promissory note. If the Eligible Lender Trustee on behalf of the Issuer acquires a Financed Student Loan evidenced by a master promissory note, other parties could claim an interest in the Financed Student Loan. This could occur if another party secured by another loan evidenced by the same promissory note or the holder of the master promissory note were to take an action inconsistent with the Issuer's rights to a Financed Student Loan, such as delivery of a duplicate copy of the master promissory note to a third party for value. Although such action would not defeat our rights to the Financed Student Loan or impair the security interest held by the Trustee for your benefit, it could delay receipt of principal and interest payments on the Financed Student Loan.

Commingling of Payments on Student Loans Could Prevent Us from Paying You the Full Amount of the Principal and Interest Due on Your Notes

Payments received on our student loans generally are deposited into an account in our name each business day. However, payments received on the Financed Student Loans will not be segregated from payments on other student loans owned by our Eligible Lender Trustee under the same lender identification number. Such amounts are transferred to the related trust estates on a daily basis. If the commingled account becomes subject to a claim in litigation or is attached in a proceeding in bankruptcy or otherwise, the Servicer may be unable to transfer payments received on the Financed Student Loans to the Trustee, and we may be unable to pay principal and interest on the Notes from assets in the Trust Estate.

Sequential Payment of the Notes May Result in a Greater Risk of Loss

Except in the case of an Event of Default that results in an acceleration of the maturity of the Notes, the payment of principal on the Notes will be sequential, with the Class A-1 Notes receiving principal payments before

the Class A-2 Notes. Holders of Class A-2 Notes bear a greater risk of loss than do holders of the earlier maturing Class A-1 Notes because, prior to an acceleration of the Notes after an Event of Default, no principal will be paid to any Class A-2 Noteholders until the Class A-1 Notes have been paid in full. Potential purchasers of the Notes should consider the priority of payment of each Class of Notes before making an investment decision.

The Notes May be Redeemed Due To An Auction Sale, Exercise of the Sale Option or Mandatory Redemption and Your Yield May Be Affected

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

- the Issuer successfully conducts an auction sale;
- the Issuer exercises its option to sell all the Student Loans;
- there are excess Available Funds on deposit in the Collection Fund after payments on the Notes and other required amounts are made in accordance with the priority of payments described under "THE TRUST ESTATE—Flow of Funds" in this Private Placement Memorandum; or
- the amounts on deposit in the Debt Service Reserve Fund (after all required transfers and distributions have been made therefrom), together with other Available Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes.

Any such event would result in the early retirement of the Notes Outstanding on that date. If this happens, the yield on your Notes may be affected and you will bear the risk that you cannot reinvest the money you receive in comparable notes at an equivalent yield. The Notes may also be repaid after you expect them to be in the event the Issuer's sale option is not exercised and a successful auction is not conducted. If this happens, the yield on your Notes may be affected and you will not recover the principal of your investment as soon as you may have expected.

Certain Credit And Liquidity Enhancement Features Are Limited And If They Are Partially or Fully Depleted, There May Be Shortfalls In Distributions To Noteholders

Certain credit and liquidity enhancement features, including the debt service reserve fund and the capitalized interest fund, are limited in amount. In addition, the capitalized interest fund will not be replenished, is available for a limited duration and will not be extended. In certain circumstances, if there is a shortfall in available funds, such amounts may be partially or fully depleted. This depletion could result in shortfalls and delays in distributions to noteholders.

The Issuer Will Have Limited Assets From Which To Make Payments On The Notes, Which May Result In Losses

The Issuer will not have, nor will it be permitted to have, significant assets or sources of funds other than the Financed Student Loans and the guarantee agreements. Consequently, you must rely upon payments on the Financed Student Loans from the borrowers and Guaranty Agencies, and, if available, amounts on deposit in the trust accounts to repay the Notes. If these sources of funds are unavailable or insufficient to make payments on the Notes, you may experience a loss on your investment.

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 Financed Student Loan in whole or in part, at any time. The rate of prepayments on the Financed 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. In addition, the Issuer may receive unscheduled payments due to defaults and purchases by a servicer. Because the pool will include thousands of Financed 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 Financed Student Loans may be extended as a result of grace periods, deferment periods and, under some circumstances, forbearance periods. This may lengthen the remaining term of the student loans and 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 Financed Student Loans. Consequently, the length of time that the Notes are outstanding and accruing interest may be longer than you expect. Any optional purchase right, any provision for the auction of the Financed Student Loans, and, if applicable, the possibility that any proceeds of the Notes may not be fully used to purchase additional student loans create additional uncertainty regarding the timing of payments to Noteholders. The effect of these factors is impossible to predict. To the extent they create reinvestment risk, you will bear that risk.

Notes Not Suitable Investment for all Investors

The Notes are not a suitable investment if an investor requires 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, and the interaction of these factors.

Recent Investigations and Inquires in the Student Loan Industry

A number of state attorneys general and the U.S. Senate Committee on Health, Education, Labor and Pensions have announced or are reportedly conducting broad inquiries or investigations of the activities of various participants in the student loan industry, including, but not limited to, activities that may involve perceived conflicts of interest.

There is no assurance that we, the Seller or any Servicer or Guaranty Agency will not be subject to inquiries or investigations. While we cannot predict the ultimate outcome of any inquiry or investigation, it is possible that these inquiries or investigations and regulatory developments may materially affect the FFELP, the volume of Student Loans funded by moneys in the Acquisition Fund, and our ability to perform our obligations under the Indenture and pay principal of and interest on the Notes Outstanding from assets in the Trust Estate.

EFS' Exempt Status

Our parent and Administrator, EFS, has been determined by the Internal Revenue Service to be exempt from taxation as a 501(c)(3) organization. The Internal Revenue Service has announced its intention to increase the frequency of audits of the 501(c)(3) tax-exempt status of organizations. EFS has not been notified that it will be the subject of such an audit, but believes that in the event the Internal Revenue Service conducted such an audit, EFS would be successful in any audit proceeding. However, if EFS were to lose its tax-exempt status, it may have an adverse effect on its ability to perform its obligations as Administrator.

INTRODUCTION

This Private Placement Memorandum is being provided by EFS Volunteer, LLC (the "Issuer") with respect to the offering and sale of its $227,900,000 Student Loan Asset Backed Notes (the "Notes"). The Notes are issued as LIBOR indexed notes pursuant to an Indenture of Trust (the "Indenture") dated as of June 1, 2010.

THE NOTES ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE CREATED UNDER THE INDENTURE DESCRIBED HEREIN. THE ISSUER HAS NO TAXING POWER. NEITHER THE STATE OF TENNESSEE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE NOTES AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES OR BLUE SKY LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD ONLY TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A.

THE NOTES ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENT AGENCY OR INSTRUMENTALITY, BY ANY INSURANCE COMPANY, OR BY ANY OTHER PERSON OR ENTITY. THE HOLDERS OF THE NOTES WILL HAVE RECOURSE TO THE TRUST ESTATE PURSUANT TO THE INDENTURE, BUT WILL NOT HAVE RECOURSE TO ANY OF THE ISSUER'S OTHER ASSETS.

The initial proceeds of the Notes are being used in connection with the Issuer's program to:

- acquire Student Loans through its Eligible Lender Trustee, guaranteed by a Guaranty Agency as to unpaid principal and accrued interest pursuant to the Higher Education Act,
- fund a deposit to the Capitalized Interest Fund, and
- fund a deposit to the Debt Service Reserve Fund. See "EXPECTED APPLICATION OF NOTE PROCEEDS AND CERTAIN FEES."

All capitalized terms used in this Private Placement Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Indenture. See "EXHIBIT II—GLOSSARY OF CERTAIN DEFINED TERMS FROM THE INDENTURE."

Brief summaries and descriptions of the Notes, the Issuer, the Guaranty Agencies, the Indenture, the Federal Family Education Loan Program (the "FFELP") under the Higher Education Act, and certain statutes, regulations and other documents and materials are included in this Private Placement Memorandum. These summaries and descriptions do not purport to be comprehensive or definitive. All references to the Notes, the Indenture and statutes, regulations and other documents and materials summarized, described or referred to herein are qualified in their entity by reference to such documents, statutes, regulations and other materials. Copies of the Indenture are available for inspection at the registered office of the Administrator (178 North Seven Oaks Drive, Knoxville, Tennessee 37922) during usual business hours on any weekday (public holidays excepted) for the term of the Notes and are available to holders of the Notes upon written request to the Trustee.

DESCRIPTION OF THE NOTES

General

The Notes will be issued pursuant to the terms of the Indenture. Under the Indenture, The Bank of New York Mellon Trust Company, N.A. (the "Trustee") has been named the initial trustee. The following summary describes the material terms of the Notes. However, it is not complete and is qualified in its entirety by the actual provisions of the Notes and the Indenture.

Other than the information provided under "THE TRUSTEE" and "ELIGIBLE LENDER TRUSTEE" in this Private Placement Memorandum, the Trustee did not participate in the preparation of this Private Placement Memorandum and makes no representations concerning the Notes, the collateral or any other matter stated in this Private Placement Memorandum. The Trustee has no duty or obligation to pay the Notes from its own funds, assets, or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from the Trust Estate.

Interest Payments

Interest will accrue on the outstanding principal balance of the Notes at the interest rate described below. Interest will accrue during each applicable Interest Period and will be payable on each Distribution Date to the Noteholders of record as of the close of business on the record date, which will be the Business Day preceding the related Distribution Date. Interest accrued as of any Distribution Date but not paid on that Distribution Date will be due on the next Distribution Date together with, to the extent lawful, an amount equal to interest thereon at the interest rate applicable to the Notes. Interest payments on the Notes for any Distribution Date will generally be funded from Available Funds remaining after all required prior distributions; and if necessary, from amounts on deposit in the Capitalized Interest Fund and Debt Service Reserve Fund. See "THE TRUST ESTATE—Flow of Funds—Distribution Dates" in this Private Placement Memorandum. If these sources are insufficient to pay the Interest Distribution Amount for that Distribution Date, the shortfall will be allocated pro rata to the Noteholders, based upon the principal amount held by each Noteholder.

The interest rate on the Notes for each Interest Period, except for the Initial Interest Period, will be equal to Three-Month LIBOR plus 0.85% per annum.

The interest rate for the Notes for the Initial Interest Period will be calculated by reference to the following formula:

x + [(a / b * (y-x)] plus 0.85%,
as calculated by the Trustee.

where:

x = Four-Month LIBOR;

y = Five-Month LIBOR;

a = 2 (the actual number of days from the maturity date of Four-Month LIBOR to the first quarterly distribution date); and

b = 31 (the actual number of days from the maturity date of Four-Month LIBOR to the maturity date of Five-Month LIBOR).

The Trustee will determine LIBOR for the specified maturity for each Interest Period on the second Business Day immediately preceding each Distribution Date as described under "DESCRIPTION OF THE NOTES—Determination of LIBOR" below.

"Interest Distribution Amount" shall mean, for any Distribution Date, the sum of: (1) the aggregate amount of interest accrued on each Class of Notes at the related interest rates for the Notes for the related Interest Period on the Outstanding principal balance of such Notes on the immediately preceding Distribution Date after giving effect to all principal distributions to the related Noteholders on that preceding Distribution Date or, in the case of the first Distribution Date, on the Issue Date, and (2) the Interest Shortfall for that Distribution Date.

"Interest Shortfall" means, for any Distribution Date, the excess of (i) the Interest Distribution Amount on the preceding Distribution Date, over (ii) the amount of interest actually distributed to the Noteholders on that preceding Distribution Date, plus interest on the amount of that excess, to the extent permitted by law, at the interest rate applicable for the Notes from that preceding Distribution Date to the current Distribution Date.

Distributions of Principal

Unless an Event of Default occurs that results in acceleration of the Notes, principal payments will be made sequentially to the Noteholders on each Distribution Date, first to the Class A-1 Notes until paid in full, then to the Class A-2 Notes until paid in full, in an amount generally equal to the Principal Distribution Amount for that

Distribution Date, until the principal balance of the Notes is reduced to zero. Principal payments on the Notes will generally be funded from Available Funds described herein (subject to all prior required distributions). See "THE TRUST ESTATE—Flow of Funds—Distribution Dates" below.

"Principal Distribution Amount" shall mean:

- for the first Distribution Date, the amount, if any, by which the Adjusted Pool Balance as of the Issue Date exceeds the Adjusted Pool Balance as of the last day of the related Collection Period for the initial Distribution Date;

- for each Distribution Date thereafter, the amount, if any, by which the Adjusted Pool Balance as of the last day of the related Collection Period for the preceding Distribution Date exceeds the Adjusted Pool Balance as of the last day of the related Collection Period for the current Distribution Date; and

- after giving effect to the amounts already defined above, on the Stated Maturity Date for any Tranche of the Notes, the amount necessary to reduce the aggregate principal balance of such Tranche of Notes to zero on such date;

provided that the Principal Distribution Amount on any such date shall not exceed the aggregate Outstanding principal balance of the Notes on such date.

"Adjusted Pool Balance" means,

- during the Acquisition Period, the sum of the Initial Pool Balance, the remaining amounts on deposit in the Acquisition Fund and the initial amounts on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund as of the Issue Date; and

- for any Distribution Date, the sum of the Pool Balance as of the last day of the related Collection Period, plus the amount then on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund for that Distribution Date.

"Pool Balance" for any date means the aggregate Principal Balance of the Financed Student Loans contained in the Trust Estate on that date, including accrued interest thereon that is expected to be capitalized, after giving effect to the following, without duplication: (i) all payments in respect of principal received by the Trustee through that date from borrowers, Guarantors and the U.S. Department of Education; (ii) all amounts in respect of principal received by the Trustee through that date from sales of Financed Student Loans permitted under the Indenture and the Servicing Agreements; (iii) all amounts in respect of principal received in connection with Liquidation Proceeds and Realized Losses on the Financed Student Loans liquidated through that date; (iv) the amount of any adjustment to the Outstanding Principal Balances of the Financed Student Loans that the Servicers make under the Servicing Agreements through that date; and (v) the aggregate amount by which Guarantor reimbursements of the unpaid principal balances of defaulted Student Loans through that date are reduced from 100% to 97%, or other applicable percentage, as required by the risk sharing provisions of the Higher Education Act.

"Initial Pool Balance" means the Pool Balance as of the Payment Cut-off Date.

Additional principal payments are also required to be made to the Noteholders on each Distribution Date with any Available Funds remaining after all required prior distributions as described in the ninth clause below under "THE TRUST ESTATE—Flow of Funds—Distribution Dates."

Amounts on deposit in the Debt Service Reserve Fund, other than amounts in excess of the Debt Service Reserve Fund Requirement, will not be available to make principal payments on the Notes except upon their Stated Maturity Date or earlier if amounts on deposit in the Debt Service Reserve Fund, together with other Available

Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes as described below under "—Mandatory Redemption" or if the Notes are accelerated following an Event of Default under the Indenture.

The outstanding principal balance of the Notes will be due and payable in full on the Stated Maturity Date. The Notes are subject to early redemption in the event of the exercise by the Issuer of its option to sell the Financed Student Loans as described below under "—Optional Redemption," in the event of a mandatory redemption as described below under "—Mandatory Redemption" or in the event of a successful auction of the Financed Student Loans as described below under "—Mandatory Auction."

See also "RISK FACTORS" in this Private Placement Memorandum as to factors that may affect the actual date on which the aggregate outstanding principal of and accrued interest on the Notes is paid.

Optional Redemption

The Notes are subject to redemption in whole prior to maturity at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date from proceeds deposited into the Collection Fund from the sale of all Financed Student Loans by the Issuer pursuant to the exercise of the sale option granted to the Issuer under the Indenture. The Issuer will have the option to sell the Financed Student Loans as of the last day of any Collection Period immediately preceding a Distribution Date whenever the then outstanding Pool Balance is 10% or less of the Initial Pool Balance. To exercise such option, the Issuer is required to deposit, in the Collection Fund, on or prior to the next Distribution Date, an amount equal to the greater of (i) the Minimum Purchase Amount and (ii) the fair market value of the Financed Student Loans, as determined by a Third-Party Financial Advisor. In the event that the Issuer effects the sale of the Financed Student Loans, the Notes will be subject to redemption in whole on the next Distribution Date with the proceeds from the sale of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund. The Trustee will, upon an election of the Issuer to sell the Financed Student Loans as described above, give prompt written notice of such election to the Noteholders specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

Mandatory Redemption

The Notes are also subject to mandatory redemption from (i) excess Available Funds on deposit in the Collection Fund after payments on the Notes and other required amounts are made in accordance with the priority of payments described under "THE TRUST ESTATE—Flow of Funds" below and (ii) from amounts on deposit in the Debt Service Reserve Fund (after all required transfers and distributions have been made therefrom) if such amounts, together with other Available Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes. The redemption price for the Notes will be 100% of the principal amount thereof plus interest accrued to the redemption date. The Trustee will give prompt written notice of a mandatory redemption to the Noteholders specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

Mandatory Auction

In addition, the Notes are subject to redemption in whole prior to maturity at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date (as described below) from proceeds of the sale of the Financed Student Loans on a Student Loan Auction Date (as defined below). If the Notes have not been redeemed as a result of the exercise by the Issuer of its option to sell the Financed Student Loans on the first Distribution Date after the date when the Pool Balance is equal to 10% or less of the Initial Pool Balance, the Issuer is required to engage a Third-Party Financial Advisor to try to complete an auction of the Financed Student Loans on the date that is three Business Days prior to the next Distribution Date (the "Student Loan Auction Date"). In connection with any auction of the Financed Student Loans at which at least three (3) bids are received, the Third-Party Financial Advisor, on behalf of the Issuer, will solicit and resolicit new bids from all participating bidders until only one bid remains or the remaining bidders decline to resubmit bids. The Third-Party Financial Advisor, on behalf of the Issuer, will accept the highest of such remaining bids if it is equal to or in excess of the greater of the Minimum Purchase Amount or the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor. If at least three (3) bids are not received, or the highest bid after the resolicitation process is completed is not equal to or in excess of the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor, the Third-Party Financial

Advisor will not consummate such sale. If the sale is not consummated as described above, the Third-Party Financial Advisor, on behalf of the Issuer, will continue to solicit and re-solicit bids for sale of the Financed Student Loans, with respect to future Distribution Dates upon terms similar to those described above, including the Issuer's waiver of its option to purchase the Financed Student Loans, with respect to each such future Distribution Date, until the Third-Party Financial Advisor has received at least one bid that is equal to or in excess of the greater of (i) the Minimum Purchase Amount, and (ii) the fair market value of the Financed Student Loans as determined by the Third-Party Financial Advisor. In the event that there is a successful auction of the Financed Student Loans as described above, the Notes will be subject to redemption in whole on the next Distribution Date immediately following such auction with the proceeds from the sale of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund. Upon a successful auction of the Financed Student Loans as described above, the Trustee will give prompt written notice to the Noteholders of the occurrence of such event specifying that the Notes will be subject to redemption in whole on the next Distribution Date.

Determination of LIBOR

For each Interest Period, "Three-Month LIBOR," "Four-Month LIBOR" and "Five-Month LIBOR" shall mean, with respect to any Interest Period, the London interbank offered rate for deposits in U.S. dollars having the applicable Index Maturity as it appears on Reuters Screen LIBOR01 Page, or another page of this or any other financial reporting service in general use in the financial services industry, as of 11:00 a.m., London time, on the related Interest Rate Determination Date as obtained by the Trustee from such source. If this rate does not appear on Reuters Screen LIBOR01 Page, or another page of this or any other financial reporting service in general use in the financial services industry, the rate for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having the applicable Index 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 Interest Rate Determination Date, to prime banks in the London interbank market by the Reference Banks. The 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 Trustee at approximately 11:00 a.m., New York City time, on that Interest Rate Determination Date, for loans in U.S. dollars to leading European banks having the applicable Index 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, Three-Month LIBOR, Four-Month LIBOR, or Five-Month LIBOR as the case may be, in effect for the applicable Interest Period will be Three-Month LIBOR, Four-Month LIBOR, or Five-Month LIBOR, as the case may be, in effect for the previous Interest Period.

"Business Day" means for purposes of calculating LIBOR, any day on which banks in New York, New York and London, England are open for the transaction of international business.

"Index Maturity" means, with respect to any Interest Period, including the Initial Interest Period, a period of time equal to two, three, four or five months, as applicable, commencing on the first day of that Interest Period.

"Reference Banks" means the four largest United States banks by total consolidated assets, as listed by the Federal Reserve in its most current statistical release on its website with respect thereto, with an office in London.

Interest due for any Interest Period will always be determined based on the actual number of days elapsed in the Interest Period over a 360-day year.

Prepayment, Yield and Maturity Considerations

The rate of payment of principal of the Notes and the yield on the Notes will be affected by prepayments on the Financed Student Loans that may occur as described below. Therefore, payments on the Notes could occur significantly earlier than expected. Consequently, the actual maturity on the Notes could be significantly earlier, the average life of the Notes could be significantly shorter, and periodic balances could be significantly lower, than expected. Each Financed Student Loan is 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 those prepayments cannot be predicted and may be

influenced by a variety of economic, social, competitive and other factors, 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 Financed Student Loans.

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 Financed Student Loans. These may be lengthened as a result of, among other things, grace periods, deferral periods, forbearance periods, or repayment term or monthly payment amount modifications. Therefore, payments on the Notes could occur significantly later than expected. Consequently, the actual maturity and weighted average life of the Notes could be significantly longer than expected and periodic balances could be significantly higher 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 Financed 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 a Guarantor to make timely guarantee payments with respect to the Financed Student Loans. In addition, the maturity of certain of the Financed Student Loans could extend beyond the stated Maturity Date for the Notes.

The rate of prepayments on the Financed 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 Financed 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 Issuer than those interest rates and those spreads would otherwise have been if those prepayments had not been made or had those prepayments been made at a different time.

Prepayments, Extensions, Weighted Average Lives and Expected Maturities of the Notes. The projected weighted average life, expected maturity date and percentages of remaining principal amount of Notes under various assumed prepayment scenarios may be found under "EXHIBIT VI—PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES" in this Private Placement Memorandum as well as under Exhibit I to the term sheet to be distributed to potential investors prior to the pricing of this transaction.

EXPECTED APPLICATION OF NOTE PROCEEDS AND CERTAIN FEES

Application of Proceeds

The proceeds of the Notes will be used to purchase the Student Loans, to fund the Debt Service Reserve Fund, and to fund the Capitalized Interest Fund.

The Seller will use the proceeds of the sale of the Student Loans to retire certain outstanding debt of the Seller owed to the Initial Purchaser that is currently secured by the Student Loans being sold. Upon the sale of the Student Loans by the Seller, any liens or security interests relating to the Student Loans and associated with debt of the Seller will be extinguished.

Fees and Expenses

The fees and expenses payable in respect of the Notes and the Trust Estate from the assets of the Trust Estate are estimated in the table below.

Fees	Amount
Servicing Fees (Stafford/PLUS)	
- Non-repayment	0.60%[(1)]
- Repayment	0.90%[(1)]
Servicing Fees (Consolidation Loan)	
- Repayment & Non-repayment	0.40%[(1)]
Administration Fees	0.25%[(2)]
Trustee Fee	0.0075%[(3)]

(1) As a percentage of the Principal Balance of the Financed Student Loans, estimated, based on the aggregate Servicing Fees on the Financed Student Loans, as of the Statistical Cut-off Date, paid monthly. The Servicing Fees are subject to increase from time to time under the terms of the related servicing agreements. See "THE TRUST ESTATE—Compensation of Servicers."

(2) As a percentage of the Principal Balance of the Financed Student Loans, paid monthly.

(3) As a percentage of the Outstanding Principal Balance of the Notes, paid quarterly.

The amounts payable by the Issuer to each Servicer to cover such Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for the servicing (or back-up servicing, as applicable) of the Financed Student Loans (the "Servicing Fees") are described below under "THE TRUST ESTATE—Compensation of Servicers."

THE TRUST ESTATE

General

The Notes are limited obligations of the Issuer, secured by and payable from the Trust Estate. Under the Indenture, the Trust Estate consists of:

- Financed Student Loans acquired by the Eligible Lender Trustee on behalf of the Issuer using funds made available and pledged pursuant to the Indenture. See "EXPECTED APPLICATION OF NOTE PROCEEDS AND CERTAIN FEES" above. Each such Financed Student Loan is to be guaranteed and reinsured as described herein.

- The Servicing Agreements, including the Back-up Servicing Agreement (as defined herein) with PHEAA, the Eligible Lender Trust Agreement, the Administration Agreement, the Student Loan Purchase Agreement, the Guarantee Agreements and any assignments thereof, as the same relate to the Financed Student Loans.

- Interest payments with respect to Financed Student Loans made by or on behalf of borrowers.

- All amounts received on or after the Payment Cut-off Date in respect of payment of principal of Financed Student Loans, including scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the guarantee, or from the sale, assignment or other disposition of Financed Student Loans.

- Any applicable "Special Allowance Payments" authorized to be made by the Secretary in respect of Financed Student Loans pursuant to Section 438 of the Higher Education Act, subject to

recapture of excess interest on certain Financed Student Loans, or any similar allowances authorized from time to time by federal law or regulation.

- Any applicable "Interest Subsidy Payments" payable in respect of any Financed Student Loans by the Secretary under Section 428 of the Higher Education Act.

- Any moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding moneys and securities held, or required to be deposited, in the Department Reserve Fund) and any and all other real or personal property of every name and nature held from time to time by delivery or by writing of any kind conveyed, pledged, assigned or, transferred or delivered as and for additional security under the Indenture.

For a description of the Funds established by the Indenture, see "EXHIBIT III—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Collection Fund

The Trustee will establish the Collection Fund as part of the Trust Estate. All loan revenues received with respect to the Financed Student Loans will be transferred from the Servicers to the Issuer or the Trustee, as applicable under each respective Servicing Agreement. The Trustee will deposit into the Collection Fund daily all moneys received by or on behalf of the Issuer as assets of, or with respect to, the Trust Estate.

Moneys on deposit in the Collection Fund will be used as described below under "—Flow of Funds."

Flow of Funds

Moneys on deposit in the Collection Fund will be transferred or distributed by the Trustee on each Monthly Expense Payment Date and each Distribution Date in the priority described below. There shall not be a Monthly Expense Payment Date in the months that include a Distribution Date.

Monthly Expense Payment Dates. On each Monthly Expense Payment Date, the Trustee will transfer or distribute from Available Funds on deposit in the Collection Fund the following amounts in the following priority:

(i) an amount sufficient to make the balance in the Department Reserve Fund equal to the Department Reserve Fund Requirement;

(ii) the portion of the annual Trustee Fee then due (which Trustee Fee shall be paid quarterly), and any Trustee Fee remaining unpaid from the prior Distribution Date;

(iii) Servicing Fees due with respect to the preceding calendar month (which will be an amount equal to one-twelfth of the annual Servicing Fees) and any Servicing Fees remaining unpaid from the prior Monthly Expense Payment Dates; and

(iv) Administration Fees due with respect to the preceding calendar month (which will be an amount equal to one-twelfth of the annual Administration Fees) and any Administration Fees remaining unpaid from the prior Monthly Expense Payment Dates.

These deposits and distributions will be made from Available Funds in the Collection Account on that Monthly Expense Payment Date; and, if necessary, from amounts transferred from the Capitalized Interest Fund and then from amounts transferred from the Debt Service Reserve Fund.

Distribution Dates. On each Distribution Date prior to an Event of Default, Available Funds on deposit in the Collection Fund, as of the last day of the month prior to such Distribution Date, will be used to make the following deposits and distributions, to the extent funds are available, as follows:

(i) ***First***, to the Department Reserve Fund, an amount that, when added to the amount therein will equal an amount equal to the Department Reserve Fund Amount for that Distribution Date and such additional amount as we deem appropriate (not to exceed three months' of Department Reserve Fund Amounts) (the "Department Reserve Fund Requirement"), then to the U.S. Department of Education, any other required payments to the U.S. Department of Education with respect to the Financed Student Loans (to the extent remaining unpaid following the previous Monthly Expense Payment Date).

(ii) ***Second***, to the Trustee, the portion then due of the Trustee Fee for its annual compensation and reimbursement of reasonable expenses incurred under the Indenture (other than amounts due for Trustee Extraordinary Services Fees) and any Trustee Fee remaining unpaid from prior Distribution Dates.

(iii) ***Third***, to the Servicers and the Back-up Servicer, the Servicing Fees due on that Distribution Date, together with Servicing Fees remaining unpaid from prior Monthly Expense Payment Dates.

(iv) ***Fourth***, to the Administrator, the Administration Fees due on that Distribution Date, together with Administration Fees remaining unpaid from prior Monthly Expense Payment Dates.

(v) ***Fifth***, to the Noteholders, the Interest Distribution Amount, pro rata to the Noteholders.

(vi) ***Sixth***, to the Debt Service Reserve Fund, the amount, if any, necessary to reinstate the balance of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

(vii) ***Seventh***, to the Noteholders, the Principal Distribution Amount, sequentially to the Class A-1 Notes and the Class A-2 Notes, in that order, until each such Class is paid in full.

(viii) ***Eighth***, to the Trustee, the aggregate unpaid amount due to the Trustee for Trustee Extraordinary Services Fees under the Indenture, if any.

(ix) ***Ninth***, to the Noteholders, to pay as accelerated payments of principal on the Notes until the Notes are paid in full, sequentially to the Class A-1 Notes and the Class A-2 Notes, in that order, until each such Class is paid in full.

(x) ***Tenth***, to the Issuer, any remaining amounts after application of the preceding clauses.

Following an Event of Default. Generally, following the occurrence of an Event of Default and an acceleration of the Notes, payments will first be made in accordance with the provisions of the Indenture. Any amounts remaining will be released to the Issuer. See "EXHIBIT III—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies." Following the occurrence of an Event of Default and acceleration of the Notes, principal payments will be made to the Class A-1 Notes and the Class A-2 Notes, pro rata.

The Department Reserve Fund

A Department Reserve Fund will be established under the Indenture. The Department Reserve Fund will not be a part of the Trust Estate. Amounts on deposit in the Department Reserve Fund will be used as directed by the Issuer to pay amounts due and payable by the Issuer to the U.S. Department of Education related to the Financed Student Loans or any payment due and payable to a Guaranty Agency relating to its guarantee of Financed Student Loans, or any such payment due to the Issuer, another entity or trust estate if amounts under the Indenture due to the U.S. Department of Education or a Guaranty Agency with respect to the Financed Student Loans were paid by the Issuer or such other entity or trust estate pursuant to a joint sharing agreement. We refer to such amount as the "Department Reserve Fund Amount." The Department Reserve Fund will be funded as described under "—Flow of Funds" above in an amount equal to the Department Reserve Fund Amount for the current month and such additional amount as we deem appropriate (not to exceed three months' of Department Reserve Fund Amounts).

We refer to this amount as the "Department Reserve Fund Requirement." Amounts in the Department Reserve Fund in excess of the Department Reserve Fund Requirement will be transferred to the Collection Fund.

The Capitalized Interest Fund

The Capitalized Interest Fund will be created with an initial deposit by the Issuer on the Issue Date of cash in an amount equal to $2,406,036. The initial deposit will not be replenished. Amounts held from time to time in the Capitalized Interest Fund will be held for the benefit of the Noteholders. If on any Monthly Expense Payment Date or Distribution Date, the amount of Available Funds is insufficient to pay any of the items specified in clauses (i), (ii), (iii) and (iv) under "—Flow of Funds—Monthly Expense Payment Dates" above or clauses (i), (ii), (iii), (iv) and (v) under "—Flow of Funds—Distribution Dates" above, amounts on deposit in the Capitalized Interest Fund on that Monthly Expense Payment Date or Distribution Date will be withdrawn by the Trustee to cover such shortfalls, to the extent of funds on deposit therein, and will be allocated in the same order of priority as shown under "—Flow of Funds—Monthly Expense Payment Dates" and "—Flow of Funds—Distribution Dates" above, as applicable.

All funds remaining on deposit in the Capitalized Interest Fund on the July 2011 Distribution Date will be transferred to the Collection Fund and included in Available Funds on that Distribution Date. The Capitalized Interest Fund is intended to enhance the likelihood of timely distributions of interest to the Noteholders through the July 2011 Distribution Date.

The Debt Service Reserve Fund

The Debt Service Reserve Fund will be created with an initial deposit by the Issuer on the Issue Date of cash in an amount equal to $601,509. The Debt Service Reserve Fund is subject to a minimum amount equal to the greater of 0.25% of the Pool Balance or 0.15% of the Initial Pool Balance. We refer to such minimum amount as the "Debt Service Reserve Fund Requirement." On any Monthly Expense Payment Date or Distribution Date, moneys on deposit in the Debt Service Reserve Fund will be used to pay any of the items specified in clauses (i), (ii), (iii) and (iv) under "—Flow of Funds—Monthly Expense Payment Dates" above and in clauses (i), (ii), (iii), (iv) and (v) under "—Flow of Funds—Distribution Dates" above, in each case, to the extent available and to the extent Available Funds for the related collection period in the Collection Fund and moneys in the Capitalized Interest Fund are insufficient for such purposes. To the extent the amount in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement, the Debt Service Reserve Fund will be replenished on each Distribution Date from funds available in the Collection Fund as described above. Funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will be transferred to the Collection Fund.

The Debt Service Reserve Fund 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 Debt Service Reserve Fund could be reduced to zero. On the Stated Maturity Date of the Notes, or earlier if amounts on deposit in the Debt Service Reserve Fund, together with other Available Funds, equal or exceed the outstanding principal balance of and accrued interest on the Notes or upon any acceleration of the Notes after an Event of Default under the Indenture, any amounts on deposit in the Debt Service Reserve Fund will be available to pay principal on such Notes and accrued interest.

Joint Sharing Agreement

Due to a U.S. Department of Education policy limiting the granting of eligible lender identification numbers, billings submitted to the U.S. Department of Education for origination fees, Interest Subsidy Payments, and Special Allowance Payments with respect to other EFS-related trust estates may be consolidated with billings for the payments for FFELP loans using the same lender identification number. U.S. Department of Education payments are made in lump sum form. See "RISK FACTORS – Payment Offsets by a Guaranty Agency or the U.S. Department of Education could prevent the Issuer from paying you the full amount of the Principal and Interest Due on your Notes." The same may be applicable with respect to payments by a Guaranty Agency. In addition, if amounts are owed from other unrelated EFS trust estates to the U.S. Department of Education, U.S. Department of Education lump sum payments may be offset by these amounts and therefore may affect other trust estates using the

same eligible lender number. We have agreed, in a joint sharing agreement with EFS, to allocate properly and to pay to or from the applicable trust estate amounts that should be reallocated to reflect payment on the FFELP loans of each such trust estate.

Compensation of Servicers

Each Servicer and the Back-up Servicer will be entitled to receive Servicing Fees as compensation for performing the functions as Servicer and Back-up Servicer, respectively, in accordance with its respective servicing, or back-up servicing, agreement. The Servicing Fees will be payable on each Monthly Expense Payment Date and Distribution Date and will be paid solely out of Available Funds and, if necessary, from amounts on deposit in the Capitalized Interest Account and the Debt Service Reserve Fund on that date.

The contracts with each Servicer and the Back-up Servicer provide for monthly fees for the servicing of student loans according to schedules set forth in each Servicing Agreement. The fees are charged on a per borrower basis or as a percentage of the principal balance of the student loans serviced. As of the Statistical Cut-off Date, the Servicing Fees for Stafford/PLUS Financed Student Loans were approximately 0.9% per annum of the principal balance of the student loans in repayment, 0.6% per annum of the principal balance of the student loans in statuses other than repayment, and 0.4% per annum of the principal balance on the Consolidation Financed Student Loans. The Servicing Agreement with the Back-up Servicer provides for fees of $40,000 per annum. The fees of the Servicers and the Back-up Servicer are generally subject to increases upon prior written notice under each Servicing Agreement. As a result, our estimation of the current Servicing Fees may be materially different from the future Servicing Fees that are actually paid.

Compensation of Administrator

EFS will be entitled to receive the Administration Fee as compensation for performing the functions as Administrator. The Administration Fee will be payable on each Monthly Expense Payment Date and Distribution Date and will be paid solely out of Available Funds and, if necessary, from amounts on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund on that date. Certain Rating Agency fees will additionally be paid annually as part of the Administration Fees.

FUNDING OF STUDENT LOANS

General

On or about the Issue Date or during the Acquisition Period, we will use substantially all of the net proceeds to us from the issuance of the Notes to acquire, through our Eligible Lender Trustee, Student Loans and will pledge and transfer such Financed Student Loans and all payments thereon after the Payment Cut-off Date to the Trust Estate.

The Acquisition Period will begin on the Issue Date and will end on the tenth Business Day thereafter. Any amounts remaining in the Acquisition Fund at the end of the Acquisition Period will be transferred to the Collection Fund.

Student Loan Eligibility Criteria

The Student Loans we expect to acquire on or about the Issue Date or during the Acquisition Period and pledge and transfer to the Trust Estate were and will be selected using several criteria, including requirements that as of the cut-off date or purchase date, respectively, each such Student Loan:

- is guaranteed as to principal and interest by a Guaranty Agency under a Guaranty Agreement and the Guaranty Agency is reinsured by the U.S. Department of Education in accordance with the FFELP;

- contains terms in accordance with those required under the FFELP, the Guaranty Agreements and other applicable requirements;

- is not a private student loan; and

- has special allowance payments, if any, based on the three-month commercial paper rate or the 91-day treasury bill rate.

Transfer of the Assets to the Issuer

Under our Student Loan Purchase Agreement, EFS Interim will sell the initial Financed Student Loans to the Eligible Lender Trustee on behalf of the Issuer. The Eligible Lender Trustee will hold legal title to the Financed Student Loans on behalf of the Issuer.

If EFS Interim breaches any of its representations or warranties under the Student Loan Purchase Agreement with respect to a Financed Student Loan, EFS Interim, or EFS, is obligated to repurchase such Financed Student Loan from the Issuer. See "THE ISSUER—Student Loan Purchase Agreement."

CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO

The net proceeds of the Notes will be used initially to acquire Financed Student Loans. Such Financed Student Loans to be acquired with proceeds of the Notes will be transferred to, and constitute a substantial portion of, the Trust Estate. The following charts provide summary information concerning certain characteristics of the Student Loans as of the Statistical Cut-off Date, April 30, 2010. The cut-off date for the Financed Student Loan portfolio that will be transferred to the Trust Estate on the Issue Date will be the Payment Cut-off Date, June 1, 2010. All loan cash flow received with respect to such Financed Student Loan portfolio starting on the Payment Cut-off Date, until the Issue Date, will be deposited in the Acquisition Fund other than Special Allowance Payments attributable to the period ending on the Payment Cut-off Date. This information, particularly specific dollar amounts that change as a result of payments received, may have changed since the Statistical Cut-off Date.

Please note that percentages and numbers appearing in the following tables have been rounded to the nearest one-tenth of one percent and nearest whole number respectively. Due to such rounding, the sum of the percentages or numbers in any particular column may not exactly equal the totals shown.

EFS Volunteer, LLC
Identified Student Loans Portfolio to be Financed into Trust Estate

Composition of the Student Loans
as of April 30, 2010

Aggregate Principal Balance	$238,931,588
Aggregate Accrued Interest	$2,206,616
Aggregate Outstanding Balance	$241,138,204
Number of Borrowers	12,477
Average Outstanding Balance Per Borrower	$19,327
Number of Loans	23,876
Average Outstanding Balance Per Loan	$10,100
Weighted Average Remaining Term to Scheduled Maturity (months)	214
Weighted Average Original Term to Scheduled Maturity (months)	265
Weighted Average Interest Rate [(1)]	5.273%
Weighted Average SAP Margin [(2)]	2.542%

[(1)] Determined using the interest rates applicable to the Student Loans as of April 30, 2010. However, the interest rate does not represent the actual rate of return with respect to loans under the Higher Education Act, due to Special Allowance Payments and special allowance support level. See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."

[(2)] The Weighted Average SAP Margin refers to the margin by which the combination of interest (net of the excess over the special allowance support level) and Special Allowance Payment rates, assuming all payments are made when due, exceeds the three-month commercial paper rate or 91-day US treasury bill rate index. The margin has not been reduced to take into account any interest rate reductions as a result of the repayment incentives described under "THE ISSUER—Borrower Benefit Programs."

Distribution of the Portfolio Loans by Loan Type
as of April 30, 2010

Loan Type	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
Subsidized Stafford	5,472	22.9%	$11,979,113	5.0%
Unsubsidized Stafford	2,839	11.9	7,967,927	3.3
PLUS/SLS	600	2.5	3,285,716	1.4
Subsidized Consolidation	7,268	30.4	98,767,116	41.0
Unsubsidized Consolidation	7,697	32.2	119,138,332	49.4
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Range of Outstanding Balances as of April 30, 2010

Outstanding Balances	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
$0.00 - $4,999.99	11,143	46.7%	$24,230,855	10.1%
$5,000.00 - $9,999.99	4,633	19.4	33,443,017	13.9
$10,000.00 - $14,999.99	2,832	11.9	34,961,739	14.5
$15,000.00 - $19,999.99	1,981	8.3	34,423,540	14.3
$20,000.00 - $24,999.99	1,193	5.0	26,812,512	11.1
$25,000.00 - $29,999.99	675	2.8	18,557,397	7.7
$30,000.00 - $34,999.99	403	1.7	13,134,179	5.5
$35,000.00 - $39,999.99	289	1.2	10,872,575	4.5
$40,000.00 - $44,999.99	198	0.8	8,444,269	3.5
$45,000.00 - $49,999.99	136	0.6	6,514,334	2.7
$50,000.00 - $54,999.99	100	0.4	5,284,748	2.2
$55,000.00 - $59,999.99	66	0.3	3,779,394	1.6
$60,000.00 - $64,999.99	46	0.2	2,874,219	1.2
$65,000.00 - $69,999.99	32	0.1	2,192,968	0.9
$70,000.00 - $74,999.99	31	0.1	2,246,517	0.9
$75,000.00 - $79,999.99	15	0.1	1,164,603	0.5
$80,000.00 - $84,999.99	16	0.1	1,346,641	0.6
$85,000.00 - $89,999.99	13	0.1	1,143,822	0.5
$90,000.00 - $94,999.99	10	0.0	928,335	0.4
$95,000.00 - $99,999.99	11	0.1	1,091,655	0.5
$100,000.00 +	53	0.2	7,690,885	3.2
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Borrower Payment Status as of April 30, 2010

Borrower Payment Status	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
Deferment	4,152	17.4%	$41,792,100	17.3%
Forbearance	2,808	11.8	37,722,358	15.6
In School	513	2.2	1,861,580	0.8
Grace	104	0.4	420,365	0.2
Repayment	16,299	68.3	159,341,800	66.1
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Percent Guaranteed
as of April 30, 2010

Percent Guaranteed [1]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
100%	579	2.4%	$1,518,350	0.6%
98%	13,257	55.5	109,127,846	45.3
97%	10,040	42.1	130,492,009	54.1
TOTAL	23,876	100.0%	$241,138,204	100.0%

[1] The percent guaranteed refers to the percentage of the principal of and accrued interest on a Portfolio Loan that would be payable on a default claim. See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."

Distribution of the Portfolio Loans by School Type
as of April 30, 2010

School Type	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
4-Year University/Grad	16,679	69.9%	$167,098,220	69.3%
Unknown (Consolidation)	3,022	12.7	49,153,404	20.4
2-Year University	1,893	7.9	9,751,951	4.0
Proprietary/Vocational/Technical	2,280	9.6	15,094,826	6.3
Other	2	0.0	39,803	0.0
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans
by Current Borrower Interest Rate as of April 30, 2010

Current Borrower Interest Rate	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
0.00%	25	0.1%	$23,674	0.0%
0.01% - 3.00%	6,828	28.6	35,837,483	14.9
3.01% - 3.50%	3,270	13.7	23,296,876	9.7
3.51% - 4.00%	1,183	5.0	17,048,705	7.1
4.01% - 4.50%	1,183	5.0	17,885,751	7.4
4.51% - 5.00%	1,155	4.8	17,079,358	7.1
5.01% - 5.50%	806	3.4	13,692,449	5.7
5.51% - 6.00%	567	2.4	11,518,077	4.8
6.01% - 6.50%	954	4.0	15,795,831	6.6
6.51% - 7.00%	4,598	19.3	43,681,675	18.1
7.01% - 7.50%	1,933	8.1	24,936,784	10.3
7.51% - 8.00%	601	2.5	8,683,962	3.6
8.01% - 8.50%	688	2.9	10,356,178	4.3
8.51% +	85	0.4	1,301,402	0.5
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by
SAP Index as of April 30, 2010

SAP Index	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
3 Month Financial CP	19,485	81.6%	$225,657,780	93.6%
3Month T-Bill	4,391	18.4	15,480,424	6.4
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by
Remaining Months to Scheduled Maturity as of April 30, 2010

Remaining Months to Scheduled Maturity	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
0 – 3	82	0.3%	$31,819	0.0%
4 – 12	310	1.3	102,383	0.0
13 – 24	753	3.2	476,880	0.2
25 – 36	815	3.4	890,284	0.4
37 – 48	761	3.2	1,217,172	0.5
49 – 60	745	3.1	1,533,726	0.6
61 – 72	698	2.9	1,718,772	0.7
73 – 84	718	3.0	2,617,509	1.1
85 – 96	1,678	7.0	7,303,064	3.0
97 – 108	2,095	8.8	9,754,998	4.1
109 – 120	2,710	11.4	13,227,679	5.5
121 – 132	1,370	5.7	7,886,683	3.3
133 – 144	837	3.5	8,847,896	3.7
145 – 156	1,443	6.0	13,267,585	5.5
157 – 168	1,075	4.5	11,104,451	4.6
169 – 180	1,152	4.8	12,176,969	5.1
181 – 192	471	2.0	6,286,103	2.6
193 – 204	470	2.0	7,307,035	3.0
205 – 216	1,356	5.7	20,768,940	8.6
217 – 228	807	3.4	13,938,035	5.8
229 – 240	1,202	5.0	21,024,893	8.7
241 – 252	148	0.6	3,183,477	1.3
253 – 264	149	0.6	4,072,515	1.7
265 – 276	384	1.6	9,661,932	4.0
277 – 288	282	1.2	7,968,346	3.3
289 – 300	556	2.3	15,491,589	6.4
301 +	809	3.4	39,277,467	16.3
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Delinquency Status as of April 30, 2010

Delinquency Status	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
Current	19,888	83.3%	$203,160,306	84.3%
Less than 30 Days	1,399	5.9	14,355,960	6.0
30 - 59 Days	591	2.5	6,444,093	2.7
60 - 89 Days	373	1.6	4,092,928	1.7
90 - 119 Days	242	1.0	2,269,945	0.9
120 - 149 Days	163	0.7	1,673,149	0.7
150 - 179 Days	255	1.1	1,906,207	0.8
180 - 209 Days	216	0.9	1,372,430	0.6
210 - 269 Days	317	1.3	2,429,613	1.0
270+ Days	432	1.8	3,433,573	1.4
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Servicer as of April 30, 2010

Servicer	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
Edfinancial	12,955	54.3%	$145,239,242	60.2%
Great Lakes	3,137	13.1	49,538,085	20.5
PHEAA	7,784	32.6	46,360,877	19.2
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans by Guaranty Agency as of April 30, 2010

Guaranty Agency	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
American Student Assistance Corporation	1,716	7.2%	$24,826,938	10.3%
Delaware Higher Education Loan Program	1	0.0	1,775	0.0
EDFUND	70	0.3	719,150	0.3
Educational Credit Management Corporation	870	3.6	8,481,887	3.5
Finance Authority of Maine	58	0.2	273,724	0.1
Florida Department of Education	123	0.5	1,478,896	0.6
Georgia Higher Education Assistance Corporation	510	2.1	4,588,895	1.9
Great Lakes Higher Education Guaranty Corporation	3,171	13.3	50,053,803	20.8
Illinois Student Assistance Commission	62	0.3	229,740	0.1
Kentucky Higher Education Assistance Authority	149	0.6	538,433	0.2
Michigan Higher Education Assistance Authority	2	0.0	3,087	0.0
National Student Loan Program	353	1.5	5,371,620	2.2
New Jersey Higher Education Student Assistance Authority	3	0.0	8,791	0.0
New York State Higher Education Services Corporation	42	0.2	512,874	0.2
Pennsylvania Higher Education Assistance Agency	6,390	26.8	38,717,844	16.1
Rhode Island Higher Education Assistance Authority	2	0.0	5,427	0.0
Tennessee Student Assistance Corporation	10,290	43.1	105,080,002	43.6
Texas Guaranteed Student Loan Corporation	4	0.0	11,696	0.0
United Student Aid Funds, Inc.	60	0.3	233,622	0.1
TOTAL	23,876	100.0%	$241,138,204	100.0%

Distribution of the Portfolio Loans
by State of Borrower's Address as of April 30, 2010

State of Borrower's Address [1]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Outstanding Balance
Alabama	1,046	4.4%	$12,854,804	5.3%
Alaska	9	0.0	113,433	0.1
Arizona	124	0.5	1,511,733	0.6
Arkansas	66	0.3	767,764	0.3
Armed Forces/Foreign/Other[2]	58	0.2	656,268	0.3
California	276	1.2	3,421,587	1.4
Colorado	114	0.5	1,183,486	0.5
Connecticut	505	2.1	6,205,404	2.6
Delaware	132	0.6	1,220,569	0.5
District of Columbia	62	0.3	556,372	0.2
Florida	625	2.6	6,930,356	2.9
Georgia	2,492	10.4	28,420,677	11.8
Hawaii	11	0.1	71,748	0.0
Idaho	10	0.0	101,351	0.0
Illinois	559	2.3	7,043,125	2.9
Indiana	302	1.3	4,487,155	1.9
Iowa	23	0.1	223,988	0.1
Kansas	14	0.1	165,944	0.1
Kentucky	459	1.9	3,430,931	1.4
Louisiana	97	0.4	1,269,507	0.5
Maine	143	0.6	1,593,101	0.7
Maryland	1,994	8.4	13,967,390	5.8
Massachusetts	322	1.4	4,319,510	1.8
Michigan	159	0.7	2,103,715	0.9
Minnesota	68	0.3	831,814	0.3
Mississippi	326	1.4	3,410,004	1.4
Missouri	139	0.6	1,865,991	0.8
Montana	8	0.0	45,563	0.0
Nebraska	13	0.1	118,678	0.1
Nevada	34	0.1	373,987	0.2
New Hampshire	95	0.4	1,540,675	0.6
New Jersey	664	2.8	7,934,732	3.3
New Mexico	9	0.0	65,343	0.0
New York	750	3.1	10,960,940	4.6
North Carolina	703	2.9	7,700,406	3.2
Ohio	958	4.0	9,828,251	4.1
Oklahoma	23	0.1	374,425	0.2
Oregon	40	0.2	480,662	0.2
Pennsylvania	3,092	13.0	21,078,416	8.7
Rhode Island	62	0.3	888,431	0.4
South Carolina	413	1.7	5,717,473	2.4
South Dakota	9	0.0	104,196	0.0
Tennessee	4,397	18.4	40,419,465	16.8
Texas	334	1.4	4,199,061	1.7
Utah	21	0.1	145,422	0.1
Vermont	19	0.1	153,013	0.1
Virginia	1,324	5.6	14,415,428	6.0
Washington	72	0.3	772,193	0.3
West Virginia	378	1.6	2,658,947	1.1
Wisconsin	301	1.3	2,148,248	0.9
Wyoming	22	0.1	286,527	0.1
TOTAL	23,876	100.0%	$241,138,204	100.0%

[1] Based on the billing addresses of the borrowers of the Portfolio Loans shown on the Servicers' records. Because nearly 1% (by outstanding balance) of the Portfolio Loans were to borrowers who were still in school or grace, these amounts may not be representative of the distribution at the time the loans are in repayment.

[2] Consists of locations that include other states, U.S. territories, possessions and commonwealths, foreign countries and overseas military establishments. To the extent that states with a large concentration of Portfolio Loans experience adverse economic or other conditions to a greater degree than other areas of the country, the ability of borrowers to repay their Portfolio Loans may be impacted to a larger extent than if the borrowers were more dispersed geographically.

THE ISSUER

General

EFS Volunteer, LLC (the "Issuer") was formed on April 20, 2010, under the Limited Liability Company Act of the State of Delaware (registered number 4813864) pursuant to a certificate of formation and limited liability company agreement. The registered office of EFS Volunteer, LLC is located at c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle, telephone number (302) 658-7581. The sole membership interest of the Issuer is wholly owned by EFS.

The Issuer is a special purpose limited liability company formed, under the laws of the State of Delaware, pursuant to the certificate of formation and the Limited Liability Company Agreement. The purpose of the Issuer is limited solely to: (i) acquiring and refinancing Student Loans; (ii) entering into such other agreements as necessary and issuing student loan revenue notes; (iii) entering into any agreement providing for the administration, servicing and collection of amounts due on any Student Loans; (iv) lending or investing proceeds from Student Loans; (v) entering into such other agreements and instruments of any kind as may be contemplated by the Limited Liability Company Agreement or the Indenture, and/or are necessary, convenient or incidental to accomplishing the purposes stated above; and (vi) engaging in any lawful act or activity and exercising any powers permitted to limited liability companies established under the laws of the State of Delaware provided such act or activity is incidental to and necessary, suitable or convenient for the accomplishment of the foregoing purposes. The Issuer has pledged the Trust Estate and all payments to be received with respect thereto to the Trustee as security for the Notes issued under and secured by the Indenture.

Prior to the offering of the Notes, the Issuer has not conducted any business and has not issued any debt.

Board of Directors

EFS Volunteer, LLC is governed by a Board of Directors consisting of three directors. The present membership of the Board of Directors is as follows:

Name and Board Function

Ron Gambill, Chairman
John Mays, Secretary
Jennifer A. Schwartz, Member

Management

Ron Gambill is the President of the Issuer and also serves as the Chairman and Chief Executive Officer of EFS. Prior to joining the Issuer or its affiliates, he was Executive Director of the Tennessee Student Assistance Corporation for over 17 years and served as a financial aid director for Nashville State Technical Institute for over 11 years before his appointment to the Tennessee Student Assistance Corporation. Mr. Gambill has served on the Board of Directors of the National Council of Higher Education Loan Programs for several terms and currently serves as its Chairman. Mr. Gambill also serves on the Executive Boards of the Tennessee Association of Student Financial Aid Administrators and the National Student Clearinghouse. He holds a Bachelor's degree from David Lipscomb University and a Master's degree from Middle Tennessee State University.

Eric Stewart is Chief Financial Officer and Secretary of the Issuer and also serves as Vice President and Controller of EFS. Mr. Stewart joined EFS in 2009, having previously worked for more than 6 years as controller for Edfinancial Services. Mr. Stewart holds a Bachelor's degree in accounting from Brigham Young University and an MBA from the University of Tennessee. He has more than 20 years of accounting experience and has served as a controller for various organizations since 1997. He is also a member of the Tennessee Society of Certified Public Accountants, the Texas Society of Certified Public Accountants, and the American Institute of Certified Public Accountants.

Educational Funding of the South, Inc.

EFS is a nonprofit, public-benefit corporation created in 1985 under State of Tennessee law. EFS has received its 501(c)(3) determination and operates as a 150(d) corporation under the Code in the States of Tennessee and Florida. Its principal office is located in Knoxville, Tennessee and it also maintains an office located in Jacksonville, Florida. Prior to January 1, 1996, EFS was known as Volunteer State Student Funding Corporation. At the request of the government of Knox County, Tennessee and pursuant to a Plan for Doing Business approved by the Governor of the State of Tennessee, in accordance with former requirements of the Act, EFS implemented various programs to assist eligible borrowers in financing the costs of post-secondary education at eligible schools, colleges and universities. EFS has been designated as Tennessee's non-profit lender of last resort by the Tennessee Student Assistance Corporation, the State of Tennessee's statutory corporation and agency which guarantees loans in the State of Tennessee.

EFS serves as a secondary market for eligible loans under the Higher Education Act funded with bond proceeds throughout the United States. EFS is authorized to (i) provide funding for the acquisition of Eligible Loans made to eligible borrowers attending eligible post-secondary educational institutions and (ii) provide procedures for the servicing of such loans in accordance with applicable law. As of December 31, 2009, EFS had approximately $5.1 billion of total assets.

EFS also owns 100% of the membership interests in EFS Interim Funding, LLC, a Delaware single member limited liability company established on April 14, 2010. EFS Interim acquires and sells student loans through its eligible lender trustee arrangement established with The Bank of New York Mellon Trust Company, N.A. EFS Interim finances these loans through its short-term financing facility. Certain of these loans are expected to be sold to the Issuer through its Eligible Lender Trustee pursuant to a student loan purchase agreement and are expected to be pledged as part of the Trust Estate and such loans are expected to comprise a portion of the Issuer's Trust Estate. See "—Student Loan Purchase Agreement" below. As of May 26, 2010, EFS Interim had over $299 million of assets.

EFS also owns 100% of the membership interests in EFS Conduit Funding, LLC ("EFS Conduit"), a Delaware single member limited liability company established by EFS solely to fund eligible student loans under the Straight-A Funding, LLC Conduit. EFS Conduit expects to finance approximately $65 million of loans through the Straight-A Funding, LLC Conduit.

Administration of Issuer's Student Loan Programs – Description of Administration Agreement

The Issuer will enter into an Administration Agreement with EFS on or about the Issue Date, under which EFS, as Administrator, will undertake certain administrative duties with respect to the Issuer. Under the Administration Agreement, the Issuer agrees to pay EFS an annual administration fee of 0.25% of the outstanding principal of the Financed Student Loans, payable on each Monthly Expense Payment Date and Distribution Date in an amount equal to one-twelfth of the annual fee. The term of the Administration Agreement may be terminated by either party upon sixty days' prior written notice to the other party. The Administrator may also be removed by the Trustee or the Issuer upon the occurrence of certain termination events specified therein. No resignation or removal of the Administrator will be effective until a successor Administrator will have been appointed by the Trustee or the Issuer and such successor Administrator will have agreed in writing to be bound by the terms of the Administration Agreement in the same manner and to the same extent as the Administrator is bound thereunder.

EFS is authorized and directed to execute and deliver on behalf of the Issuer the documents to which the Issuer is a party and each certificate or other document required by the Indenture, to the extent not otherwise executed and delivered by the Issuer. The Administrator agrees to perform all its duties as Administrator and specified duties of the Issuer under the Indenture. In addition, the Administrator shall consult with the Trustee regarding the duties of the Issuer and the Trustee under the Indenture Related Agreements. The Administrator shall monitor the performance of the Issuer and shall advise the Trustee when action is necessary to comply with the Issuer's duties under the Indenture. The Administrator shall prepare for execution by the Issuer, or shall cause the preparation by other appropriate persons or entities of, all such documents, reports, filings, instruments, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Indenture Related Agreements. In furtherance of the foregoing, the Administrator shall take all appropriate action that is the duty of

the Issuer to take pursuant to the Indenture and related agreements thereto or under the Higher Education Act, including, but not limited to, any trustee activity, general financial oversight and reporting and other ministerial duties.

Student Loan Purchase Agreement

Pursuant to the terms of the Student Loan Purchase Agreement, EFS Interim makes a variety of representations and warranties to the Issuer with respect to the Student Loans. Some of the representations relate to (i) the valid corporate organization and authorization to enter into the loan purchase agreement by a seller; (ii) compliance with all requirements of the Higher Education Act and all applicable Guaranty Agency regulations pertaining thereto in originating, servicing, accounting, reporting and collecting on the Student Loans; (iii) Student Loan guarantees by a Guaranty Agency; (iv) reinsurance by the U.S. Department of Education; (v) liens and security interests on the Student Loans subject to purchase; and (vi) Student Loan characteristics and status.

Under the Student Loan Purchase Agreement, upon a breach of EFS Interim's representations or warranties with respect to a Financed Student Loan, EFS Interim, or EFS, must repurchase such Financed Student Loan from the Issuer. The Student Loan Purchase Agreement also provides that EFS Interim will indemnify and hold harmless the Issuer from and against any and all loss, liability, cost, damage or expense, including reasonably attorneys' fees and costs of litigation, incurred as a result of EFS Interim's breach of its representations, warranties or covenants or a false or misleading representation of EFS Interim and other specified breaches with respect to the representation and warranties of EFS Interim under the Student Loan Purchase Agreement. For a description of the risks associated with student loan purchase contracts, see "RISK FACTORS—Treatment of Student Loans Upon Breach of Representations and Warranties under Student Loan Purchase Agreement."

Borrower Benefit Programs

For Student Loans acquired with the proceeds of the Notes, the Issuer offers certain borrower benefits in the form of interest rate and principal reductions for prompt and regular payments or payments made by automatic bank draft, as well as loan forgiveness for certain borrowers. Although such repayment incentives and borrower benefits may decrease the payments to be received from the Student Loans, the Issuer does not expect these repayment incentives and borrower benefits to impair its ability to make payments of principal of and interest on the Notes when due. The Issuer may discontinue, increase with a Rating Confirmation, decrease or modify these incentives at any time. Please see www.edsouth.org for more information relating to repayment incentives and borrower benefits.

ISSUER'S DEBT OUTSTANDING

There is no outstanding or issued capital stock of the Issuer or EFS and there is no previously issued debt of the Issuer. As of June 8, 2010, EFS has approximately $4,358,025,000 of previously issued debt. A certain affiliate of EFS, EFS Interim, has a short-term financing facility used to restructure the outstanding debt of EFS' Indentures, however, these facilities are nonrecourse, and such facilities are not secured by the Indenture.

STUDENT LOAN SERVICING

General

We have Servicing Agreements with PHEAA, Edfinancial Services and Great Lakes pursuant to which all of our Financed Student Loans will be serviced. We reserve the right to contract with other servicers to the extent permitted by applicable laws, regulations and contractual commitments and to the extent allowed under the Indenture.

The Servicing Agreements contain detailed provisions relating to the servicing of the Financed Student Loans, including provisions regarding recordkeeping, collection of loans and making insurance or guarantee claims. In addition to the detailed provisions of the Servicing Agreements, PHEAA, Edfinancial Services and Great Lakes have agreed to comply with the procedures manual or guidelines established by a Guaranty Agency. The Issuer or

the Trustee may require loan servicers to change their procedures under the Servicing Agreements if a change is required to comply with the Higher Education Act, upon written advice from the Secretary of revised procedures, rules or regulations or upon changes in the criteria of a Guaranty Agency.

The Issuer expects to enter into a Back-up Servicing Agreement (as defined herein) with Edfinancial Services and PHEAA shortly after the Issue Date. See "—Description of the Back-up Servicing Agreement with PHEAA." The Back-up Servicing Agreement governs the appointment and acceptance of PHEAA as successor servicer under the Servicing Agreement after the occurrence of certain conversion events specified therein and the removal of Edfinancial Services as the servicer.

Servicing and Due Diligence

We have covenanted in the Indenture to have the Financed Student Loans serviced and collected in accordance with all applicable requirements of the Higher Education Act, the U.S. Department of Education, the Indenture, and the Guaranty Agreements. The Higher Education Act requires that the originating lender, and their agents exercise due diligence in the making, servicing and collection of Student Loans and that a Guaranty Agency exercise due diligence in collecting loans which it holds. The Higher Education Act defines "due diligence" as requiring the holder of a student loan to utilize servicing and collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans, and requires that certain specified collection actions be taken within certain specified time periods with respect to a delinquent loan or a defaulted loan. The Guaranty Agencies have established procedures and standards for due diligence to be exercised by each Guaranty Agency with regard to loans that are guaranteed by the respective Guaranty Agency.

Pennsylvania Higher Education Assistance Agency, Servicer

PHEAA is a body corporate and politic constituting a public corporation and government instrumentality created pursuant to an act of the Pennsylvania Legislature. Under its enabling legislation, PHEAA is authorized to issue bonds or notes, with the approval of the Governor of the Commonwealth of Pennsylvania for the purpose of purchasing, making, or guaranteeing loans. Its enabling legislation also authorizes PHEAA to undertake the origination and servicing of loans made by PHEAA and others. PHEAA's headquarters are located in Harrisburg, Pennsylvania with regional offices located throughout Pennsylvania and an additional office located in Delaware.

As of March 31, 2010, PHEAA had approximately 2,300 employees. PHEAA's two principal servicing products are its full servicing operation (in which it performs all student loan servicing functions on behalf of its customers) and its remote servicing operation (in which it provides only data processing services to its customers that have their own servicing operations). As of March 31, 2010, PHEAA services approximately 4.0 million student loan accounts representing an aggregate of approximately $68.2 billion outstanding principal amount for its full servicing customers which consist of national and regional banks and credit unions, secondary markets, and government entities, including $9.3 billion serviced for the Department of Education. Under PHEAA's remote servicing operation, the remote clients service approximately 2.0 million student borrowers representing approximately $32.9 billion outstanding principal amount.

PHEAA's most recent audited financial reports are available at www.pheaa.org.

Description of the Servicing Agreement with PHEAA

EFS and its subsidiaries and affiliates, including the Issuer, have a servicing agreement with PHEAA (the "PHEAA Servicing Agreement") that is subject to termination at such time as the student loans subject to the PHEAA Servicing Agreement are paid in full unless terminated by either party pursuant to the PHEAA Servicing Agreement. PHEAA generally agrees to provide certain student loan servicing activities, as more fully set forth therein, with respect to the Student Loans it services. Such services generally include maintaining custody of copies of promissory notes and related documentation, billing for and processing payments from borrowers, establishing and maintaining records with respect to its servicing activities, and providing certain reporting data and schedules of its activities and the student loan portfolios serviced by it. The PHEAA Servicing Agreement provides that PHEAA agrees to indemnify the Issuer for any claim, loss, liability or expense, including reasonable attorney's fees, arising

out of or relating to PHEAA's acts or omissions with respect to the services provided under the PHEAA Servicing Agreement where a final determination of the liability of PHEAA has been established by a court of law or in a settlement, provided, however, that for PLUS, Stafford, SLS or Consolidation loans disbursed after October 1, 1993, PHEAA's liability is limited to a percentage no greater than an amount that would have been paid by a Guaranty Agency.

PHEAA will be paid fees for the servicing of Financed Student Loans serviced by it according to the fee schedule set forth in the PHEAA Servicing Agreement. The fees are subject to periodic increases. See "THE TRUST ESTATE—Compensation of Servicers" in this Private Placement Memorandum.

The PHEAA Servicing Agreement may be terminated by PHEAA in the case of a non-payment default with at least 150 days notice thereof, unless the default is cured within the 150 days and upon certain bankruptcy or insolvency events of either party. At the expiration of the term of the PHEAA Servicing Agreement the Issuer will pay PHEAA a servicing transfer fee as set forth in the PHEAA Servicing Agreement.

The Trustee will be a third party beneficiary of the PHEAA Servicing Agreement entitled to enforce the rights thereunder as if it were directly a party thereto.

Edfinancial Services, LLC, Servicer

Edfinancial Services is a Nevada limited liability company that is empowered and legally authorized by its organizational documents to conduct business required by its obligations under the Higher Education Act and the Servicing Agreement. The principal office of Edfinancial Services is located at 298 North Seven Oaks Drive, Knoxville, Tennessee, with an operations center located at 120 North Seven Oaks Drive, Knoxville, Tennessee. Edfinancial Services currently provides full student loan servicing for approximately 26 national and regional banks, credit unions and secondary markets involving over $10 billion of student loans. Edfinancial Services employs a corporate staff of approximately 345 full time and part time personnel performing various functions, including marketing, loan and guarantee processing, disbursement services, loan servicing, regulatory compliance and internal accounting.

Edfinancial Services and PHEAA entered into a Remote Services Agreement dated December 11, 1996 (as the same has been amended from time to time, the "Remote Agreement"), whereby PHEAA agreed to provide access to a Remote Servicing System and certain services to enable Edfinancial Services to perform all functions necessary for the servicing of student loans under the Servicing Agreement. The existing Remote Agreement shall remain in effect until December 31, 2010, with optional, successive extensions upon the mutual agreement of PHEAA and Edfinancial, subject to any modifications by the parties. Edfinancial Services may or may not be able to extend the Remote Agreement in the future. In the event that the Remote Agreement is not extended, Edfinancial shall be required to choose a date that is up to thirty (30) months following the date the Remote Agreement expires on which to deconvert its loans off of PHEAA's Remote Servicing System.

Description of the Servicing Agreement with Edfinancial Services

EFS and its subsidiaries and affiliates, including the Issuer, have a servicing agreement with Edfinancial Services (the "Edfinancial Servicing Agreement") that has a termination date of July 1, 2013, subject to automatic extension for a successive 7-year term unless the Servicer or EFS provides notice of termination no later than six (6) months prior to such date. Pursuant to the Edfinancial Servicing Agreement, Edfinancial Services generally agrees to provide certain student loan servicing activities, as more fully set forth therein, with respect to the Student Loans it services. Such services generally include maintaining custody of copies of promissory notes and related documentation, billing for and processing payments from borrowers, establishing and maintaining records with respect to its servicing activities, and providing certain reports of its activities and the student loan portfolios serviced by it. Edfinancial Services has agreed to service the Financed Student Loans that it services in compliance with the Higher Education Act, directives pertaining to the Higher Education Act, and all applicable guarantor program requirements, as may be in effect from time to time when published in final form. The Edfinancial Servicing Agreement provides that Edfinancial Services agrees to indemnify the Issuer for any loss, liability or expense, including reasonable attorney's fees, arising out of or relating to Edfinancial Services' acts or omissions with respect to the services provided under the Edfinancial Servicing Agreement.

Edfinancial Services will be paid fees for the servicing of Financed Student Loans serviced by it according to the fee schedule set forth in the Edfinancial Servicing Agreement. The fees are subject to periodic increases. See "THE TRUST ESTATE—Compensation of Servicers" in this Private Placement Memorandum.

The Edfinancial Servicing Agreement may be terminated by either party in the case of a default that remains unremedied for 150 days following notice thereof and upon certain bankruptcy or insolvency events of either party. In the event that the Edfinancial Servicing Agreement is terminated by the Issuer, unless the Edfinancial Servicing Agreement is terminated as a result of a breach of PHEAA, the Issuer will pay Edfinancial Services a servicing transfer fee as set forth in the Edfinancial Servicing Agreement.

The Trustee will be a third party beneficiary of the Edfinancial Servicing Agreement entitled to enforce the rights thereunder as if it were directly a party thereto.

Great Lakes Educational Loan Services, Inc., Servicer

Great Lakes acts as a loan servicing agent for the Issuer. Great Lakes is a wholly owned subsidiary of Great Lakes Higher Education Corporation ("GLHEC"), a Wisconsin nonstock, nonprofit corporation. The primary operations center for GLHEC and its affiliates (including Great Lakes) is in Madison, Wisconsin, which includes the data processing center and operational staff offices for both guarantee support services provided by Great Lakes to GLHEC and third party guaranty agencies and lender servicing and origination functions. GLHEC and affiliates also maintain regional offices in St. Paul, Minnesota, Aberdeen, South Dakota, and Boscobel and Eau Claire, Wisconsin and customer support staff located nationally.

Since June 2009, Moody's Investors Service has assigned its highest servicer quality (SQ) rating of SQ1 to Great Lakes as a servicer of FFELP student loans. Moody's SQ ratings represent its view of a servicer's ability to prevent or mitigate losses across changing markets. Moody's rating incorporates an assessment of performance measurements including delinquency transition rates, cure rates and claim reject rates – all valuable indicators of a servicer's ability to get maximum returns from student loan portfolios.

As of December 31, 2009, Great Lakes serviced 3,337,949 student and parental accounts with an outstanding balance of $48.4 billion for over 1,250 lenders nationwide, including the U.S. Department of Education. As of December 31, 2009, 56% of the portfolio serviced by Great Lakes was in repayment status, 6% was in grace status and the remaining 38% was in interim status. Great Lakes will provide a copy of GLHEC's most recent consolidated financial statements on receipt of a written request directed to 2401 International Lane, Madison, Wisconsin 53704, Attention: Chief Financial Officer.

Description of the Servicing Agreement with Great Lakes

Pursuant to the Student Loan Servicing Agreement between Great Lakes and EFS and its subsidiaries and affiliates (including the Issuer), dated as of July 18, 2002 (the "Great Lakes Servicing Agreement"), Great Lakes generally agrees to provide certain student loan servicing activities with respect to the Financed Student Loans it services. Such services generally include maintaining custody of copies of promissory notes and related documentation, billing for and processing payments from borrowers, undertaking certain required collection activities with respect to delinquent loans, submitting guarantee claims with respect to defaulted loans, establishing and maintaining records with respect to its servicing activities, and providing certain reports of its activities and the student loan portfolios serviced by it. Great Lakes has agreed to service the Financed Student Loans that it services in compliance with the Higher Education Act, all rules, regulations, directives pertaining to the Higher Education Act, and all applicable Guaranty Agency program requirements, as may be in effect from time to time when published in final form.

Great Lakes will be paid fees for the servicing of Financed Student Loans serviced by Great Lakes according to the fee schedule set forth in the Great Lakes Servicing Agreement. The fees are subject to periodic increases. The Great Lakes Servicing Agreement provides that Great Lakes will indemnify the Issuer for all losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees) arising out of or relating to Great Lakes' acts or omissions with regard to the performance of services under the Great Lakes Servicing Agreement,

provided, however, that Great Lakes will not be liable in the performance of such services except for its gross or willful negligence or misconduct and provided further that in no event will Great Lakes be responsible or liable for any consequential damages with respect to any matter whatsoever arising out of the Great Lakes Servicing Agreement. If Great Lakes is required to appear in, or is made a defendant in any legal action or other proceeding commenced by a party other than the Issuer or its related entities, with respect to any matter arising under the Great Lakes Servicing Agreement, the Issuer will indemnify Great Lakes for all losses, liability and expenses (included reasonable attorneys' fees) except for any loss, liability or expense arising out of or relating to Great Lakes' acts or omissions with regard to the performance of services under the Great Lakes Servicing Agreement.

The Great Lakes Servicing Agreement may only be terminated at the end of a calendar quarter, and only if written notice is given: (i) by the Issuer to Great Lakes at least 30 days prior to the end of a calendar quarter, or (ii) by Great Lakes to the Issuer at least 180 days prior to the end of a calendar quarter. Great Lakes agrees to continue its full servicing of the Financed Student Loans until the date of termination and will provide the Issuer a full set of periodic reports, adjusted through the termination date, as well as all computer records relating to the Issuer's account with Great Lakes. In connection with any termination of the Great Lakes Servicing Agreement, except in the case of a termination in which there has been a material breach of the Great Lakes Servicing Agreement on the part of Great Lakes, the Issuer will pay to Great Lakes the servicing removal fee identified in the Great Lakes Servicing Agreement, which may be increased by agreement of the Issuer and Great Lakes and in exchange for the performance of servicing removal services in addition to those identified in the Great Lakes Servicing Agreement.

The Trustee will be a third party beneficiary of the Great Lakes Servicing Agreement with the power and right to enforce the provisions thereof.

Description of the Back-up Servicing Agreement with PHEAA

PHEAA is expected to act as Back-up Servicer for the Financed Student Loans serviced by Edfinancial Services pursuant to a Back-up Servicing Agreement by and among PHEAA, EFS and its wholly-owned subsidiaries, EFS Interim and the Issuer, The Bank of New York Mellon Trust Company, N.A., as Eligible Lender Trustee for EFS, EFS Interim and the Issuer, and Edfinancial Services (the "Back-up Servicing Agreement"). The Back-up Servicing Agreement has been executed by the parties to such agreement, and will become effective when approved by the attorney general of the Commonwealth of Pennsylvania, which the Issuer expects to receive shortly after the Issue Date. If the Back-up Servicing Agreement with PHEAA is not approved by the attorney general, the Issuer is obligated to obtain the services of one of Great Lakes, Nelnet, Inc. or Sallie Mae, Inc., as a replacement Back-up Servicer by the thirtieth day following the notification that the Back-up Servicing Agreement with PHEAA was not approved by the attorney general.

Upon the effectiveness of the Back-up Servicing Agreement, PHEAA generally agrees to act as Back-up Servicer for the Financed Student Loans currently serviced by Edfinancial Services and to provide certain student loan servicing activities, as more fully set forth therein, following the occurrence of a Conversion Event. A "Conversion Event" shall mean a default by Edfinancial Services under the existing servicing agreement between EFS, its subsidiaries and affiliates and Edfinancial Services (the "Edfinancial Servicing Agreement"), which has not been cured. The expiration of the Edfinancial Servicing Agreement between EFS, its subsidiaries and affiliates, and Edfinancial Services is not a Conversion Event. The aggregate principal amount of Financed Student Loans that may be subject to the Back-up Servicing Agreement will not exceed Two Hundred Fifty Million Dollars ($250,000,000) unless consented to by PHEAA. The Two Hundred Fifty Million Dollars ($250,000,000) shall apply first to the Financed Student Loans that are beneficially owned by the Issuer and pledged to the Trustee under the Indenture, as such amount shall amortize over time. The student loan servicing activities PHEAA will perform upon the occurrence of a Conversion Event will generally include maintaining custody of copies of promissory notes and related documentation, billing for and processing payments from borrowers, establishing and maintaining records with respect to its servicing activities, and providing certain reports of its activities and the student loan portfolios serviced by it. Following a Conversion Event, PHEAA has agreed to service the Financed Student Loans in accordance with the Higher Education Act, rules, regulations, instructions or procedures issued by the Secretary or by a guarantor, directives pertaining to the Higher Education Act and all applicable guarantor program requirements, as may be in effect from time to time when published in final form.

PHEAA will be paid fees for acting as a back-up Servicer for the Financed Student Loans currently serviced by Edfinancial Services and for the servicing of Financed Student Loans following a Conversion Event according to the fee schedule set forth in the Back-up Servicing Agreement. The fees are subject to periodic increases. See "THE TRUST ESTATE–Compensation of Servicers" in this Private Placement Memorandum. Under the Back-up Servicing Agreement, past-due fees of PHEAA will bear interest at 1.25% per month on the unpaid balance until fully paid. If such fees are not paid within 60 days of receipt of an invoice, a default will occur under the Back-up Servicing Agreement. If such default is not cured within thirty (30) days of notice thereof, PHEAA has the right to immediately terminate the Back-up Servicing Agreement.

The Back-up Servicing Agreement may be terminated by either party upon a material breach of the Back-up Servicing Agreement by the other party that remains unremedied for 90 days following notice thereof. The Back-up Servicing Agreement may also be terminated upon, among other things, certain bankruptcy or insolvency events of PHEAA, certain failures of PHEAA to make payments or deposits to be made by it, certain failures of PHEAA to remain eligible to service Financed Student Loans under the Higher Education Act or the inability of PHEAA and EFS to agree to an increase in fees. In the event that the Back-up Servicing Agreement is terminated by the Issuer for any reason other than a default by PHEAA, the Issuer will pay PHEAA an early termination fee as set forth in the Back-up Servicing Agreement. The Back-up Servicing Agreement will terminate two (2) years after its effective date, subject to successive one (1) year period extensions prior to any Conversion Event unless either PHEAA or EFS provides written notice of its intent to terminate the Back-up Servicing Agreement at least 180 days prior to the next scheduled termination date. Upon the occurrence of a Conversion Event, the term of the Back-up Servicing Agreement shall extend until such time as the principal of and interest on the Financed Student Loans are paid in full, unless terminated pursuant to the termination provisions of the Back-up Servicing Agreement.

The Trustee will be a third party beneficiary of the Back-up Servicing Agreement with the power and right to enforce the provisions thereof.

GUARANTEE AGENCIES

General

All of the Financed Student Loans held under the Indenture will be guaranteed as to principal and interest by a Guaranty Agency to at least the minimum percentage of the principal of and accrued interest on such Financed Student Loan allowed by the terms of the Higher Education Act and reinsured by the Secretary under the Higher Education Act, and in all cases other than unsubsidized loans, must be eligible for Interest Subsidy Payments paid by the Secretary.

If a Student Loan is guaranteed by a Guaranty Agency, the eligible lender is reimbursed by the Guaranty Agency for 98% for Student Loans first disbursed on or after October 1, 1993 through June 30, 2006 and 97% for Student Loans first disbursed on or after July 1, 2006 through June 30, 2010. The eligible lender is reimbursed 100% of the unpaid principal balance of the Student Loan plus accrued unpaid interest on any Student Loan defaulted so long as the eligible lender has properly originated and serviced such Student Loan for (i) Student Loans first disbursed before October 1, 1993; (ii) any filing by or against the borrower thereof of a petition in bankruptcy pursuant to any chapter of the Federal bankruptcy code, as amended; (iii) the death of the borrower thereof; (iv) the total and permanent disability of the borrower, as certified by a qualified physician; and (v) lender of last resort Student Loans. The Guaranty Agency's guaranty obligation is unaffected by its particular recovery rate or claims rate experience. To the extent, however, that the Guaranty Agency is financially unable to pay claims under its guarantee, whether due to reductions in reimbursement from the U.S. Department of Education or for other reasons, and to the extent the U.S. Department of Education does not step in and perform the Guaranty Agency's obligations as they become due but instead requires holders of defaulted Student Loans to first make claims against the Guaranty Agency and thereafter to make claims directly against the U.S. Department of Education, payment to holders of Student Loans may be delayed.

There can be no assurance that the claims rate experience of any of the Guaranty Agencies for which information is provided below for any future year will be similar to the historical claims rate experience set forth below. See "RISK FACTORS—The Financed Student Loans are Unsecured and the Ability of a Guaranty Agency to Honor its Guarantee May Become Impaired" herein.

Federal Reinsurance

The Higher Education Act establishes a program of federal reimbursement to certain state agencies or private nonprofit corporations administering student loan insurance programs of losses sustained in the operation of their student loan guarantee programs. These Guaranty Agencies are reimbursed by the Secretary pursuant to certain agreements between the Secretary and the state agency or organization for amounts expended in discharging their student loan guarantee obligations. See "EXHIBIT I—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."

Pursuant to its respective Guaranty Agreement, each of the Guaranty Agencies guarantees payment of 100% of the principal (including any interest capitalized from time to time) and accrued interest for each Student Loan guaranteed by it as to which any one of the following events has occurred:

(a) failure by the borrower thereof to make monthly principal or interest payments on such Student Loan when due, provided such failure continues for a period of 270 days (except that such guarantee against such failures will be 98% of principal and accrued interest for Student Loans first disbursed on or after October 1, 1993 through June 30, 2006 and 97% of principal and accrued interest for Student Loans first disbursed on or after July 1, 2006 through June 30, 2010);

(b) any filing by or against the borrower thereof of a petition in bankruptcy pursuant to any chapter of the Federal bankruptcy code, as amended;

(c) the death of the borrower thereof; or

(d) the total and permanent disability of the borrower, as certified by a qualified physician.

When the conditions in (b) or (d) above are satisfied, the Higher Education Act requires the Guaranty Agencies generally to pay the claim within forty-five (45) days of its submission by the lender, and within ninety (90) days when the conditions in (a) or (c) are satisfied. The obligations of the Guaranty Agencies pursuant to their respective Guaranty Agreements are obligations solely of the Guaranty Agencies, respectively, and are not supported by the full faith and credit of any state government.

Each of the Guaranty Agencies' guarantee obligations with respect to any Student Loan are conditioned upon the satisfaction of all the conditions set forth in the applicable Guaranty Agreement. These conditions include, but are not limited to, the following: (i) the origination and servicing of such Student Loan being performed in accordance with the Higher Education Act and other applicable requirements, (ii) the timely payment to the Guaranty Agencies of any guarantee fee charged with respect to such Student Loan, (iii) the timely submission to the Guaranty Agencies of all required pre-claim delinquency status notifications and of the claim with respect to such Student Loan and (iv) the transfer and endorsement of the promissory note evidencing such Student Loan to the Guaranty Agencies, upon and in connection with making a claim to receive Guarantee Payments thereon. Failure to comply with any of the applicable conditions, including the foregoing, may result in the refusal of the Guaranty Agencies to honor their Guaranty Agreements with respect to such Student Loan, in the denial of guarantee coverage with respect to certain accrued interest amounts with respect thereto or in the loss of certain Interest Subsidy Payments and Special Allowance Payments with respect thereto. In such event, the Issuer may have recourse under the applicable servicing agreement or may be able to require EFS Interim, as the seller of such Student Loan, or EFS to repurchase such loan under the Student Loan Purchase Agreement.

Information Concerning Guaranty Agencies

Entities that serve as Guaranty Agencies for a significant portion of Student Loans in the Trust Estate include Tennessee Student Assistance Corporation, Pennsylvania Higher Education Assistance Agency and Great Lakes Higher Education Guaranty Corporation. Other entities that serve as Guaranty Agencies for the Student Loans in the Trust Estate include:

- American Student Assistance Corporation
- Delaware Higher Education Loan Program
- EDFUND
- Educational Credit Management Corporation
- Finance Authority of Maine
- Florida Department of Education
- Georgia Higher Education Assistance Corporation
- Illinois Student Assistance Commission
- Kentucky Higher Education Assistance Authority
- Louisiana Office of Student Financial Assistance
- Michigan Higher Education Assistance Authority
- Missouri Department of Higher Education
- National Student Loan Program
- New Jersey Higher Education Student Assistance Authority
- New York State Higher Education Services Corporation
- Northwest Education Loan Association
- Oklahoma Guaranteed Student Loan Program
- Pennsylvania Higher Education Assistance Agency
- Rhode Island Higher Education Assistance Authority
- Student Loan Guarantee Foundation Of Arkansas, Inc.
- Texas Guaranteed Student Loan Corporation

Other Guaranty Agencies may serve upon compliance with the terms of the Indenture without notice to the Registered Owners.

Tennessee Student Assistance Corporation

The information included herein relating to the Tennessee Student Assistance Corporation ("TSAC") has been obtained from TSAC and, while thought to be reliable, is not guaranteed as to accuracy or completeness by the Issuer, the Initial Purchaser or the Financial Advisor.

TSAC is a nonprofit corporation created in 1974 pursuant to section 49 4 201 et seq. of the Tennessee Code Annotated in order to administer student assistance programs as provided by law. TSAC is required to be registered with the Tennessee Secretary of State and to be generally subject to the corporate laws of the State of Tennessee.

In accordance with its statutory and corporate responsibilities, TSAC currently administers on behalf of the State of Tennessee the following assistance programs:

Federal Stafford Loan Program
Federal Consolidation Loan Program
Tennessee Student Assistance Award Program
Christa McAuliffe Scholarship Program
HOPE Scholarship
Aspire Award
Dual Enrollment Grant
TN HOPE Scholarship for Non Traditional Students
TN Rural Health Loan Forgiveness Program

Wilder Naifeh Technical Skills Grant
Tennessee Teaching Scholars Program

Dependent Children Scholarship Program

Federal PLUS Loan Program
Federal SLS Loan Program
Ned McWherter Scholars Program
Robert C. Byrd Honors Scholarship Program
Tennessee HOPE Access Grant
General Assembly Merit Scholarship Grant
Tennessee HOPE Foster Care Grant
Helping Heroes Grant
TN Math & Science Teacher Loan Forgiveness Program
Minority Teaching Fellows Program
Tennessee Graduate Nursing Loan Forgiveness Program
Paul Douglas Scholarship Program

Currently, the members of the Board of Directors of TSAC, and their principal occupation or affiliation are as follows:

Director	Principal Occupation or Affiliation
The Honorable Phil Bredesen (Chairman)	Governor of Tennessee
Dr. Richard Rhoda (Vice Chairman)	Executive Director, Tennessee Higher Education Commission (THEC)
Dr. Claude O. Pressnell, Jr. (Secretary)	President, Tennessee Independent Colleges and Universities Association ("TICUA")
Mr. David H. Lillard, Jr.	Treasurer, State of Tennessee
Mr. Justin P. Wilson	Comptroller of the Treasury, State of Tennessee
Commissioner Dave Goetz	Department of Finance and Administration, State of Tennessee
Commissioner Tim Webb	Department of Education, State of Tennessee
Dr. Charles W. Manning	Chancellor, Tennessee Board of Regents
Dr. Jan Simek	Acting President, University of Tennessee
Ms. Lori May	President, Tennessee Proprietary Business School Association, Inc.
Dr. Nancy Moody	Chair, TICUA
Ms. Marian Huffman	President, Tennessee Association of Student Financial Aid Administrators (TASFAA)
Ms. Deborah A. Cole	Commercial Lender Representative
Mr. Jeff Wilson	Citizen Member, Nashville, TN
Mr. R. Claybourne Petrey, Jr.	Citizen Member, Nashville, TN
Dr. Fred Johnson	Citizen Member, Memphis, TN
Ms. Joslyn M. Fazee	Student Member, Morristown, TN

The principal members of TSAC's corporate management are:

Name	Title
Dr. Richard G. Rhoda	Executive Director
Peter Abernathy	Senior Executive Director for Compliance and Legal Affairs
Diane LeJeune	Associate Executive Director for Communication Services
Jane Pennington	Associate Executive Director for Loan Administration
Tim Phelps	Associate Executive Director for Grant and S Scholarship Programs
Michelle Berry	Fiscal Manager

When fully staffed, TSAC employs 56 individuals. TSAC currently receives computer based and administrative assistance from Nelnet Guarantor Solutions, Jacksonville, Florida.

Pursuant to State of Tennessee law, TSAC has been given full power and authority to guarantee up to 100% of any loan made to a student or to the parents of a student under the provisions of the Higher Education Act. In fulfilling these obligations, TSAC is required by State of Tennessee law to maintain a reserve at least equal to the amount required by the Higher Education Act.

This statutory reserve is invested by the Treasurer of the State of Tennessee along with idle cash of the State of Tennessee, and a pro rata share of the monthly interest earned is paid to TSAC. By agreement, TSAC may withdraw from this investment pool such amounts as may be needed in order to honor its commitment under loan insurance agreements with commercial lenders. At June 30, 2009, TSAC has guaranteed loans outstanding of $4,895,177,823. As of September 30, 2009, the Treasurer of the State of Tennessee held short term investments and cash belonging to TSAC's federal student loan program reserve in the amount of $22,886,500. TSAC has always been in compliance with State of Tennessee and federal reserve requirements.

TSAC's "federal trigger rate" represents the percentage of default claims (based on dollar value) submitted as reinsurance claims to the U.S. Department of Education relative to its existing portfolio of loans in repayment. The "federal trigger rate" indicates loans defaulted during a federal fiscal year as a percentage of the loans in repayment at the beginning of such fiscal year. An annual "federal trigger rate" of 5% or less qualifies a guaranty agency for the maximum federal reinsurance payment. For the last eight federal fiscal years, TSAC's "federal trigger rate" was as follows: 2008 –2.84%; 2007 – 2.15%; 2006 – 2.46%; 2005 – 1.9%; 2004 – 1.72%; 2003 – 2.35%; 2002 – 2.59%; and 2001 – 2.73%.

TSAC's "federal reimbursement rate" represents the percentage of default claims (based on dollar value) paid by TSAC that were reimbursed by the U.S. Department of Education. As reflected in the preceding paragraph for the last six fiscal years, TSAC was fully reimbursed by the U.S. Department of Education and had a "federal reimbursement rate" of 100%, for periods prior to October 1, 1993; 98% for the period of October 1, 1993 to September 30, 1998 and 95% for periods subsequent to October 1, 1998.

As of June 30, 2008 approximately 77.2% of the loans guaranteed by TSAC were to students attending state universities and private colleges, 9.8% of such loans were to students attending nursing schools, community colleges, or technical schools, and 13% of such loans were to student attending proprietary schools, business and trade schools, foreign or other institutions.

TSAC will provide a copy of its most recent annual report upon receipt of a written request directed to its office at Suite 1510, Parkway Towers, 404 James Robertson Parkway, Nashville, Tennessee 37243 0820, Attention: Michelle Berry.

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, 2010, PHEAA has guaranteed a total of approximately $48.6 billion principal amount of Stafford Loans, $7.8 billion principal amount of PLUS and SLS Loans, and $52.1 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 who 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 percent 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
2005	1.30
2006	1.42
2007	1.96
2008	1.98
2009	1.95

As of March 31, 2010, PHEAA had total federal reserve-fund assets of approximately $140.3 million. Through March 31, 2010, the outstanding amount of principal on loans that had been directly guaranteed by PHEAA under the Federal Family Education Loan Program was approximately $50.0 billion. In addition, as of March 31, 2010, PHEAA had total assets of $10.9 billion, which does not include Federal Reserve Fund assets.

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 (Millions)
2005	3,403
2006	3,792
2007	4,121
2008	3,948
2009	4,086

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.

Fiscal Year	Reserve Ratio
2005	0.16
2006	0.20
2007	0.25
2008	0.25
2009	0.25

Recovery Rates. A 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) for which information is available:

Fiscal Year	Recovery Rates
2005	26.30
2006	33.93
2007	37.76
2008	32.81
2009	29.32

Great Lakes Higher Education Guaranty Corporation

The information included herein relating to the Great Lakes Higher Education Guaranty Corporation ("GLHEGC") has been obtained from GLHEGC and, while thought to be reliable, is not guaranteed as to accuracy or completeness by the Issuer, the Initial Purchaser or the Financial Advisor.

GLHEGC is a Wisconsin nonstock, nonprofit corporation the sole member of which is Great Lakes Higher Education Corporation ("GLHEC"). GLHEGC's predecessor organization, GLHEC, was organized as a Wisconsin nonstock, nonprofit corporation and began guaranteeing student loans under the Higher Education Act in 1967. GLHEGC is the designated guarantee agency under the Higher Education Act for Wisconsin, Minnesota, Ohio, South Dakota, Puerto Rico and the Virgin Islands. On January 1, 2002, GLHEC (and GLHEGC directly and through its support services agreement with GLHEC), outsourced certain aspects of its student loan program guaranty support operations to Great Lakes. GLHEGC continues as the "guaranty agency" as defined in Section 435(j) of the Higher Education Act and continues its default aversion, claim purchase and compliance, collection support and federal reporting responsibilities as well as custody and responsibility for all revenues, expenses and assets related to that status. GLHEGC (through its support services agreement with GLHEC) also performs oversight of all direct and outsourced student loan program operations. The primary operations center for GLHEC and its affiliates (including GLHEGC and Great Lakes) is in Madison, Wisconsin, which includes the data processing center and operational staff offices for both guaranty and servicing functions. GLHEC and affiliates also maintain regional offices in St. Paul, Minnesota, Aberdeen, South Dakota and Boscobel and Eau Claire, Wisconsin and customer support staff located nationally. GLHEGC will provide a copy of GLHEC's most recent consolidated financial statements on receipt of a written request directed to 2401 International Lane, Madison, Wisconsin 53704, Attention: Chief Financial Officer.

The information in the following tables has been provided to the Issuer from reports provided by or to the U.S. Department of Education and has not been verified by the Issuer, GLHEGC or the Initial Purchaser. No representation is made by the Issuer, GLHEGC or the Initial Purchaser as to the accuracy or completeness of this information. Prospective investors may consult the U.S. Department of Education Data Books and Web site http://www.ed.gov/finaid/prof/resources/data/opeloanvol.html for further information concerning GLHEGC or any other guarantee agency.

Guarantee Volume. GLHEGC's guaranty volume for each of the last five federal fiscal years, including Stafford, Unsubsidized Stafford, SLS, PLUS, Graduate PLUS and Consolidation loan volume, was as follows:

Federal Fiscal Year	Guaranty Volume (millions)
2005	9,686.3
2006	12,797.2
2007	11,797.3
2008	7,399.9
2009	7010.8

Reserve Ratio. Following are GLHEGC's reserve fund levels as calculated in accordance with 34 CFR 682.410(a)(10) for the last five federal fiscal years:

Federal Fiscal Year	Federal Guaranty Reserve Fund Level[1]
2004	0.99%
2005	0.83%
2006	0.72%
2007	0.69%
2008	0.76%
2009	0.79%

The U.S. Department of Education's website at http://www.fp.ed.gov/fp/attachments/publications/PublicReserveRatioReport09.pdf has posted reserve ratios for GLHEGC for federal fiscal years 2005, 2006, 2007, 2008, and 2009 of .578%, .517%, .550%, .613%, and .610%, respectively. GLHEGC believes the U.S. Department of Education has not calculated the reserve ratio in accordance with the Act and the correct ratio should be .83%, .72%, .69%, .76%, and .79%, respectively, as shown above and as explained in the following footnote. On November 17, 2006, the U.S. Department of Education advised GLHEGC that beginning in Federal Fiscal Year 2006 it will publish reserve ratios that include loan loss provision and deferred revenues. GLHEGC believes this change should more closely approximate the statutory calculation. According to the U.S. Department of Education, available cash reserves may not always be an accurate barometer of a guarantor's financial health.

[1] In accordance with Section 428(c)(9) of the Higher Education Act, does not include loans transferred from the former Higher Education Assistance Foundation, Northstar Guarantee Inc., Ohio Student Aid Commission or Puerto Rico Higher Education Assistance Corporation. (The minimum reserve fund ratio under the Higher Education Act is .25%.)

Claims Rate. For the past five federal fiscal years, GLHEGC's claims rate has not exceeded 5%, and, as a result, the highest allowable reinsurance has been paid on all GLHEGC's claims. The actual claims rates are as follows:

Federal Fiscal Year	Claims Rate
2005	0.51%
2006	0.62%
2007	0.77%
2008	0.98%
2009	1.34%

As a result of various statutory and regulatory changes over the past several years, historical rates may not be an accurate indicator of current delinquency or default trends or future claims rates.

THE TRUSTEE

The Bank of New York Mellon Trust Company, N.A. is a national banking association organized under the laws of the United States. The Bank of New York Mellon Trust Company, N.A., has been, and currently is, serving as indenture trustee for numerous securitization transactions and programs involving pools of student loans.

ELIGIBLE LENDER TRUSTEE

The eligible lender trustee is The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Eligible Lender Trustee"). It maintains a trust address at 10161 Centurion Parkway, Jacksonville, FL 32256. The Bank of New York Mellon Trust Company,

N.A. has been, and currently is, serving as eligible lender trustee for numerous securitization transactions and programs involving pools of student loan receivables.

The Eligible Lender Trustee will acquire, on behalf of the Issuer, legal title to all of the Financed Student Loans purchased on the Issue Date or during the Acquisition Period. The Eligible Lender Trustee, on behalf of the Issuer, has entered into separate Guaranty Agreements with the guaranty agencies described in this Private Placement Memorandum with respect to the Student Loans. 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 Guaranty Agreements.

REPORTS TO NOTEHOLDERS

Not later than four Business Days prior to the Interest Rate Determination Date preceding each Distribution Date, the Issuer will prepare and deliver to the Trustee a Distribution Date Certificate which will specify the amounts to be deposited or distributed by the Trustee on the next Distribution Date (the "Distribution Date Certificate"). Upon receipt of the Distribution Date Certificate from the Issuer, the Trustee will prepare a Distribution Date Information Form which will include the information described below (the "Distribution Date Information Form"). The Trustee may conclusively rely and accept the information described in the Distribution Date Certificate from the Issuer, with no further duty to know, determine or examine such reports. Once completed, and in any case, at least two Business Days prior to the Interest Rate Determination Date, the Trustee will provide the Distribution Date Information Form to the Issuer. Upon receiving the completed Distribution Date Information Form from the Trustee, the Issuer will post and provide electronic access to the form on EFS' web site at www.edsouth.org; however, the Issuer will not be obligated to continue this practice. Any Noteholder requesting a copy of the Distribution Date Information Form from the Trustee will be directed to the electronic form posted on EFS' web site or such other location from which copies of the Distribution Date Information Form may be obtained. Such reports will not be audited and will not constitute financial statements prepared in accordance with generally adopted accounting principles. The Issuer has authorized the execution, delivery and distribution of this Private Placement Memorandum in connection with the offering and sale of the Notes.

The Distribution Date Information Form prepared by the Trustee and posted by the Issuer on EFS' web site will include the following information:

- the amount of the distribution allocable to interest on the Notes with respect to such Distribution Date;
- the amount of the distribution allocable to principal of the Notes with respect to such Distribution Date;
- the amount of Available Funds from the immediately preceding Collection Period, and, if required, the amount of other Available Funds on deposit in the Collection Fund;
- the Pool Balance as of the close of business on the last day of the preceding Collection Period;
- the Parity Ratio with respect to such Distribution Date;
- the amount of the Servicing Fees to be paid to the Servicers with respect to such Distribution Date and the amount of any unpaid Servicing Fees from prior Monthly Expense Payment Dates;
- the amount of any Administration Fees to be paid to the Administrator with respect to such Distribution Date and the amount of any unpaid Administration Fees from prior Monthly Expense Payment Dates;
- the amount of the annual Trustee Fee (to the extent not previously paid in full) to be paid to the Trustee;

- the amount, if any, allocable to payments to the Trustee for Trustee Extraordinary Services Fees with respect to such Distribution Date;

- the amount, if any, allocable to additional payments of principal of the Notes with respect to such Distribution Date;

- the amount to be deposited to the Debt Service Reserve Fund (to reinstate the balance of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement);

- the amounts required to be deposited in the Department Reserve Fund;

- the total amount of distributions with respect to such Distribution Date; and

- information concerning LIBOR and the interest rates applicable to the Notes.

In the event EFS no longer maintains, or is no longer able to maintain, its web site for this purpose, the Trustee will post and provide electronic access to the Distribution Date Information Form on a web site, currently https://gctinvestorreporting.bnymellon.com.

TAX MATTERS

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, NOTEHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PRIVATE PLACEMENT MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCLOSURE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Notes. The summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Notes held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Notes as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers except where otherwise specifically noted. Potential purchasers of the Notes should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Notes.

As used herein, the term ''U.S. Holder'' means a beneficial owner of Notes that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or

arrangement treated as a partnership for federal income tax purposes) holds Notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Notes, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Notes.

Characterization of the Issuer

For so long as 100% of the membership interests are owned by EFS, an entity disregarded as separate from EFS or by another single owner, the Issuer will be treated as a disregarded entity for federal income tax purposes.

Characterization of the Notes as Indebtedness

The Issuer intends, for federal income tax purposes, that the Notes will be indebtedness secured by the Financed Student Loans and that it will be the beneficial owner of the Financed Student Loans. The registered owners of the Notes, by accepting the Notes, have agreed to treat the Notes as indebtedness for federal income tax purposes. The Issuer intends to treat this transaction as a financing reflecting the Notes as indebtedness and the Financed Student Loans as its assets for tax and financial accounting purposes. While not free from doubt, Nixon Peabody LLP is of the opinion that, for federal income tax purposes, the Notes will be characterized as indebtedness to a holder thereof other than the beneficial owner of the Financed Student Loans and that the Issuer will be the beneficial owner of the Financed Student Loans.

In general, the characterization of a transaction as a sale of property rather than a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the Internal Revenue Service and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form.

The Issuer believes that it has retained the preponderance of the benefits and burdens associated with the Financed Student Loans. Therefore, the Issuer believes that it will be treated as the owner of the Financed Student Loans for federal income tax purposes, and the Notes will be treated as its indebtedness for federal income tax purposes. If, however, the Internal Revenue Service were to successfully assert that this transaction should not be treated as a loan secured by the Financed Student Loans, the Internal Revenue Service could further assert that the Indenture created a separate entity for federal income tax purposes which would be the owner of the Financed Student Loans and would be deemed engaged in a business. The Internal Revenue Service could assert that such entity should be characterized as an association or publicly traded partnership taxable as a corporation. In such event, the separate entity would be subject to corporate tax on income from the Financed Student Loans, reduced by interest on the Notes. Any such tax could materially reduce cash available to make payment on the Notes.

The remainder of this federal income tax discussion assumes that the Issuer is treated as the owner of the Financed Student Loans for federal income tax purposes, and that the Notes are treated as indebtedness for federal income tax purposes.

Stated Interest

Interest on the Notes is not excluded from gross income for federal income tax purposes under Code section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase Notes in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Notes. In general, interest paid on the Notes and recovery of any accrued market discount will be treated as ordinary income to a Noteholder, and after

adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's basis in the Notes and capital gain to the extent of any excess received over such basis.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Notes issued with original issue discount ("Discount Notes"). The Class A-1 Notes will not and the Class A-2 Notes will be issued with original issue discount. A Note will be treated as having been issued at an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Notes of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Note's stated redemption price at maturity multiplied by the number of complete years to its maturity.

A Note's "stated redemption price at maturity" is the total of all payments provided by the Note that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Note is the sum of the "daily portions" of original issue discount with respect to such Note for each day during the taxable year in which such holder held such Note. The daily portion of original issue discount on any Discount Note is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Note, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the sum of the issue price of the Discount Note plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Note that were not qualified stated interest payments. Under these rules, holders will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the Note by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

Any owner who purchases a Note at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Note as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Note who acquires such Note at a market discount also may be required to defer, until the maturity date of such Notes or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Note in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Note. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Note for the days during the taxable year on which the owner held the Note and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Note matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Noteholder elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Note who purchases such Note at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Notes held by the holder on the first day of the taxable year to which the election applies and to all Notes thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Notes who acquire such Notes at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such Notes.

Sale or Redemption of Notes

A Noteholder's tax basis for a Note is the price such owner pays for the Note plus the amount of OID and market discount previously included in income and reduced on account of any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Note, measured by the difference between the amount realized and the Note basis as so adjusted, will generally give rise to capital gain or loss if the Note is held as a capital asset (except in the case of Notes acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the Notes are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral.

EACH POTENTIAL HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE NOTES, AND (2) THE CIRCUMSTANCES IN WHICH NOTES WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Information Reporting and Backup Withholding

A Noteholder may, under certain circumstances, be subject to "backup withholding" at the applicable rate on, and to information reporting requirements with respect to, payments of principal or interest on, and to proceeds from the sale, exchange or retirement of, Notes. This backup withholding generally applies if the owner of a Note (a) fails to furnish the paying agent or other payor with its taxpayer identification number; (b) furnishes the paying

agent or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the paying agent or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to Noteholders, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Non-U.S. Holders (as defined below).

OWNERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING THE EXEMPTION.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Notes will be reported to the Noteholders and to the Internal Revenue Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Subject to the discussion of backup withholding below, payments of interest on the Notes to nonresident alien individuals, foreign corporations and other non-U.S. persons (a "Non-U.S. Holder") generally will not be subject to U.S. federal income or withholding tax, provided that (1) the Non-U.S. Holder does not actually own, and is not deemed to own under applicable Treasury regulations, 10% or more of the voting power of all voting interests of the Issuer, (2) the Non-U.S. Holder is not (a) a controlled foreign corporation that is related to the Issuer through actual or deemed interest ownership or (b) a bank receiving interest on a loan entered into in the ordinary course of business, (3) such interest is not contingent interest within the meaning of Section 871(h)(4) of the Code, (4) such interest is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, and (5) the Non-U.S. Holder either (a) provides its name and address on an IRS Form W-8BEN (or other applicable form), and certifies, under penalties of perjury, that it is not a U.S. person as defined under the Code or (b) holds the Notes through certain foreign intermediaries and satisfies the certification requirements of applicable U.S. Treasury regulations.

If a Non-U.S. Holder cannot satisfy the requirements in the preceding paragraph, payments of interest made to such Non-U.S. Holder will be subject to the 30% U.S. federal withholding tax, unless such Non-U.S. Holder provides us or our paying agent with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI (or other applicable form) stating that interest paid on the Notes is not subject to withholding tax because it is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (as discussed in the following paragraph).

If interest on the Notes is effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States (and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), such interest will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. persons generally (and, with respect to corporate holders, may also be subject to a 30% branch profits tax). If interest is subject to U.S. federal income tax on a net income basis in accordance with these rules, such payments will not be subject to U.S. withholding tax so long as the relevant Non-U.S. Holder provides us or our paying agent with the appropriate documentation.

Subject to the discussion of backup withholding below, any gain realized by a Non-U.S. Holder on the sale, exchange or redemption of a Note generally will not be subject to U.S. federal income tax, unless (1) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), in which case such gain will be taxed on a net income basis in the same manner as interest that is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States or (2) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied, in which case the Non-U.S. Holder will be subject to a 30% tax on the excess, if any, of such gain plus all other U.S. source capital gains recognized during the same taxable year over the Non-U.S. Holder's U.S. source capital losses recognized during such taxable year.

We, our paying agent(s) or other withholding agent must report annually to the IRS and to each Non-U.S. Holder the amount of any interest paid on the Notes in such year and the amount of tax withheld, if any, with respect to such payments. Copies of those information returns also may be made available, under the provisions of a specific treaty or agreement, to the taxing authorities of the country in which the Non-U.S. Holder resides. Backup withholding generally will not apply to interest payments made to a Non-U.S. Holder on the Notes provided that we or our paying agent does not have actual knowledge or reason to know that such Non-U.S. Holder is a U.S. person as defined under the Code and such Non-U.S. Holder furnishes us or our paying agent with appropriate documentation.

Information reporting and, depending on the circumstances, backup withholding will apply to the payment of the proceeds of a sale of the Notes within the United States or conducted through certain U.S.-related financial intermediaries, unless such Non-U.S. Holder certifies under penalties of perjury that it is a Non-U.S. Holder (and we or our paying agent does not have actual knowledge or reason to know that such Non-U.S. Holder is a U.S. person as defined under the Code) or such Non-U.S. Holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be allowed as a refund or a credit against such Non-U.S. Holder's U.S. federal income tax liability, provided that the requisite procedures are followed.

Unrelated Business Taxable Income

Entities otherwise exempt from federal income tax under Section 501 of the Code will be subject to tax on their income derived from an unrelated trade or business. Under Section 512(d) of the Code, in general, interest may be excluded from the calculation of unrelated business taxable income. Based upon the foregoing and assuming that a registered owner does not incur acquisition indebtedness within the meaning of Section 514(c) of the Code in connection with its purchase of the Notes, the interest on such Notes may be excluded from the calculation of unrelated business taxable income by tax-exempt registered owners.

State Taxes

We make no representations regarding the tax consequences of the purchase, ownership or disposition of the Notes under the tax laws of any state. Investors should consult your own tax advisors regarding the state tax consequences of the purchase, ownership and disposition of the Notes.

Recent Legislation

Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Notes may occur. Prospective purchasers of the Notes should consult their own tax advisers regarding such matters.

Nixon Peabody LLP has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of the Notes. Bond Counsel expresses no opinion as to any federal, state, local, foreign and other tax law consequences with respect to the Notes if any action is taken with respect to the Notes upon the advice or approval of other counsel.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

Subject to the following discussion, the Notes may be acquired with assets of pension, profit-sharing or other employee benefit plans, as well as individual retirement accounts, Keogh plans and other plans covered by Section 4975 of the Code (each a "Plan"). Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Code prohibit a Plan subject to those provisions (each, a "Benefit Plan Investor") from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA required fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Employee benefit plays that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code. However, such plans may be subject to similar restrictions under applicable state, local or other law ("Similar Law").

Certain transaction involving the Issuer might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Benefit Plan Investor that purchased Notes if assets of the Issuer were deemed to be assets of the Benefit Plan Investor. Under a regulation issued by the United States Department of Labor (the "Regulation"), the assets of the Issuer would be treated as plan assets of a Benefit Plan Investor for the purposes of ERISA and the Code only if the Benefit Plan Investor acquired an "equity interest" in the Issuer and none of the exceptions contained in the Regulation was applicable. An equity interest is defined under the Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on the subject, the Issuer believes that, at the time of their issuance, the Notes should be treated as indebtedness of the Issuer under applicable local law without substantial equity features for purposes of the Regulation. This determination is based upon the traditional debt features of the Notes, including the reasonable expectation of purchasers of Notes that the Notes will be repaid when due, traditional default remedies, as well as on the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Notes for ERISA purposes could change subsequent to their issuance if the Issuer incurred losses. In the event of a withdrawal or downgrade to below investment grade of the rating of the Notes or a characterization of the Notes as other than indebtedness under applicable local law, the subsequent purchase of the Notes or any interest therein by a Benefit Plan Investor is prohibited.

In the event that the Notes cannot be treated as indebtedness for purposes of ERISA, under an exception to the Regulation, the assets of a Plan will not include an interest in the assets of an entity, the equity interests of which are acquired by the Plan, if at no time do Plans in the aggregate own 25% or more of the value of any class of equity interests in such entity, as calculated under Section 3(42) of ERISA and the Regulation. Because the availability of this exception depends upon the identity of the holders of the Notes at any time, there can be no assurance that the Notes will qualify for this exception and that the Issuer's assets will not constitute a Plan Asset subject to ERISA's fiduciary obligations and responsibilities. Therefore, neither a Plan nor a Plan Asset Entity (as hereinafter defined) should acquire or hold Notes in reliance upon the availability of any exception under the Regulation.

However, without regard to whether the Notes are treated as an equity interest for purposes of the Regulation, the acquisition or holding of Notes by or on behalf of a Benefit Plan Investor could be considered to give rise to a prohibited transaction if the Issuer, the Transferor, the Depositor, the Administrator, the Underwriter, the Master Servicer or the Indenture Trustee is or becomes a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemption from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemption are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor; and non-fiduciary service providers to the Benefit Plan Investor; Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transaction effected by "in-house asset

managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investments funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective purchasers that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

By acquiring a Note (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Note (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of the Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Benefit Plan Investors may not purchase the Notes at any time that the ratings on the Notes are below investment grade or the Notes have been characterized as other than indebtedness for applicable local law purposes.

A plan fiduciary considering the purchase of Notes should consult its legal advisors regarding the matters discussed above and other applicable legal requirements.

PLAN OF DISTRIBUTION

The Notes are being offered by Morgan Stanley & Co. Incorporated (the "Initial Purchaser") to prospective purchasers from time to time in individually negotiated transactions at varying prices and other terms to be determined in each case at the time of sale, within the United States to "qualified institutional buyers" (as defined in Rule 144A) in reliance on Rule 144A.

Subject to the terms and conditions set forth in a note purchase agreement (the "Note Purchase Agreement") between the Issuer, EFS and the Initial Purchaser, the Issuer will agree to sell the Notes to the Initial Purchaser, and the Initial Purchaser will agree to purchase the Notes from the Issuer at a discount. The Initial Purchaser will be paid initial purchaser fees and commissions in the aggregate amount of $0.

A portion of the proceeds from the sale of the Notes to the Initial Purchaser will be used to acquire Student Loans from the Seller on the Issue Date and during the Acquisition Period. The Seller will use the proceeds of the sale of the Student Loans to retire outstanding debt of the Seller that is owed to the Initial Purchaser and that is secured by the Student Loans being sold.

It is expected that delivery of the Notes will be made only in book-entry form through the same day funds settlement system of DTC on or about the Issue Date, against payment therefor in immediately available funds.

In the Note Purchase Agreement, the Initial Purchaser has agreed, subject to the terms and conditions set forth therein, to purchase the Notes. The Note Purchase Agreement provides that the obligation of the Initial Purchaser to pay for and accept delivery of its Notes is subject to, among other things, the receipt of certain legal opinions and the satisfaction of other conditions.

The sale of the Notes by the Initial Purchaser may be effected from time to time in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale. The Initial Purchaser may effect such transactions by selling its Notes to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the Initial Purchaser for whom they act as agent.

The Note Purchase Agreement provides that the Issuer and EFS will indemnify the Initial Purchaser, and that under limited circumstances the Initial Purchaser will indemnify the Issuer and EFS against certain civil liabilities under federal or state securities laws.

There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will continue. The primary source of ongoing information available to investors concerning the Notes will be the statements discussed in this Private Placement Memorandum under "REPORTS TO NOTEHOLDERS." There can be no assurance that any additional information regarding the Notes will be available through any other source. In addition, the Issuer is not aware of any source through which price information about the Notes will be generally available on an ongoing basis. The limited nature of such information regarding the Notes may adversely affect the liquidity of the Notes, even if a secondary market for the Notes becomes available.

The Initial Purchaser may be contacted at its principal office at 1585 Broadway, 2nd Floor, New York, New York 10036, telephone: (212) 761-0925.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements presented in this Private Placement 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. Investors should not place undue reliance on those forward-looking statements. When used in this Private Placement Memorandum, the words "estimate," "intend," "expect," "assume," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. Please review the factors described in this Private Placement Memorandum under "RISK FACTORS—Experience May Vary from Assumptions" which could cause the actual results to differ from expectations.

INVESTOR SUITABILITY

The Notes may be purchased only by investors who are "qualified institutional buyers" ("Qualified Institutional Buyer" or "QIB"), as defined in Rule 144A promulgated under the Securities Act ("Rule 144A"). In addition, the Notes are subject to certain restrictions on transfer. See "NOTICE TO INVESTORS: TRANSFER RESTRICTIONS" herein. The Issuer will have the right, in its sole and absolute discretion, to reject a subscription for Notes in whole or in part, or to allot less than the principal amount of Notes for which subscriptions are received for any reason.

THE FOREGOING SUITABILITY STANDARDS ARE MINIMUM REQUIREMENTS FOR PROSPECTIVE PURCHASERS OF THE NOTES. THE SATISFACTION OF SUCH STANDARDS DOES NOT NECESSARILY MEAN THAT THE NOTES ARE A SUITABLE INVESTMENT FOR A PROSPECTIVE INVESTOR OR THAT ITS SUBSCRIPTION WILL BE ACCEPTED IN WHOLE OR IN PART BY THE ISSUER. ACCORDINGLY, EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT WITH ITS OWN TAX AND FINANCIAL ADVISERS TO DETERMINE WHETHER AN INVESTMENT IN THE NOTES IS APPROPRIATE IN LIGHT OF ITS INDIVIDUAL TAX AND FINANCIAL SITUATION. SEE "RISK FACTORS" AND "CERTAIN FEDERAL INCOME TAX CONSEQUENCES."

NOTICE TO INVESTORS: TRANSFER RESTRICTIONS

Each purchaser of Notes from the Initial Purchaser, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchaser as follows:

- It understands and acknowledges that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, that the Notes have not been and will not be registered or qualified under the Securities Act or any other applicable securities laws and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or

in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth below.

- It is a Qualified Institutional Buyer and is aware that any sale of the Notes to it will be made in reliance on Rule 144A. Such acquisition will be for its own account or for the account of a QIB.

- It acknowledges that none of the Issuer, the Initial Purchaser or any person representing the Issuer or the Initial Purchaser has made any representation to it with respect to the Issuer or the offering or sale of any Notes, other than the information contained herein, 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 Issuer and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from the Issuer and the Initial Purchaser.

- It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent purchaser of the Notes by its acceptance thereof, will agree, to offer, sell or otherwise transfer such Notes only (a) to the Issuer; or (b) to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB; and, with respect to (b), to whom notice is given that the transfer is being made in reliance on Rule 144A. Each purchaser acknowledges that each Note will contain a legend substantially similar to the following:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A PRINCIPAL AMOUNT OF NOT LESS THAN $250,000 AND IN INTEGRAL MULTIPLES OF $1,000, FOR THE PURCHASER OR EACH SUCH ACCOUNT, AS THE CASE MAY BE, TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A. THE HOLDER HEREOF, BY PURCHASING THIS NOTE REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER, THE TRUSTEE AND THE INITIAL PURCHASER THAT IT IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A OR AN ENTITY WHICH ALL THE EQUITY OWNERS COME WITHIN SUCH PARAGRAPHS AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. EACH PURCHASER WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE INDENTURE. IF AT ANY TIME, THE ISSUER DETERMINES OR IS NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH NOTE WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE INDENTURE, THE ISSUER MAY CONSIDER THE ACQUISITION OF THIS NOTE OR SUCH INTEREST IN SUCH NOTE VOID AND REQUIRE THAT THIS NOTE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER.

- It is not acquiring the Note (or interest therein) with the plan assets of an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, a "plan" that is covered by Section 4975 of the Code (each such entity a "Benefit Plan Investor"), or a governmental or church plan; or (b) the acquisition and holding of the Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a

nonexempt violation of any state, local or other law that is similar to Section 406 of ERISA or Section 4975 of the Code.

- By acquiring a Note (or interest therein), each purchaser and transferee and its fiduciary shall be deemed to represent and warrant that either (a) it is not acquiring the Note (or interest therein) with the plan assets of an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, a "plan" that is covered by Section 4975 of the Code (each such entity a "Benefit Plan Investor"), or a governmental or church plan; or (b) the acquisition and holding of the Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a nonexempt violation of any state, local or other law that is similar to Section 406 of ERISA or Section 4975 of the Code.

- It acknowledges that the Issuer, Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it will promptly notify the Initial Purchaser and the Issuer. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

GENERAL INFORMATION

The Issuer accepts responsibility for the information contained in this Private Placement Memorandum. To the best of the knowledge and belief of the Issuer, the information contained in this Private Placement Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Physical or electronic copies of the following documents may be inspected at the registered office of the Issuer (Ron Gambill, 178 North Seven Oaks Drive, Knoxville, TN 37922) during usual business hours on any weekday (public holidays excepted) for the term of the Notes:

(a) the Private Placement Memorandum and the Articles of Organization of the Issuer;

(b) the transaction documents referred to herein, including the Indenture and the Note Purchase Agreement;

(c) audited historical financial information covering the latest two (2) financial years and the audit report with respect to each year; and

(d) all reports, letters, and other documents referred to herein.

The Issuer is not legally obligated in its country and state of incorporation to produce financial statements.

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position.

Reference in this Private Placement Memorandum to web site addresses will not been deemed to constitute a part of this document.

The Indenture under which the Notes have been issued and the Trust Estate are governed by and shall be construed in accordance with the laws of the state of New York without giving effect to the conflict-of-law provisions thereof.

RATINGS

It is a condition to the issuance of the Notes that they be rated "AAA" by Fitch Ratings, Inc. ("Fitch") and "AAA" by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"). The Issuer has furnished S&P and Fitch with certain information and materials concerning the Notes and the Issuer some of which is not included in this Private Placement Memorandum. Generally, a Rating Agency bases its rating on such information and materials and also on such investigations, studies, and assumptions as each may undertake or establish independently.

A rating is not a recommendation to buy, sell or hold the Notes and any such rating should be evaluated independently. Each rating is subject to change or withdrawal at any time and any such change or withdrawal may affect the market price or marketability of the Notes. Neither the Issuer nor the Initial Purchaser has undertaken any responsibility either to bring to the attention of the Noteholders any proposed change in or withdrawal of the rating of the Notes or to oppose any such change or withdrawal.

LEGAL MATTERS

Certain legal matters, including certain income tax matters, will be passed upon for the Issuer and EFS by Nixon Peabody LLP and certain legal matters will be passed upon for the Initial Purchaser by Mayer Brown LLP.

ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment applicable to an investor's acquisition and holding of asset-backed securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Before making an investment in the notes, potential investors are strongly encouraged to consult their own accountants for advice as to the appropriate accounting treatment for their class of notes.

LITIGATION

There is currently no litigation pending, or, to the knowledge of the Issuer, threatened, that would have the effect of prohibiting the issuance, sale, or delivery of the Notes or the pledge of the Trust Estate as provided by the Indenture.

EXHIBIT I

SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

INTRODUCTION

Generally

The Federal Family Education Loan Program (the "FFELP"), formerly known as the Guaranteed Student Loan Program, is part of a number of federal education programs contained in the Higher Education Act of 1965, as amended (the "Higher Education Act") and was originally enacted by the U.S. Congress and signed into law as Public Law 89-329. FFELP provisions are presently contained in Title IV, Part B of the Higher Education Act and are codified at 20 United States Code, Sections 1071 et seq. Beginning on July 1, 2010, FFELP Loans made pursuant to the Higher Education Act will no longer be originated, and new federal student loans will be originated solely under the Federal Direct Student Loan Program (the "Direct Loan Program"). However, FFELP Loans originated under the Higher Education Act prior to July 1, 2010, which have been acquired or are anticipated to be acquired by the Issuer (including the Financed Student Loans) continue to be subject to the provisions of the FFELP. The following description of the FFELP has been provided solely to explain certain of the provisions of the FFELP applicable to FFELP Loans made on or after July 1, 1998 and prior to July 1, 2010. **Notwithstanding anything herein to the contrary, after June 30, 2010, no new FFELP Loans (including Consolidated Loans) may be made or insured under the FFELP, and no funds are authorized to be appropriated, or may be expended, under the Higher Education Act to make or insure loans under the FFELP (including Consolidation Loans) for which the first disbursement is after June 30, 2010, except as expressly authorized by an Act of Congress enacted after the date of enactment of SAFRA (hereinafter defined).**

Currently, interest rate information for FFELP loans can be found in § 427A of the Higher Education Act (20 U.S.C., 1077a); insurance and guarantee/reinsurance information for FFELP loans can be found in §§ 429 through 432 of the Higher Education Act (20 U.S.C., 1079 through 1082); and, information on student borrower and parent borrower eligibility for FFELP loans can currently be found in §§ 427 and 428B of the Higher Education Act (20 U.S.C., 1077 and 1078-2).

The following summary of certain provisions of FFELP is not intended to be complete and is qualified in its entirety by reference to the complete provisions of the Higher Education Act and the regulations thereunder. This summary is intended as a general description of FFELP and speaks only as of the date on the front cover of this Private Placement Memorandum. Neither the Issuer, the Initial Purchaser, nor their respective counsel are under any obligation to update or supplement the information herein contained after the date hereof.

FFELP currently includes:

- the Federal Stafford Loan Program,
- the Federal Supplemental Loans for Students (SLS) Program, (repealed in 1994)
- the Federal PLUS Program, and
- the Federal Consolidation Loan Program.

FFELP attempts to assure access of students and their parents to loans for postsecondary educational endeavors by providing lenders with certain federal incentives to make what otherwise would be unsecured higher risk loans. Toward that end, qualifying loans under FFELP are either (i) guaranteed by a state guaranty agency or authorized private guaranty agency and reinsured by the U.S. Government or (ii) insured directly by the U.S. Secretary of Education (the "Secretary"). One type of FFELP loan made to need-qualified students is subject to special treatment under which the Secretary pays interest on the loan while the student is in school and prior to the

time the student is scheduled to begin loan repayment. Several types of FFELP loans are subject to so-called "Special Allowance Payments" where the Secretary makes periodic payments to loan holders to make up the difference between the interest rate paid by the borrower and the calculated market interest rates or where the Secretary recaptures excess interest on certain FFELP loans.

The Federal Direct Student Loan Program ("FDSLP") was created by the Student Loan Reform Act of 1993 and became operational for the 1994-1995 academic year. Unlike the FFELP, which relies on a national network of private for-profit and nonprofit lenders as well as state and local governmental and quasi-governmental lenders for the origination and funding of loans, the FDSLP utilizes direct federal funding of student loans through participating educational institutions.

Legislative and Administrative Matters

Since original enactment, both the Higher Education Act and the regulations promulgated thereunder have been the subject of extensive amendments, and there can be no assurance that further amendments or modifications will not adversely impact the programs described below and FFELP loans made thereunder. The Higher Education Act is currently subject to reauthorization. During that process, which is ongoing, proposed amendments to the Higher Education Act are more commonplace and a number of proposals have been introduced in Congress. No representation is made as to the effect, if any, of recent or future federal budgetary appropriation, legislation, or regulatory actions upon expenditures by the U.S. Department of Education or upon the financial condition of the Issuer.

September 2007: The College Cost Reduction and Access Act was signed into law on September 27, 2007, and made substantial changes to the FFELP. On November 1, 2007, the Secretary released final regulations to amend the FFELP, which went into effect on July 1, 2008. Among other things, the proposed regulations incorporate, with some modifications, current interpretive and clarifying guidance on prohibited inducements and activities provided to lenders and guaranty agencies. In addition, the regulations also specify the requirements that a school must meet if it chooses to provide a preferred lender list, including that the preferred lender list contain at least three lenders that are not affiliated with each other.

The College Cost Reduction and Access Act also converts the parent PLUS Loan Program to an auction format beginning on July 1, 2009. In consultation with other federal agencies, the U.S. Department of Education is required to plan and implement the auction of all new parent PLUS Loans in the FFELP. A separate loan origination rights auction is to be held bi-annually for each state, with two winning bidders selected for each state for that two-year period.

May 2008: In response to recent disruptions in the credit markets and the announcement by several lenders that they will no longer originate or acquire FFELP loans, the Ensuring Continued Access to Student Loans Act of 2008 was enacted and signed into law by the President on May 7, 2008. The Ensuring Continued Access to Student Loans Act amends the Higher Education Act to:

- increase annual loan limits and aggregate loan limits on federal unsubsidized loans;
- provide deferrals to parent borrowers to begin repayment of PLUS loans until up to six months after students leave school; and
- provide temporary authority to the U.S. Department of Education to purchase certain FFELP loans first disbursed after May 1, 2008 and before July 1, 2009 from any eligible lender.

The Higher Education Extension Act of 2008 was signed into law to extend temporarily the authority for certain programs under the Higher Education Act to April 30, 2008. The current reauthorization of the Higher Education Act expires in 2014.

August 2008: On August 14, 2008, the President signed into law H.R. 4137, the Higher Education Opportunity Act (the "HEOA"), which reauthorizes and makes changes to many of the federal student aid programs.

Some of the changes made by HEOA include changing the definition of an institution of higher education to explicitly include home schooled students, and clarifying that a borrower may elect to participate in the income-based repayment plan if their loan had been in default in the past but was subsequently rehabilitated.

July 2009: On July 1, 2009, the President signed into law H.R. 1777, the HEOA technical corrections package (the "Technical Corrections Package"). Changes made by the Technical Corrections Package include clarifying that lenders and guaranty agencies may provide both entrance and exit counseling, expanding the Department's temporary authority to purchase loans to include rehabilitated loans and requires lenders to use proceeds of such sales to make additional FFELP loans and changing the subjects to whom guaranty agencies and lenders are prohibited from offering inducements from "any institution of higher education or the employees of an institution of higher education" to "any institution of higher education, any employee of an institution of higher education, or any individual or entity".

September 2009: On February 26, 2009, the President introduced several proposals related to the fiscal year 2010 Federal budget, including a proposal for the elimination of the FFELP and a recommendation that all new student loan originations be funded through the Direct Loan Program, with loan servicing to be provided by private sector companies through performance-based contracts with the Department. On April 29, 2009, Congress passed a budget resolution including the President's proposal to eliminate the FFELP using the budget reconciliation procedure. The resolution also includes non-binding language to maintain "a competitive private sector role in the student loan program." On September 17, 2009, the U.S. House of Representatives approved the Student Aid and Fiscal Responsibility Act of 2009 ("SAFRA"), which would end subsidies for private lenders that provide federally guaranteed student loans. Under the provisions of SAFRA, the federal government would make all such federal loans as of July 1, 2010. The version of SAFRA approved by the U.S. House of Representatives also provides for the conversion in 2012 of the interest rate on subsidized Stafford loans to a variable rate from its current fixed rate.

March 2010: On March 25, 2010 both the U.S. House of Representatives and the U.S. Senate passed the Health Care and Education Reconciliation Act of 2010 ("HCERA"). The President signed HCERA into law on March 30, 2010. HCERA is similar to the version of SAFRA approved by the U.S. House of Representatives. HCERA ends the FFELP, requiring all institutions to switch to the new federal direct lending program by July 1, 2010 and no subsequent loans will be made under the FFELP after June 30, 2010. HCERA includes provisions that limit student loan repayments under the income-based repayment plan for federal student loans to no more than 10% of such student's income and forgives student loans after 20 years, instead of the current 25 years. **Due to the enactment of HCEARA, FFELP Loans made pursuant to the Higher Education Act will no longer be originated and new federal student loans will be originated solely under the Direct Loan Program beginning on July 1, 2010.**

We cannot predict whether further changes will be made to the Higher Education Act in future legislation or the effect of such legislation on a Guaranty Agency or the Financed Student Loans or on our ability to have the Financed Student Loans serviced.

Additional legislation has been proposed or passed by members of either the U.S. House of Representatives or the U.S. Senate. Among other things, some of such legislation increases lender disclosure requirements, restricts lender marketing practices, restricts the way lenders interact with educational institutions, and restricts the means by which educational institutions choose or allow lenders to originate loans at their institution. There can be no assurance that relevant federal laws, including the Higher Education Act, will not be changed in a manner that might adversely affect the Issuer and the Financed Student Loans.

THE FEDERAL STAFFORD LOAN PROGRAM

Generally. FFELP currently provides for (a) a Stafford Loan Program, which includes (i) federal insurance or separate guarantee and federal reinsurance (described below), (ii) interest subsidy payments ("Interest Subsidy Payments") to eligible lenders for certain eligible borrowers with "subsidized" loans, and (iii) in some circumstances, special allowance payments ("Special Allowance Payments") paid by the Secretary to holders of

certain student loans or paid by holders to the Secretary; and (b) an unsubsidized Stafford Loan Program, which includes federal insurance or separate guarantee and federal reinsurance and Special Allowance Payments in some circumstances.

Both subsidized and unsubsidized Stafford Loans are eligible for federal insurance or separate guarantee and federal reinsurance if made to eligible students (see below). In connection with eligible Stafford Loans, there are limits as to the maximum amount which may be borrowed for an academic year and in the aggregate for both undergraduate and graduate/professional study. These aggregate limitations exclude loans made under the PLUS Program. The Secretary may authorize higher limits to accommodate students undertaking specialized training requiring exceptionally high costs of education. Subject to these limits, Stafford Loans are available to eligible students in amounts not exceeding their unmet need for subsidized financing determined in accordance with applicable FFELP need analysis. As used in this summary, a "new borrower" is an individual who, at the time of determination, has no outstanding principal or interest due on prior loans under FFELP.

Eligible Student. Generally, a loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who:

(a) has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution,

(b) is carrying or planning to carry at least one-half of the normal full-time academic workload for the course of study the student is pursuing, as determined by such institution,

(c) has agreed to notify promptly the holder of the loan of any address change,

(d) has submitted the Free Application for Federal Student Aid,

(e) if he or she is an undergraduate enrolled in an institution participating in the Pell Grant Program, then his or her eligibility or ineligibility for the Pell Grant Program has been determined,

(f) is not in default on any other federal education loan nor owes an overpayment on any other Title IV program (or has made satisfactory arrangements with the holder to repay such debt), and

(g) is in compliance with Selective Service System registration requirements.

Eligible institutions include higher educational institutions and vocational schools that comply with certain federal regulations.

Promissory Notes. Each loan, whether subsidized or unsubsidized, is to be evidenced by an unsecured unendorsed promissory note. Currently, all such loans are in the form of a "Master Promissory Note." A Master Promissory Note is designed to be used as both a single year and as a multi-year note. Under the Master Promissory Note process, most borrowers will sign a promissory note once, at the time they first borrow. They may obtain additional loans, based on that same note, during the same year or in subsequent years. Generally, a lender's ability to make subsequent loans to a borrower, based on the Master Promissory Note, expires upon the earliest of (i) twelve (12) months after the original Master Promissory Note is signed if no disbursements have been made using that Master Promissory Note, (ii) ten (10) years from the date the Master Promissory Note is signed, or (iii) the date the lender receives written notice from the borrower that the Master Promissory Note may no longer be used as the basis for making additional loans.

Maximum Loan Amounts. Currently, the annual Stafford Loan limit for an academic year is as follows:

- $3,500 for the first year of undergraduate study,
- $4,500 for the second year of undergraduate study,

- $5,500 per year for the remainder of undergraduate study, and
- $8,500 per year for graduate and professional students.

The current aggregate limit on total Stafford Loans is generally $31,000 for undergraduates (excluding PLUS and SLS Loans) of which no more than $23,000 can be subsidized and $138,500 for graduate and professional students (including consolidation loans and undergraduate loans) of which only $65,500 can be subsidized. These loan limits may be increased substantially in some circumstances. See "THE FEDERAL SLS AND UNSUBSIDIZED STAFFORD LOAN PROGRAMS—Loan Amounts."

Applicable Interest Rates. The interest rates applicable to Stafford Loans vary significantly depending, among other things, on the time period during which the loan or its first disbursement was made and whether the loan was to a new borrower or an existing borrower.

Historical Fixed Rates. Prior to October of 1992, all Stafford Loans to new borrowers bore interest at fixed rates which varied depending on the period of instruction the loan was to cover. For example, Stafford Loans made prior to January 1, 1981 (and subsequent loans to the same borrowers) bore interest at a fixed rate not in excess of 7% per annum. On and after January 1, 1981, but before September 13, 1983, the fixed interest rate for new borrowers was 9% per annum unless the Secretary of the Treasury determined that the average of the bond equivalent rates of 91-day Treasury Bills auctioned for any twelve (12) month period beginning on or after January 1, 1981, was equal to or less than 9% in which case the fixed interest rate was 8% for any period of enrollment beginning on or after the date which was three (3) months after such determination. For loans first disbursed to new borrowers on or after July 1, 1988, the fixed interest rate was 8% from the date of loan disbursement through the fourth year of repayment and then converted in the fifth year of repayment to a fixed rate of 10% for the remainder of the repayment period.

Required Conversion Of Older Fixed Rate Loans To Annual Variable Rates. Pursuant to the Higher Education Technical Amendments of 1993, which was signed into law on December 20, 1993, lenders were required to convert all fixed rate loans disbursed on or after July 23, 1993, to an annual variable rate by January 1, 1995. The annual variable rate to which such loans were converted is adjusted each July 1 to a rate equal to the bond equivalent rate of the 91-day Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus a spread of 3.25% for loans first disbursed to new borrowers on or after July 1, 1988, for which the otherwise applicable fixed interest rate was 10%; or, in the case of a loan made on or after October 1, 1992, to a borrower with outstanding loans under FFELP, the bond equivalent rate of the 91-day Treasury Bill, determined as described above, plus 3.10%.

Variable Interest Rates. Loans first disbursed to new borrowers on or after October 1, 1992, and before July 1, 1994, bear interest at an annual variable rate which is reset each July 1 and which is equal to the bond equivalent rate of the 91-day Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus a spread of 3.10% with a cap on the rate of 9%. For loans first disbursed (whether to a new or existing borrower) on or after July 1, 1994, the cap on the rate is reduced to 8.25%. For loans first disbursed on or after July 1, 1995, and before July 1, 1998, the permitted spread above the bond equivalent rate of the 91-day Treasury Bill is reduced to 2.50% during the period of the loan prior to the commencement of repayment and during the deferment of repayment and the rate is capped at 8.25%. For loans first disbursed on or after July 1, 1998, and before July 1, 2006, the permitted spread is 1.7% during the in-school period, the grace period and certain deferment periods and 2.3% during the repayment period and any periods of forbearance, in each case with the maximum rate capped at 8.25%. FFELP specifically provides that the foregoing interest rates are maximum rates only and that lenders may charge interest rates that are lower than the applicable FFELP rates.

Fixed Interest Rates. All Stafford Loans disbursed on or after July 1, 2006, bear a fixed interest rate of not greater than 6.8%, except that subsidized Stafford Loans to undergraduate students having first disbursement dates as follows will have the following permitted fixed interest rates:

Date of First Disbursement	Permitted Interest Rate
On or after July 1, 2008 and before July 1, 2009	6.0%
On or after July 1, 2009 and before July 1, 2010	5.6%

Interest Subsidy Payments. Interest Subsidy Payments are interest payments made by the Secretary on behalf of certain student borrowers during the period prior to the commencement of the obligation to begin repayment and also during deferment of repayment of their subsidized Stafford Loans. With respect to loans for which the eligible institution has completed its portion of the loan application after September 30, 1981, Interest Subsidy Payments are available only if certain income and need criteria are met by the borrower. Factors in this need analysis include the student's estimated cost of attendance, estimated financial assistance and expected family contribution. Interest Subsidy Payments will be paid:

(a) during a period which the borrower is enrolled at least half time in an eligible institution,

(b) during a six (6) month grace period pending commencement of repayment of the loans,

(c) during certain deferment periods, and

(d) in the case of loans initially disbursed prior to October 1, 1981, during a grace period following any authorized deferment period before repayment is required to resume.

The Secretary makes Interest Subsidy Payments quarterly on behalf of the borrower to the holder of the loan in an amount equal to the interest accruing on the unpaid principal amount of the loan during the applicable period. The Higher Education Act provides that the holder of a loan meeting the specified criteria has a contractual right, as against the United States, to receive Interest Subsidy Payments from the Secretary. Receipt of Interest Subsidy Payments is conditioned on compliance with the Higher Education Act, including continued eligibility of the loan for insurance or guarantee/reinsurance benefits. Such eligibility may be lost if the requirements of the Higher Education Act or applicable Guaranty Agreements relating to the servicing and collection of the loans are not met. If Interest Subsidy Payments have not been paid within thirty (30) days after the Secretary receives an accurate, timely, and complete request therefor, the Secretary must pay daily interest on the amounts due beginning on the 31st day at a rate equal to the sum of the daily equivalent loan interest rate and the daily equivalent Special Allowance rate, both as applicable to the affected loans.

FFELP limits the Secretary's authority to make Interest Subsidy Payments to the period ending at the close of business on September 30, 2014, for Student Loans to new borrowers and September 30, 2018, for Student Loans to existing borrowers.

Grace Period, Deferment Periods, Forbearance. Repayment of principal of a FFELP loan (other than a PLUS or Consolidation Loan) must generally commence following a period of (a) not less than nine (9) months or more than twelve (12) months with respect to loans for which the applicable interest rate is 7% per annum, and (b) not more than six (6) months with respect to loans for which the applicable interest rate is other than 7%, in each case after the student borrower ceases to pursue at least a half-time course of study (a "Grace Period"). However, during certain other periods and subject to certain conditions, no principal repayments need be made, including periods when the student has returned to an eligible educational institution on at least a half-time basis or is pursuing studies pursuant to an approved graduate fellowship program, or when the student is a member of the Armed Forces or a volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973, or when the borrower is temporarily totally disabled, or during which the borrower is unable to secure employment, or when the borrower is experiencing economic hardship (the "Deferment Periods"). The lender may also, and in some cases must, allow periods of forbearance during which the borrower may defer principal and/or interest payments because of temporary financial hardship. The 1992 Reauthorization Bill simplified the deferment categories for new loans and expanded the opportunities for students to obtain forbearance from lenders due to temporary financial hardship.

Repayment. Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student in school, but generally begins on the day no more than sixty days following the sixth (6th) month

after the qualified student ceases to carry the required course load at an eligible institution. In general, each such loan must be scheduled for repayment over a period of not more than ten (10) years after the commencement of repayment (excluding any Deferment Period or Forbearance Period as defined in the Higher Education Act).

FFELP currently requires that no more than six (6) months prior to the date on which a borrower's first payment is due, the lender must offer Stafford Loan borrowers the option of repaying the loan in accordance with

(i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed ten (10) years, except that the borrower must repay annually a minimum amount equal to the lesser of $600 or the borrower's loan balance;

(ii) a graduated repayment plan paid over a fixed period of time, not to exceed ten (10) years;

(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed ten (10) years, except that the borrower's scheduled payments cannot be less than the amount of interest due;

(iv) for new borrowers on or after October 7, 1998, who accumulate (after such date) outstanding Stafford Loans (subsidized and unsubsidized) totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed twenty-five (25) years, except that the borrower must repay annually a minimum amount equal to the lesser of $600 or the borrower's loan balance; and

(v) an income-based repayment plan, effective July 1, 2009,

except that with respect to plans described in (ii) through (iv) above, in no instance may the payment be less than the amount of interest due and payable, and with respect to the plan described in (v) above, the payment may be less than the amount of interest due and payable, in which case the government will pay the unpaid interest on subsidized Stafford Loans (both direct loans and FFELP loans) for up to three consecutive years from when the income-based repayment plan is entered into. After three years, and for all other types of loans, interest that accrues is capitalized when the borrower is no longer eligible for an income-based repayment amount.

If a borrower fails to select from among the offered repayment plans, the lender is required to provide the borrower with the standard repayment plan.

Loan Forgiveness. Section 428J of the Higher Education Act authorizes the U.S. Department of Education to repay a maximum of $5,000 (combined total for loans obtained under both the FFELP and the FDSLP) of a qualified borrower's Stafford Loan obligations, and Consolidation Loan obligations to the extent that a Consolidation Loan repaid a borrower's qualifying Stafford Loan(s), if such borrower has been employed as a full-time teacher for five consecutive complete academic years, at least one of which was after the 1997-1998 academic year, in certain eligible elementary or secondary schools that serve low-income families. No borrower may receive benefit for the same teaching service under both the Teacher Loan Forgiveness Program and subtitle D of Title I of the National and Community Service Act of 1990 (AmeriCorps). The Taxpayer-Teacher Protection Act of 2004 increased the maximum repayment to $17,500 for certain qualified borrowers.

To be eligible for loan forgiveness under this program, a borrower must be a "new borrower" and have had no outstanding balance on a FFELP or FDSLP loan on October 1, 1998, or had no outstanding balance on a FFELP or a FDSLP loan on the date he or she obtained a loan after October 1, 1998.

Effective July 1, 2008, a FFELP borrower may obtain a Consolidation Loan under the FDSLP to consolidate FFELP loans and/or other FDSLP loans for the purposes of using the FDSLP Public Service Loan Forgiveness Program.

THE FEDERAL SLS AND UNSUBSIDIZED STAFFORD LOAN PROGRAMS

History. The 1981 amendments to the Higher Education Act included a new program to provide unsubsidized loans to graduate and professional students and independent undergraduate students similar to PLUS Loans (see "THE FEDERAL PLUS LOAN PROGRAM" below). Loans under this new program were designated "Auxiliary Loans to Assist Students" or "ALAS" and subsequently renamed "Supplemental Loans for Students" or "SLS" by the October 1986 amendments. The 1992 amendments to the Higher Education Act added specific provisions for an unsubsidized Stafford Loan Program for independent undergraduate students and graduate/professional students which addressed most of the same financing needs of students as were addressed by the SLS Program. Hence, the Omnibus Budget Reconciliation Act of 1993 eliminated the SLS Program as a separate program and, effective for periods of enrollment beginning on or after July 1, 1994, the SLS Program was merged into the unsubsidized Stafford Loan Program. Therefore, unsubsidized Stafford Loans made for periods of enrollment before July 1, 1994, may have benefits and conditions different from unsubsidized Stafford Loans made after that date.

Loan Amounts. Both the SLS and unsubsidized Stafford Loan Programs were designed to facilitate borrowing for students who do not qualify for the full subsidized Stafford Loan after application of the required need analysis methodology. Such students are entitled to borrow the difference between the unsubsidized Stafford Loan maximum and their subsidized Stafford eligibility through the new program so long as the total loan does not exceed their cost of attendance. The amount of an unsubsidized Stafford Loan is determined by subtracting from the student's estimated cost of attendance any estimated financial assistance reasonably available to such student. Annual loan limits are those applicable to subsidized Stafford Loans but are increased for independent students or students whose parents are unable to borrow under the FFELP PLUS Program or the FDSLP PLUS Program by:

(i) $6,000 during the first and second years of undergraduate study,

(ii) $7,000 for undergraduate study after the first and second years,

(iii) $7,000 for those borrowers who either have a baccalaureate degree and must take preparatory courses prior to entering a graduate program, or who are in a teacher certification program; and

(iv) $12,000 for graduate or professional study.

For loans disbursed on or after July 1, 2008, annual loan limits are those applicable to subsidized Stafford Loans but are increased for dependent undergraduate students and for independent undergraduate students or undergraduate students whose parents are unable to borrow under the FFELP PLUS Program or the FDSLP PLUS Program by $2,000.

Aggregate loan limits are generally the same as for subsidized Stafford Loans but are increased to reflect any applicable increases in annual limits for the unsubsidized Stafford Loans and do not include any capitalized interest. Aggregate limits of $46,000 for an undergraduate and $138,500 for a graduate student include the total of outstanding loans under the Stafford Loan Program, SLS Loan Program and loans under the FDSLP. Effective July 1, 2008, the aggregate limit for independent undergraduate students and dependent undergraduate students where the parents were denied a PLUS loan increased to $57,500 of which no more than $23,000 can be subsidized.

Insurance and Interest Subsidy. The basic provisions for federal insurance and separate guarantee/federal reinsurance applicable to SLS are similar to those of unsubsidized Stafford Loans. Interest Subsidy Payments are not available for SLS and unsubsidized Stafford Loans.

Interest Rates.

Unsubsidized Stafford Loans. Interest rates on unsubsidized Stafford Loans, like subsidized Stafford Loans, vary significantly depending, among other things, on the time period during which the loan or its first disbursement was made. Interest accruing on an unsubsidized Stafford Loan while the borrower is in school or in grace or deferment is either capitalized and added to the principal amount of the loan when it enters repayment or

paid monthly or quarterly by the student. Amortization of unsubsidized Stafford Loans is established by assuming an interest rate equal to the applicable rate at the time the repayment of the principal amount of the loan commences. At the option of the lender, the periodic payment amount may be adjusted annually or the period of repayment of principal may be lengthened or shortened in order to reflect adjustments in applicable interest rates.

SLS Loans. Interest rates on SLS Loans are higher than those on Stafford Loans. The applicable interest rate depends upon the date of the loan and the period of enrollment for which the loan is to apply. For SLS Loans issued on or after October 1, 1981, but for periods of educational enrollment beginning prior to July 1, 1987, the applicable rate of interest was either 12% or 14% per annum.

An annual variable interest rate applies to SLS Loans made and disbursed on or after July 1, 1987, or those made prior to such time that are reissued at a variable rate. The applicable annual variable rate is determined on the basis of any twelve (12) month period beginning on July 1 and ending on the following June 30, and is equal to the sum of the bond equivalent rate of 52-week Treasury Bills auctioned at the final auction held prior to the June 1 immediately preceding the applicable twelve (12) month period, plus a permitted spread.

For SLS Loans made and disbursed on or after July 1, 1987, the permitted spread is 3.25% and the maximum rate is 12% per annum. For SLS Loans first disbursed on or after October 1, 1992, the permitted spread is 3.10% and the maximum rate is 11% per annum. Since the SLS Program was eliminated as a separate program in 1993, no new SLS Loans have been originated since June 30, 1994. On or after July 1, 2001, the interest rate on outstanding SLS Loans will be based on the weekly average one-year constant maturity Treasury yield for the last calendar week, as published by the Board of Governors of the Federal Reserve System, in substitution for the bond equivalent rate of auctioned 52-week Treasury Bills, plus 3.10%.

Repayment. See information above under "THE FEDERAL STAFFORD LOAN PROGRAM—Repayment."

Refinancing of SLS Loans. A lender may refinance multiple outstanding SLS Loans to the same borrower under a single repayment schedule for principal and interest, with a new repayment period calculated from the date of repayment of the most recent included loan. The interest rate of such a refinanced SLS Loan is the weighted average of the rates of all loans being refinanced.

A lender may also refinance a SLS Loan which was initially originated at a fixed rate prior to July 1, 1987, in order to permit the borrower to obtain the variable interest rate available on SLS Loans on and after July 1, 1987. If a lender is unwilling to reissue the original SLS Loan, the borrower may obtain a loan from another lender for the purpose of discharging the loan and obtaining a variable interest rate.

A lender may refinance SLS and PLUS Loans together to obtain a single repayment schedule.

THE FEDERAL PLUS LOAN PROGRAM

History. Under the 1980 amendments to the Higher Education Act (which became effective, with respect to Part B of Title IV of the Higher Education Act, on January 1, 1981), the U.S. Congress established a program to provide educational loans to parents of eligible dependent undergraduate students, or for loans certified on or after July 1, 2006, eligible graduate and professional students. Loans under this program were designated Parent Loans for Undergraduate Students or "PLUS Loans." To be eligible for a PLUS Loan, made on or after July 1, 1993, borrowers or a loan endorser, as applicable, cannot have an adverse credit history.

Loan Amounts. Originally, loans under the Federal PLUS Loan Program were limited to the lesser of $4,000 per academic year or the estimated cost of attendance less other financial aid for which the student was eligible, with a maximum aggregate amount of $20,000. However, for PLUS Loans for which the first disbursement is made on or after July 1, 1993, annual and aggregate loan limits have been repealed. However, a PLUS Loan may not exceed the student's estimated cost of attendance minus other available financial assistance during the period of enrollment.

Insurance and Interest Subsidy. The basic provisions for federal insurance and separate guarantee/federal reinsurance applicable to PLUS Loans are similar to those of unsubsidized Stafford Loans. Like unsubsidized Stafford Loans, federal Interest Subsidy Payments are not available for PLUS Loans. Special Allowance Payments, however, are made for PLUS Loans under certain limited conditions.

Interest Rates. Interest rates on PLUS Loans are higher than those on Stafford Loans. The applicable interest rate depends upon the date of the loan and the period of enrollment for which the loan is to apply. For PLUS Loans issued on or after October 1, 1981, but for periods of educational enrollment beginning prior to July 1, 1987, the applicable rate of interest was either 12% or 14% per annum.

An annual variable interest rate applies to PLUS Loans made and disbursed on or after July 1, 1987. The annual variable interest rate also applies to PLUS Loans that are refinanced on or after July 1, 1987 (as discussed below). The applicable annual variable rate is determined on the basis of any twelve (12) month period beginning on July 1 and ending on the following June 30, and is equal to the sum of the bond equivalent rate of 52-week Treasury Bills auctioned at the final auction held prior to the June 1 immediately preceding the applicable twelve (12) month period, plus a permitted spread.

For PLUS Loans made and disbursed on or after July 1, 1987, the permitted spread is 3.25% and the maximum rate is 12% per annum. For PLUS Loans first disbursed on or after October 1, 1992, the permitted spread is 3.10% and the maximum rate is 10%. For PLUS Loans first disbursed on or after July 1, 1994, the permitted spread is 3.10% and the maximum rate is 9%. For PLUS Loans first disbursed on or after July 1, 1998, but before October 1, 1998, the interest rate for any twelve (12) month period beginning on July 1 and ending on June 30 will be determined at the final auction held prior to the immediately preceding June 1 and will be equal to the lesser of (i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to June 1 plus 3.1% or (ii) 9%. On or after July 1, 2001, the interest rate on outstanding PLUS Loans disbursed on or after July 1, 1987, but before July 1, 1998, will be based on the weekly average one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, in substitution for the bond equivalent rate of auctioned 52-week Treasury Bills.

All new PLUS Loans disbursed on or after July 1, 2006, bear a fixed interest rate of not greater than 8.5%.

Repayment. Repayment of principal of PLUS Loans is required to commence no later than sixty (60) days after the date of the last disbursement of such loan, subject to certain deferral provisions. The deferral provisions which apply are more limited than those which apply to Stafford Loans. Interest on PLUS Loans for which principal payments are deferred may be paid monthly or quarterly if agreed by the borrower and the lender, or may be capitalized and added to the principal amount of the loan not more frequently than quarterly by the lender. PLUS Loan borrowers must be offered the same repayment options as Stafford borrowers, except that an income based repayment plan is not available to PLUS Loan borrowers who are parents or to Consolidation borrowers if their Consolidation Loans were used to pay off parent PLUS Loans. See "THE FEDERAL STAFFORD LOAN PROGRAM—Repayment" above.

Refinancing of PLUS Loans. A lender may refinance multiple outstanding PLUS Loans to the same borrower under a single repayment schedule for principal and interest, with a new repayment period calculated from the date of repayment of the most recent included loan. The interest rate of such a refinanced PLUS Loan is the weighted average of the rates of all loans being refinanced.

A lender may also refinance a PLUS Loan which was initially originated at a fixed rate prior to July 1, 1987, in order to permit the borrower to obtain the variable interest rate available on PLUS Loans on and after July 1, 1987. If a lender is unwilling to reissue the original PLUS Loan, the borrower may obtain a loan from another lender for the purpose of discharging the loan and obtaining a variable interest rate.

A lender may refinance PLUS and SLS Loans together to obtain a single repayment schedule.

THE FEDERAL CONSOLIDATION LOAN PROGRAM

History. In 1986, the U.S. Congress established a program to provide loans to eligible borrowers for consolidating their FFELP loans. Amendments to the Consolidation Loan Program were made in 1992, 1993 and 1998.

Eligibility. Under the Consolidation Loan Program, an eligible borrower means a borrower with outstanding FFELP indebtedness who, at the time of application, is in repayment status or in a grace period preceding repayment, or is a defaulted borrower who will reenter repayment through loan consolidation. An eligible borrower also cannot be subject to a judgment or a wage garnishment with respect to FFELP loans. Prior to July 1, 1994, a borrower also had to have an outstanding balance of at least $7,500 in FFELP loans to be eligible for consolidation. This $7,500 threshold was eliminated for loans consolidated on or after July 1, 1994. A lender may make a Consolidation Loan to an eligible borrower at the request of the borrower. An eligible borrower may also obtain a Consolidation Loan from the Secretary under the Federal Direct Student Loan Program if the borrower is unable to obtain a FFELP Consolidation Loan or is unable to obtain a FFELP Consolidation Loan having income-sensitive or income-based repayment terms acceptable to such borrower. Title IV loans (NDSL/Perkins) and loans made under Subpart I of Part A of Title VII of the Public Health Service Act may also be consolidated with FFELP Loans.

Interest Rates. Consolidation Loans made before July 1, 1994, bear interest at a rate equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent subject to a floor rate of 9% per annum. Consolidation Loans made on or after July 1, 1994, and before November 13, 1997, bear interest at the same weighted average rate but are not subject to a floor rate. Consolidation Loans made on or after November 13, 1997, and before October 1, 1998, bear interest at the annual variable rate applicable to Stafford Loans. Consolidation Loans for which the application is received on or after October 1, 1998, bear interest at a rate equal to the lesser of (i) the weighted average interest rate of the loans consolidated, rounded up to the nearest 1/8th of one percent, and (ii) 8.25%. For Consolidation Loans discharging HEAL Loans for which an application was received by an "eligible lender" on or after November 13, 1997, the interest rate is based on the average of bond equivalent rates on the 91-day Treasury Bills auctioned for the quarter ending June 30 of each year plus a spread. Such rate is variable and adjusted each July 1. There is no maximum rate of interest for a HEAL Loan portion of a Consolidation Loan.

Repayment. For Consolidation Loans made on or after July 1, 1994, lenders are required to offer borrowers graduated, income-sensitive or income-based repayment schedules providing for repayment over ten (10) years with a minimum payment of accrued and unpaid interest. Absent some other permissible arrangement with the lender, repayment periods for Consolidation Loans may vary from up to ten (10) years to not more than thirty (30) years (or twenty-five (25) years for applications received prior to January 1, 1993), depending on the sum of the balance on the Consolidation Loan and any other FFELP and education loans of the borrower, but the outstanding balance of such other FFELP and education loans counted may not exceed the balance of the Consolidation Loan for purposes of determining the repayment term pursuant to § 428C (2)(A) of the Higher Education Act. Currently, the different repayment periods required to be offered for Consolidation Loans, based on the sum of the principal balances of the Consolidation Loan and other student loans (up to but not in excess of the balance of the Consolidation Loan), are as follows:

Principal Balance	Repayment Term	Principal Balance	Repayment Term
Less than $7,500	Not more than 10 years	$20,000 to $39,999	Not more than 20 years
$7,500 to $9,999	Not more than 12 years	$40,000 to $59,999	Not more than 25 years
$10,000 to $19,999	Not more than 15 years	$60,000 or more	Not more than 30 years

New borrowers on or after October 7, 1998, who accumulate (after such date) outstanding Consolidation Loans (subsidized and unsubsidized) totaling more than $30,000 qualify for an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed twenty-five (25) years, except that in no instance may the payment be less than the amount of interest due and payable.

Repayment must commence within sixty (60) days after all holders have discharged the liability of the borrower on the loans selected for consolidation. The minimum repayment installment cannot be less than the accrued and unpaid interest (except in the case of an income-based repayment schedule).

Insurance and Interest Subsidy. For Consolidation Loan applications received by lenders on or after August 10, 1993, and before November 13, 1997, the Secretary will not make Interest Subsidy Payments on Consolidation Loans unless they consolidate only subsidized Stafford Loans. For Consolidation Loan applications received by lenders on or after November 13, 1997, the Secretary will make Interest Subsidy Payments on only the portion of the Consolidation Loan that repays subsidized Stafford Loans. No interest subsidy is payable with respect to the portion of a Consolidation Loan representing loans made under Subpart I of Part A of Title VII of the Public Health Service Act or Perkins Loans.

Further, no insurance premium may be charged to a borrower and no insurance premium may be charged to a lender in connection with a Consolidation Loan. However, a fee may be charged to the lender by the guaranty agency to cover the costs of increased or extended liability with respect to a Consolidation Loan.

Holder Rebate to Federal Government. Each holder of a Consolidation Loan first disbursed on or after October 1, 1993, is required to pay to the Secretary a rebate fee calculated on an annual basis and equal to 1.05% of the principal plus accrued and unpaid interest on the Consolidation Loan, such fee to be paid in monthly installments. The 1998 Reauthorization Bill made a temporary reduction in the Consolidation Loan Rebate Fee from 1.05% to 0.62% per annum for loans on which applications are received between October 1, 1998, and January 31, 1999.

Direct Loans. If a borrower is unable to obtain a Consolidation Loan with income-sensitive or income-based repayment terms acceptable to the borrower from the holders of the borrower's outstanding loans (which are selected for consolidation), or from any other lender, the Secretary is required to offer the borrower, if the borrower so requests, a direct Consolidation Loan under the FDSLP. Such direct Consolidation Loans shall be repaid either pursuant to income contingent repayment, income-based repayment or any other repayment provisions under the Consolidation Loan provisions. If the Secretary determines that the U.S. Department of Education does not have the necessary origination and servicing arrangements in place for such loans, the Secretary shall not offer such loans.

SPECIAL ALLOWANCE PAYMENTS

FFELP provides, subject to certain conditions, for Special Allowance Payments ("SAP") to be made for quarterly periods by the Secretary to holders of qualifying FFELP loans. In addition, loan revenue is subject to quarterly recapture by the U.S. Department of Education for any loan revenue in excess of the special allowance support level for loans disbursed on or after April 1, 2006.

The rate of Special Allowance Payments for a particular loan is dependent on a number of factors including when the loan was disbursed and for what period of enrollment the loan covers. Generally, on older loans, the sum of the stated interest on the loan and the applicable Special Allowance Payment is between 3.1 and 3.5 percentage points above the average of bond equivalent rates of 91-day Treasury Bills auctioned for that quarter (the "T-Bill Basis"). For loans made on or after October 1, 1992, the Special Allowance Payment is calculated based on the T-Bill Basis plus 3.1%, except that Stafford Loans made on or after July 1, 1995, and before July 1, 1998, qualify for Special Allowance Payments based on the T-Bill Basis plus 2.5% while the borrower is in school, grace or deferment status.

For Stafford Loans disbursed on or after July 1, 1998, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus 2.2% while borrowers are in school, grace or deferment status, or 2.8% while borrowers are in repayment periods. For PLUS Loans disbursed on or after October 1, 1992, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus 3.1%. The rate of Special Allowance Payments is subject to reduction by the amount of certain origination fees charged to borrowers and may be reduced as a result of certain federal budget deficit reduction measures.

Special Allowance Payments are made on Consolidation Loans whenever the rate charged the borrower is limited by the 9%/8.25% cap. However, for applications received on or after October 1, 1998, Special Allowance Payments are paid in order to afford the lender a yield equal to the 91-day Treasury Bill plus 3.1% whenever the formula exceeds the borrower's interest rate. For Consolidation Loans based upon consolidation applications received on or after October 1, 1998, and before January 1, 2000, there would be no Special Allowance Payments for such loans during any three (3) month period ending March 31, June 30, September 30, or December 31 unless the T-Bill Basis for the applicable quarter plus 3.1% exceeds the interest determined for such loans. Notwithstanding the foregoing, no Special Allowance Payments are made with respect to the portion of a Consolidation Loan representing loans made under Subpart I of Part A of Title VII of the Public Health Service Act.

For Student Loans first disbursed on or after January 1, 2000 (or in the case of Consolidation Loans, applications received on or after January 1, 2000), the Special Allowance Payment is calculated based on the average of the bond equivalent rates of the quotes of the three (3) month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) (the "CP Rate") plus the following rates:

Loan Type	Loans Made January 1, 2000, through September 30, 2007	Loans Made on or after October 1, 2007, and Held by For-Profit Holder	Loans Made on or after October 1, 2007 and Held by Eligible Not-For-Profit Holder
Stafford Loan*	1.74%/2.34%	1.19%/1.79%	1.34%/1.94%
PLUS Loan	2.64%	1.79%	1.94%
Consolidation Loan	2.64%	2.09%	2.24%

* The lower figures listed in each category for Stafford Loans indicate the applicable spread to the CP Rate during the in-school period, the grace period, and deferment periods, while the higher figures indicate the applicable spread to the CP Rate during repayment and forbearance periods.

No Special Allowance Payment will be made on a loan for any quarterly period in which the applicable interest rate on the loan exceeds the CP Rate plus the applicable spread.

The foregoing table and the paragraph preceding it describe the "special allowance support level." For loans disbursed prior to April 1, 2006, lenders are entitled to retain interest income in excess of the special allowance support level in instances when the loan rate exceeds the special allowance support level. However, lenders are not allowed to retain interest income in excess of the special allowance support level on loans disbursed on or after April 1, 2006, and are required to rebate any such "excess interest" to the federal government on a quarterly basis. This modification effectively limits lenders' returns to the special allowance support level.

The Higher Education Act provides that a holder of a qualifying loan who is entitled to receive Special Allowance Payments has a contractual right against the United States, during the life of the loan, to receive those Special Allowance Payments. Receipt of Special Allowance Payments, however, is conditioned on compliance with the Higher Education Act, including continued eligibility of the loan for federal insurance or reinsurance benefits. Such eligibility may be lost due to violations of the Higher Education Act or applicable Guaranty Agreements specifying servicing and collection of the loan in the event of delinquency. The Higher Education Act also provides that if Special Allowance Payments have not been made within thirty (30) days after the Secretary receives an accurate, timely and complete request therefor, the Secretary must pay interest on the amounts due beginning on the 31st day at a rate equal to the sum of the daily equivalent loan interest rate and the daily equivalent Special Allowance Payment rate, both as applicable to the affected loans.

ORIGINATION FEES

Lender Origination Fees. For loans made on or after October 1, 2007, the lender is required to pay to the Secretary a fee equal to 1.0% of the original principal balance of each such loan. This fee cannot be charged to the borrower.

Borrower Origination Fees. The lender is required to pay to the Secretary a fee equal to a specified percentage of the original principal balance of Stafford Loans made and may charge such fee to the borrower, typically by adding to the loan balance. The lender is required to pay to the Secretary a fee equal to a specified percentage of the original principal balance of PLUS Loans made and shall charge such fee to the borrower, typically by adding to the loan balance. Such fees are as follows:

Applicable Loans	Borrower Origination Fee
Stafford Loans made July 1, 2007 through June 30, 2008	1.5%
Stafford Loans made July 1, 2008 through June 30, 2009	1.0%
Stafford Loans made July 1, 2009 through June 30, 2010	0.5%
PLUS Loans	3.0%
Consolidation Loans	0.0%

Federal Default Fees. See "GUARANTEE AND REINSURANCE FOR FFELP LOANS—Federal Administrative Cost Allowances, Insurance Fees and Reinsurance Fees" below.

GUARANTEE AND REINSURANCE FOR FFELP LOANS

Guarantee Payments To Lenders. The lender or holder is entitled to be reimbursed by the guaranty agency based on a specific guaranty percentage of the unpaid principal balance of the loan plus accrued unpaid interest on any loan defaulted so long as such loan has been properly serviced. Such guaranty percentages vary based on the date of the first disbursement on the loan and certain other factors, as detailed in the table below:

	Guaranty Percentage
Loans made (i) prior to October 1, 1993 or (ii) pursuant to a lender-of-last-resort program	100%
Any claim as a result of default, the death, total and permanent disability or bankruptcy of the borrower, false certification claim, or closed school claim	100%
Loans made October 1, 1993 through June 30, 2006	98%
Loans made July 1, 2006 through June 30,2010	97%

Federalization and Recall of Guaranty Agency Reserves.

1993 Amendments to the Higher Education Act. § 422 of the Higher Education Act (particularly the amendment by Public Law 103-66 effective on August 10, 1993), provides that the reserve funds of all guaranty agencies under the Higher Education Act shall be considered the property of the United States to be used in connection with the FFELP and Consolidation Loan Programs under Parts B and C of Title IV of the Higher Education Act. (United States Code, Title 20, Section 1072(g)). The Higher Education Act further provides that the Secretary may direct a guaranty agency to return to the Secretary a portion of its federal reserve fund which the Secretary determines is unnecessary to pay the program expenses and contingent liabilities of the guaranty agency.

Higher Education Act Amendments of 1998. The Higher Education Act Amendments of 1998 add new §§ 422A and 422B to the Higher Education Act. § 422A requires each guaranty agency to establish a Federal Student Loan Reserve Fund (the "Federal Fund") into which all federal reserves must be deposited. Additionally, all reinsurance payments from the Secretary and the federal percentage of all default collections must be deposited in the Federal Fund. Subject to some transitional exceptions, amounts in the Federal Fund may only be used to pay lender claims on defaulted loans and to disburse default prevention fees to an Agency Operating Fund required to be established under new § 422B. Earnings on the Federal Fund would be the sole property of the federal government.

§ 422B required each guaranty agency to establish an Agency Operating Fund within sixty (60) days of enactment of the reauthorization legislation. All loan processing and issuance fees, portfolio maintenance fees and

default prevention fees paid by the Secretary as well as the unreinsured portion of default collections (after payment of the Secretary's equitable share and excluding required deposits in the Federal Fund) must be deposited in the Agency Operating Fund. Funds in the Agency Operating Fund may only be used for application processing, loan disbursement, enrollment and repayment status management, permitted default prevention activities, default collection activities, school and lender training, compliance monitoring and other student financial aid related activities as determined by the Secretary and for voluntary irrevocable transfers to the Federal Fund. Except for funds transferred from the Federal Fund, the Agency Operating Fund may be considered to be the property of the guaranty agency.

Payment by Secretary Upon Guaranty Agency Insolvency. Under § 432(o) of the Higher Education Act, in the event that the Secretary determines that a guaranty agency is unable to meet its insurance obligations with respect to payment of default claims, the holder of loans insured by the guaranty agency may submit insurance claims directly to the Secretary and the Secretary shall pay to the holder the full insurance obligation of the guaranty agency, in accordance with insurance requirements no more stringent than those of the guaranty agency. However, the Secretary's obligation to pay guarantee claims directly in this fashion is contingent upon the Secretary making the determination referred to above. There can be no assurance that the Secretary would ever make such a determination with respect to any specific guaranty agency or, if such a determination was made, whether such determination or the ultimate payment of such guarantee claims would be made in a timely manner.

Federal Reinsurance Payments to Guaranty Agencies.

Generally. The Secretary enters into a Guaranty Agreement with each guaranty agency, which provides for federal reinsurance for amounts paid to eligible lenders by the guaranty agency with respect to defaulted loans. Pursuant to such agreements, the Secretary is to reimburse a guaranty agency for 100% of the amounts owed on a loan made prior to October 1, 1993, and 98% of the amounts owed on a loan made on or after October 1, 1993, and before October 1, 1998, and 95% of the amounts owed on a loan made on or after October 1, 1998, for losses upon notice and determination of such amounts subject to reduction based on the guaranty agency's claims rate (as described below). The Secretary is also authorized to acquire the loans of borrowers who are at high risk of default and who request an alternative repayment option from the Secretary.

Reductions in Reinsurance Payments Based on Claims Rate. The amount of such reinsurance payments is subject to reduction based upon the annual claims rate of the guaranty agency calculated to equal the amount of federal reinsurance received as a percentage of the original principal amount of FFELP loans in repayment on the last day of the prior fiscal year. The original principal amount of FFELP 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 FFELP loans guaranteed by a guaranty agency less: (1) the original principal amount of such loans that have been fully repaid either by borrowers or by guarantee payments, and (2) the original amount of such loans for which the first principal installment payment has not become due. Claims resulting from the death, bankruptcy, total and permanent disability of a borrower, the death of a student whose parent is the borrower of a PLUS Loan, or claims by borrowers who received loans on or after January 1, 1986, and who are unable to complete the programs in which they are enrolled due to a school closure or borrowers whose borrowing eligibility was falsely certified by the eligible institution are not included in calculating a guaranty agency's claims rate experience for federal reinsurance purposes and are reimbursed at 100%. The first trigger for a reduction in reinsurance payments is when the amount of the defaulted loan reimbursements exceeds 5% of the amount of all FFELP loans guaranteed by the guaranty agency in repayment status at the beginning of the federal fiscal year. The second trigger is when the amount of defaults exceeds 9% of the loans in repayment. The claims experience is not accumulated from year to year, but is determined solely on the basis of claims paid in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year. Guarantee reinsurance rates are presented in the following table:

Claims Paid Date	Maximum	5% Trigger	9% Trigger
Before October 1, 1993	100%	90%	80%
October 1, 1993 – September 30, 1998*	98%	88%	78%
On or after October 1, 1998*	95%	85%	75%

* Other than loans made pursuant to the lender-of-last-resort program which are reinsured at 100%

After a federal reinsurance claim is paid, the guaranty agency is, however, entitled to deduct from payments received from a borrower an amount equal to the amount of the borrower payment multiplied by the complement of the reinsurance percentage.

Guaranty Agency Insolvency. In addition, if a guaranty agency is unable to meet its guarantee obligations, holders of loans may submit insurance claims directly to the Secretary until such time as the obligations are transferred to a new guaranty agency capable of meeting such obligations or until a successor guaranty agency assumes such obligations. Federal reinsurance and insurance payments for defaulted loans are paid from the Student Loan Insurance Fund established under the Higher Education Act. The Secretary is authorized, to the extent provided in advance by appropriations acts, to issue obligations to the Secretary of the Treasury to provide funds to make such federal payments.

Timing of Default Claims and Payment. A FFELP Loan is generally considered to be in default upon the borrower's failure to make an installment payment when due or to comply with other terms of a note or agreement under circumstances in which the holder of the loan may reasonably conclude that the borrower no longer intends to honor the repayment obligation and for which the failure persists for 270 days in the case of a loan payable in monthly installments or for 330 days in the case of a loan payable in less frequent installments. When a loan becomes sixty (60) or more days past due, the holder is required to request default aversion assistance from the applicable guaranty agency before the 120th day of delinquency in order to attempt to cure the delinquency. The holder is required to continue collection efforts until the loan is past due for the applicable time period. At the time of payment of the claim, the holder must assign to the applicable guaranty agency all rights accruing to the holder under the note evidencing the loan. The Higher Education Act prohibits a guaranty agency from filing a claim for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon or later than forty-five (45) days after the guaranty agency's discharge of its obligation on the loan.

A holder of a loan is required to exercise due care and diligence in the making, servicing, and collecting of the loan as specified in federal regulations and to utilize practices that are at least as extensive and forceful as those utilized by financial institutions in the collection of other consumer loans. If a guaranty agency has probable cause to believe that the holder has made misrepresentations or failed to comply with the terms of its Guaranty Agreement, the guaranty agency may take reasonable action including withholding of payments or requiring reimbursement of funds from the holder. The guaranty agency may also terminate the Guaranty Agreement for cause upon notice and hearing.

The Secretary may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental Guaranty Agreement between a guaranty agency and the Secretary is subject to termination for cause by the Secretary. All guaranty agencies are required to comply with certain due diligence requirements established pursuant to the Secretary's regulations regarding collection procedures to be exercised on loans for which the guaranty agency pays a default claim. Noncompliance with this requirement may result in a guaranty agency being required to repay reinsurance payments received on such loans. In addition, the Secretary may, among other remedial actions available to it, elect to withhold payments to the guaranty agency and suspend or terminate all agreements with the guaranty agency.

Federal Administrative Cost Allowances, Insurance Fees and Reinsurance Fees. For loans originated during federal fiscal years beginning on or after October 1, 2003, the Secretary pays each guaranty agency a loan processing and issuance fee equal to 0.40% of the total principal amount of the loans on which insurance was issued during such fiscal year. A guaranty agency is also currently paid an account maintenance fee of 0.06% of the original principal amount of outstanding loans under the FFELP insured by such guaranty agency.

Under the Guaranty Agreements and the supplemental Guaranty Agreements, if a payment on a Student Loan guaranteed by a guaranty agency is received after reimbursement by the Secretary, the guaranty agency is

entitled to receive a share of the payment. Guaranty agency retention on such collections was reduced to 16% for payments received on or after October 1, 2007.

For Federal Stafford and PLUS Loans guaranteed on or after July 1, 2006, the guaranty agency is required to charge a federal default fee equal to 1% of the principal amount of each loan. The federal default fee is to be deposited by the guaranty agency into the Federal Fund. The fee may be deducted from the proceeds of each loan or paid on the borrower's behalf from non-federal sources.

EXHIBIT II

GLOSSARY OF CERTAIN DEFINED TERMS
FROM THE INDENTURE

"*Account*" shall mean any of the accounts created and established within any Fund by the Indenture.

"*Acquisition Fund*" shall mean the Fund by that name created under the Indenture.

"*Acquisition Period*" shall mean the period beginning on the Issue Date of the Notes and ending on the tenth Business Day thereafter

"*Adjusted Pool Balance*" shall mean (i) during the Acquisition Period, the sum of the Initial Pool Balance, the remaining amounts on deposit in the Acquisition Fund and the initial amounts on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund as of the Issue Date and (ii) for any Distribution Date thereafter, the sum of the Pool Balance as of the last day of the related Collection Period, plus the amount then on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund for that Distribution Date.

"*Administration Agreement*" shall mean that certain Administration Agreement, dated as of June 1, 2010, between the Issuer and EFS, as administrator, as amended and supplemented pursuant to the terms thereof, and any subsequent Administration Agreement entered into by the Issuer and an Administrator.

"*Administration Fees*" shall mean (i) for each Monthly Expense Payment Date and Distribution Date, a monthly fee equal to $1/12^{th}$ of 0.25% of the then outstanding Principal Balance of the Student Loans as of the last day of the previous month and (ii) $24,000 annually for certain Rating Agency fees.

"*Administrator*" shall mean EFS or any subsequent administrator who has entered into an Administration Agreement with the Issuer.

"*Applicable Rating Criteria for Investment Securities*" shall mean:

(i) for as long as Fitch is a Rating Agency maintaining a Rating on Notes Outstanding, a rating by a Rating Agency of no lower than AA- (or the equivalent), if a long term rating is applicable to such Investment Securities, or F1+ (or the equivalent), if a short term rating is applicable to such Investment Securities; and

(ii) for as long as S&P is a Rating Agency maintaining a Rating on Notes Outstanding, a rating by S&P of no lower than AA-(or the equivalent), if a long term rating is applicable to such Investment Securities, or A-1+, AAAm or AAAm-G (or the equivalent of such ratings), if a short term rating is applicable to such Investment Securities.

"*Authorized Officer*" shall mean, when used with reference to the Issuer, its Chairman or President, or any other officer or board member authorized in writing by the Board to act on behalf of the Issuer.

"*Authorized Representative*" shall mean, when used with reference to the Issuer, (a) an Authorized Officer or (b) any affiliate organization or other entity authorized by the Board to act on the Issuer's behalf.

"*Available Funds*" means, as to a Distribution Date or Monthly Expense Payment Date, the sum of the following amounts received with respect to the related Collection Period or, in the case of a Monthly Expense Payment Date, the applicable portion of these amounts:

(a) all collections on the Financed Student Loans received by a Servicer on the Financed Student Loans, including any Guarantee Payments received on the Financed Student Loans, but net of:

(i) any collections in respect of principal on the Financed Student Loans applied to repurchase guaranteed loans from a Guaranty Agency under the applicable Guaranty Agreements, and

(ii) amounts required by the Higher Education Act to be paid to the United States Department of Education, any Guaranty Agency (other than as set forth in (i)) or to be repaid to borrowers, whether or not in the form of a principal reduction of the applicable Financed Student Loan, on the Financed Student Loans for that Collection Period, if any;

(b) any Interest Subsidy Payments and Special Allowance Payments with respect to the Financed Student Loans during that Collection Period;

(c) all Liquidation Proceeds of any Financed Student Loans which became Liquidated Student Loans during that Collection Period in accordance with the applicable Servicer's customary servicing procedures, net of expenses incurred by such Servicer related to their liquidation and any amounts required by law to be remitted to the borrowers on the Liquidated Student Loans, and all recoveries of principal which were written off in prior Collection Periods or during that Collection Period;

(d) the aggregate amounts, if any, received from the Servicers as reimbursement of non-guaranteed interest amounts, or lost Interest Subsidy Payments and Special Allowance Payments, on the Financed Student Loans pursuant to the Servicing Agreements and the Indenture, respectively;

(e) amounts received pursuant to the Servicing Agreements during that Collection Period as yield or principal adjustments;

(f) investment earnings on amounts on deposit in each Trust Account;

(g) on the July 2011 Distribution Date all funds then on deposit in the Capitalized Interest Fund that are required under the Indenture to be transferred into the Collection Fund for payment on that Distribution Date; and

(h) amounts transferred from the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement as of that Distribution Date;

provided that if on any Distribution Date there would not be sufficient funds, after application of Available Funds, as defined above, and application of amounts available from the Debt Service Reserve Fund and the Capitalized Interest Fund to pay any of the items specified in the Indenture, relating to such distributions, then Available Funds for that Distribution Date will include, in addition to the Available Funds as defined above, amounts on deposit in the Collection Fund, or amounts held by the Trustee, or which the Trustee reasonably estimates to be held by it, for deposit into the Collection Fund on the related Interest Rate Determination Date which would have constituted 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.

"*Back-up Servicer*" shall mean the Pennsylvania Higher Education Assistance Agency or any other additional or successor Servicer who has entered into a back-up Servicing Agreement with the Issuer or EFS.

"*Board*" or "*Board of Directors*" shall mean the Board of Directors of the Issuer.

"*Business Day*" shall mean (i) for purposes of calculating LIBOR, any day on which banks in New York, New York and London, England are open for the transaction of international business; and (ii) for all other purposes, any day other than a Saturday, Sunday, legal holiday or any other day on which banks located in New York, New York or the city in which the Principal Office of the Trustee is located, are authorized or permitted by law or executive order to close.

"*Capitalized Interest Fund*" shall mean the Fund by that name created under the Indenture.

"*Class A-1 Notes*" shall mean the $151,800,000 2010-1 Series Class A-1 Notes.

"*Class A-2 Notes*" shall mean the $76,100,000 2010-1 Series Class A-2 Notes.

"*Certificate of Insurance*" shall mean any certificate evidencing a Financed Student Loan is Insured.

"*Collection Fund*" shall mean the Fund by that name created under the Indenture.

"*Collection Period*" shall mean the three month period ending on the last day of the month preceding any Distribution Date. However, the initial Collection Period will be the period from the Issue Date through September 30, 2010.

"*Debt Service Reserve Fund*" shall mean the Fund by that name created under the Indenture.

"*Debt Service Reserve Fund Requirement*" shall mean a minimum amount equal to the greater of 0.25% of the Pool Balance or 0.15% of the Initial Pool Balance.

"*Department Reserve Fund*" shall mean the Fund so designated which is created under the Indenture.

"*Department Reserve Fund Amount*" shall mean amounts on deposit in the Department Reserve Fund for payments due and payable by the Issuer to the United States Department of Education related to the Financed Student Loans or any payment due and payable to a Guaranty Agency relating to its guaranty of Financed Student Loans or any other such payment due to the Issuer, another entity or trust estate, if amounts under the Indenture due to the United States Department of Education or a Guaranty Agency with respect to the Financed Student Loans were paid by the Issuer or such other entity or trust estate, pursuant to a joint sharing agreement.

"*Department Reserve Fund Requirement*" shall mean as of any date, an amount equal to the Department Reserve Fund Amount of the Issuer for the current month and such additional amount as the Issuer deems appropriate all as evidenced by a certificate of the Issuer; provided, in no event shall the Department Reserve Fund Requirement exceed the next three months' of Department Reserve Fund Amounts as determined by the Issuer.

"*Distribution Date*" shall mean the 25th day of each January, April, July and October commencing on October 25, 2010; provided, however, that if the 25th day of the month is not a Business Day, then the Distribution Date shall be the next succeeding Business Day.

"*EFS*" shall mean Educational Funding of the South, Inc., a not for profit, public benefit corporation created under the laws of the State of Tennessee.

"*Eligible Lender*" shall mean any "eligible lender," as defined in the Higher Education Act, and which has received an eligible lender number or other designation from the Secretary with respect to Student Loans made under the Higher Education Act.

"Eligible Lender Trust Agreement" shall mean that certain Amended and Restated Eligible Lender Trust Agreement, dated as of August 1, 2003, between EFS, its affiliates and JPMorgan Chase Bank as predecessor in interest to The Bank of New York Mellon Trust Company, N.A., as Eligible Lender Trustee, as amended and supplemented pursuant to the terms thereof, and any subsequent Eligible Lender Trust Agreement entered into by the Issuer or EFS and an Eligible Lender Trustee.

"*Event of Bankruptcy*" shall mean (a) the Issuer shall have commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall have made a general assignment for the benefit of creditors, or shall have declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or shall have taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding shall have been commenced against the Issuer seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency or other

similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days.

"*Event of Default*" shall mean:

(a) a default in the due and punctual payment of the principal of any of the Notes when due and payable on the Stated Maturity Date;

(b) a default in the due and punctual payment of the interest on any of the A Notes when due and such default continues for a period of 5 days;

(c) a default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer to be kept, observed, and performed contained in the Indenture or in the Notes, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the Trustee to the President of the Issuer; and

(d) the occurrence of an Event of Bankruptcy.

"*Financed*" or "*Financing*," when used with respect to Student Loans, shall mean or refer to Student Loans (a) acquired by the Issuer with balances in the Acquisition Fund or otherwise deposited in or accounted for in the Acquisition Fund or otherwise constituting a part of the Trust Estate and (b) Student Loans substituted or exchanged for administrative reasons for Financed Student Loans.

"*Fiscal Year*" shall mean the fiscal year of the Issuer as established from time to time; currently, the Fiscal Year, of the Issuer commences each January 1 and ends each December 31.

"*Fitch*" shall mean Fitch Ratings, Inc., its successors and assigns.

"*Funds*" shall mean each of the Funds created pursuant to the Indenture.

"*Guaranty*" or "*Guaranteed*" shall mean with respect to a Student Loan, the insurance or guaranty by a Guaranty Agency pursuant to such Guaranty Agency's Guaranty Agreement of the maximum percentage of the principal of and accrued interest on such Student Loan allowed by the terms of the Higher Education Act with respect to such Student Loan at the time it was originated and the coverage of such Student Loan by the federal reimbursement contracts, providing, among other things, for reimbursement to such Guaranty Agency for payments made by it on defaulted Student Loans insured or guaranteed by such Guaranty Agency of at least the minimum reimbursement allowed by the Higher Education Act with respect to a particular Student Loan.

"*Guaranty Agency*" shall mean any entity authorized to guarantee student loans under the Higher Education Act reinsured by the United States Department of Education, and with which the Issuer (or the Eligible Lender Trustee on behalf of the Issuer) maintains a Guaranty Agreement.

"*Guaranty Agreement*" shall mean a guaranty or lender agreement between any Guaranty Agency and the Issuer or EFS and/or their respective eligible lender trustee, and any amendments thereto.

"*Higher Education Act*" shall mean the Higher Education Act of 1965, as amended or supplemented from time to time, or any successor federal act and all regulations, directives, bulletins, and guidelines promulgated from time to time thereunder.

"*Index Maturity*" shall mean, with respect to any Interest Period, a period of time equal to three, four or five months, as applicable, commencing on the first day of that Interest Period.

"Indenture Related Agreements" shall mean the Servicing Agreements, the Guarantee Agreements, the Student Loan Purchase Agreement and the Eligible Lender Trust Agreement and any other documents signed by the Issuer or required by the Higher Education Act with respect to the Financed Student Loans.

"*Initial Interest Period*" shall mean the period beginning on the Issue Date and ending on the day before the first Distribution Date for the respective Tranches of the Notes.

"*Initial Pool Balance*" shall mean $240,603,569, the Pool Balance as of the Payment Cut-off Date.

"*Insurance*" or "*Insured*" shall mean, with respect to a Student Loan, the insuring by the Secretary (as evidenced by a Certificate of Insurance or other document or certification issued under the provisions of the Higher Education Act) under the Higher Education Act of 100% of the principal of and accrued interest on such Student Loan.

"*Interest Distribution Amount*" shall mean, for any Distribution Date, the sum of: (1) the aggregate amount of interest accrued on each Class of Notes at the related interest rates for the Notes for the related Interest Period on the Outstanding principal balance of such Notes on the immediately preceding Distribution Date after giving effect to all principal distributions to the related Noteholders on that preceding Distribution Date or, in the case of the first Distribution Date, on the Issue Date, and (2) the Interest Shortfall for that Distribution Date.

"*Interest Period*" shall mean the Initial Interest Period and thereafter each period commencing on a Distribution Date and ending on the day before the next Distribution Date.

"*Interest Rate Determination Date*" shall mean the second Business Day immediately preceding each Distribution Date.

"*Interest Shortfall*" shall mean, for any Distribution Date, the excess of (i) the Interest Distribution Amount on the preceding Distribution Date, over (ii) the amount of interest actually distributed to the Noteholders on that preceding Distribution Date, plus interest on the amount of that excess, to the extent permitted by law, at the interest rate applicable for each the Notes from that preceding Distribution Date to the current Distribution Date.

"*Interest Subsidy Payment*" shall mean an interest payment on Student Loans received pursuant to the Higher Education Act and an agreement with the federal government, or any similar payments.

"*Investment Securities*" shall mean the following; provided, however, that whenever this definition requires a Rating on an investment a Rating is required only from those Rating Agencies then maintaining a Rating on Notes Outstanding under the Indenture:

(a) direct obligations of, or obligations on which the timely payment of the principal of and interest on which are unconditionally and fully guaranteed by, the United States of America;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 12 months or less with any bank, trust company, national banking association or other depository institution, including those of the Trustee, provided that, at the time of deposit or purchase such depository institution has short-term ratings meeting the Applicable Rating Criteria for Investment Securities;

(c) bonds, debentures, notes, discount notes, short-term obligations or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks, Federal Home Loan Mortgage Issuer; the Export-Import Bank of the United States; the Federal National Mortgage Association; the Student Loan Marketing Association; the Farmers Home Administration; Federal Home Loan Banks provided that such obligations, or the issuer or guarantor of such obligations, meet the Applicable Rating Criteria for Investment Securities; or any agency or instrumentality of the United States of America which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefore;

(d) repurchase agreements and reverse repurchase agreements, other than overnight repurchase agreements and overnight reverse repurchase agreements, with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation or firms which are members of the Security Investors Protection Corporation, in each case whose outstanding, unsecured debt securities meet the Applicable Rating Criteria for Investment Securities;

(e) overnight repurchase agreements and overnight reverse repurchase agreements with respect to securities issued or guaranteed by the United States government or its agencies as well as debt obligations issued by the Student Loan Marketing Association, Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation which may include mortgage-backed and mortgage pass through securities but may not include derivative instruments, which overnight repurchase agreements or overnight reverse repurchase agreements are executed by a bank or trust company or by primary or other reporting dealers to the Federal Reserve Bank of New York which transferor of such securities continuously meets the Applicable Rating Criteria for Investment Securities, if:

(i) the obligations that are subject to such overnight repurchase agreements or overnight reverse repurchase agreements are delivered (in physical or in book-entry form) to the Trustee, or any financial institution serving as custodian for the Trustee, provided that such overnight repurchase agreements or overnight reverse repurchase agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated at least weekly, of not less than one hundred and two percent (102%) of the repurchase price, and, provided further, that the financial institution serving either as Trustee or as custodian shall not be the provider of the overnight repurchase agreements or overnight reverse repurchase agreements;

(ii) a valid and perfected first security interest in the obligations which are the subject of such overnight repurchase agreements or overnight reverse repurchase agreements has been granted to the Trustee; and

(iii) such securities are free and clear of any adverse third party claims;

provided, further, that the Rating Agencies shall be given prior written notice describing such overnight repurchase agreements or overnight reverse repurchase agreements;

(f) investment agreements or guaranteed investment contracts, which may be entered into by and among the Issuer and/or the Trustee and any bank, bank holding company, corporation or any other financial institution, including the Trustee and any of its affiliates, whose outstanding (i) unsecured long-term debt is rated no lower than two subcategories below the highest rating on any series of Outstanding Notes by S&P, Fitch and Moody's and, if commercial paper is outstanding, commercial paper which is rated "A-1+" by S&P, "F1+" by Fitch and "P-1" by Moody's for agreements or contracts with a maturity of 24 months or less, or (ii) unsecured long-term debt which is rated no lower than two subcategories below the highest rating on any series of Outstanding Notes by S&P, Fitch and Moody's (if such depository institution does not have commercial paper rated by Moody's) or "Al" or higher (if such depository institution has commercial paper which is rated "P-1" by Moody's), and, if commercial paper is outstanding, commercial paper which is rated "A-1+" by S&P, "F1+" by Fitch and "P-1" by Moody's for agreements or contracts with a maturity of more than 24 months, or, in each case, by an insurance company whose claims-paying ability is so rated;

(g) commercial paper, including that of the Trustee and any of its affiliates, provided that such obligations meet the Applicable Rating Criteria for Investment Securities;

(h) investments in a money market fund rated at least "AAAm" or "AAAm-G" by S&P and "Aaa" by Moody's, including funds for which the Trustee or an affiliate thereof acts as investment advisor or provides other similar services for a fee;

(i) general obligations of any state of the United States provided that such obligations meet the Applicable Rating Criteria for Investment Securities;

(j) general obligations of cities, counties and special purpose districts in any state of the United States provided that such obligations meet the Applicable Rating Criteria for Investment Securities;

(k) obligations of any company, other organization or legal entity incorporated or otherwise created or located within or without the United States if such obligations meet the Applicable Rating Criteria for Investment Securities;

(l) asset-backed securities (whether considered debt or equity) provided they bear the highest rating of each Rating Agency; and

(m) any other investment with a Rating Confirmation from each Rating Agency then maintaining a Rating on any Outstanding Notes.

"*Issue Date*" shall mean the date of original issuance and delivery of the Notes to an Initial Purchaser.

"*Issuer*" shall mean EFS Volunteer, LLC, a single member limited liability company organized and existing under the laws of the State of Delaware, and any successor thereto.

"*Issuer Order*" shall mean a written order signed in the name of the Issuer by an Authorized Representative.

"*LIBOR*" shall mean, with respect to any Interest Period, the London interbank offered rate for deposits in U.S. dollars having the applicable Index Maturity as it appears on Reuters Screen LIBOR01 Page, or another page of this or any other financial reporting service in general use in the financial services industry, as of 11:00 a.m., London time, on the related Interest Rate Determination Date as obtained by the Trustee from such source. If this rate does not appear on Reuters Screen LIBOR 01 Page, or another page of this or any other financial reporting service in general use in the financial services industry, the rate for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having the applicable Index 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 Interest Rate Determination Date, to prime banks in the London interbank market by the Reference Banks. The 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 Trustee at approximately 11:00 a.m., New York City time, on that Interest Rate Determination Date, for loan in U.S. dollars to leading European banks having the applicable Index 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, Three-Month LIBOR, Four-Month LIBOR or Five-Month LIBOR, as the case may be, in effect for the applicable Interest Period will be Three-Month LIBOR, Four-Month LIBOR or Five-Month LIBOR, as the case may be, in effect for the previous Interest Period.

"*Liquidated Student Loan*" shall mean any Financed Student Loan liquidated by a Servicer (which shall not include any Financed Student Loan on which payments are received from a Guaranty Agency) or which such Servicer has, after using all reasonable efforts to realize upon such Financed Student Loan, determined to charge off.

"*Liquidation Proceed*s" shall mean, with respect to any Liquidated Student Loan which became a Liquidated Student Loan during the current Collection Period in accordance with the Servicer's customary servicing procedures, the moneys collected in respect of the liquidation thereof from whatever source, other than moneys collected with respect to any Liquidated Student Loan which was written off in prior Collection Periods or during the current Collection Period, net of the sum of any amounts expended by such Servicer in connection with such liquidation and any amounts required by law to be remitted to the obligor on such Liquidated Student Loan.

"*Master Promissory Note*" shall mean a note (a) that evidences one or more loans made to finance post-secondary education financing and (b) that is in the form mandated by Section 432(m)(1) of the Higher Education Act, as added by Public Law No: 105-244, § 427, 112 Stat. 1702 (1998), as amended by Public Law No: 106-554 (enacted December 21, 2000) and as codified in 20 U.S.C. § 1082(m)(1).

"*Minimum Purchase Amount*" shall mean, for any Distribution Date, that amount which, when added to all moneys in the Debt Service Reserve Fund, would be sufficient to (i) reduce the Outstanding Principal Balance of the Notes on such Distribution Date to zero, (ii) pay to the Noteholders, the accrued interest on the Notes payable on such Distribution Date, and (iii) pay any accrued and unpaid fees and expenses under the Indenture (including any amounts deposited in the Department Reserve Fund and payable to the United States Department of Education with respect to the Financed Student Loans).

"*Monthly Expense Payment Date*" shall mean the 25th day of each calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing July 26, 2010; provided, however, that there shall not be a Monthly Expense Payment Date in a month containing a Distribution Date.

"*Monthly Expense Payment Date Certificate*" shall mean the certificate delivered by the Issuer to the Trustee prior to each Monthly Expense Payment Date by which the Issuer will instruct the Trustee to distribute on such Monthly Expense Payment Date, and in accordance with the information set forth in such certificate, amounts on deposit in the Trust Accounts.

"*Moody's*" shall mean Moody's Investors Service, Inc., its successors and assigns.

"*MPN Loan*" shall mean any single loan made pursuant to a Master Promissory Note.

"*Note Counsel*" shall mean counsel of nationally recognized standing in the field of public finance law selected by the Issuer and reasonably acceptable to the Trustee.

"*Noteholders*" shall mean any holder of record of a Note.

"*Outstanding*" shall mean, when used in connection with any Note, a Note which has been executed and delivered pursuant to the Indenture which at such time remains unpaid as to principal or interest, excluding Notes which have been replaced pursuant to the provisions of the Indenture.

"*Parity Ratio*" shall mean (a) on the Issue Date, (i) the Adjusted Pool Balance on the Issue Date divided by (ii) the Outstanding Principal Balance of the Notes on the Issue Date and (b) on any Distribution Date, (i) the Adjusted Pool Balance divided by (ii) the Outstanding principal balance of the Notes, after giving effect to distributions to be made on that Distribution Date.

"*Person*" shall mean an individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated, organization, or government or agency or political subdivision thereof.

"*Pool Balance*" shall mean for any date the aggregate Principal Balance of the Financed Student Loans contained in the Trust Estate on that date, including accrued interest thereon that is expected to be capitalized, after giving effect to the following, without duplication: (i) all payments in respect of principal received by the Trustee through that date from borrowers, Guarantors and the U.S. Department of Education; (ii) all amounts in respect of principal received by the Trustee through that date from sales of Financed Student Loans permitted under the Indenture and the Servicing Agreements; (iii) all amounts in respect of principal received in connection with Liquidation Proceeds and Realized Losses on the Financed Student Loans liquidated through that date; (iv) the amount of any adjustment to the Outstanding Principal Balances of the Financed Student Loans that the Servicers make under the Servicing Agreements through that date; and (v) the aggregate amount by which Guarantor reimbursements of the unpaid principal balances of defaulted Student Loans through that date are reduced from 100% to 97%, or other applicable percentage as required by the risk sharing provisions of the Higher Education Act.

"*Principal Balance*" when used with respect to a Financed Student Loan, shall mean the unpaid principal amount thereof as of a given date.

"*Principal Distribution Amount*" shall mean (i) for the first Distribution Date, the amount, if any, by which the Adjusted Pool Balance as of the Issue Date exceeds the Adjusted Pool Balance as of the last day of the related Collection Period for the initial Distribution Date, (ii) for each Distribution Date thereafter, the amount, if any, by

which the Adjusted Pool Balance as of the last day of the related Collection Period for the preceding Distribution Date exceeds the Adjusted Pool Balance as of the last day of the related Collection Period for the current Distribution Date and (iii) after giving effect to the amounts already defined above, on the Stated Maturity Date for any Class of Notes, the amount necessary to reduce the aggregate principal balance of such Class of Notes to zero; provided that the Principal Distribution Amount on any such date shall not exceed the aggregate Outstanding principal balance of the Notes on such date.

"*Principal Office*" shall mean the office of the party indicated, as set forth in the Indenture.

"*Rating*" shall mean one of the rating categories of a Rating Agency, provided such Rating Agency is then rating any of the Notes.

"*Rating Agency*" shall mean any one or more nationally recognized statistical rating organizations or other comparable Persons, designated by the Issuer to assign Ratings to any of the Notes, notice of which designation shall be given to the Trustee.

"*Rating Confirmation*" shall mean with respect to each Rating Agency then providing a Rating for any of the Notes, written confirmation by such Rating Agency that the action proposed to be taken by the Issuer will not, in and of itself, result in a downgrade or qualification of any of its Ratings then applicable to the Notes, or cause such Rating Agency to suspend or withdraw its Ratings then applicable to the Notes.

"*Realized Loss*" shall mean 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 the Liquidated Student Loan to the extent allocable to principal, including any interest that had been, or had been expected to be, capitalized.

"*Reference Banks*" shall mean, with respect to a determination of LIBOR for any Interest Period by the Trustee, the four largest United States banks by total consolidated assets as listed by the Federal Reserve in its most current statistical release on its website with respect thereto, with an office in London.

"*Registered Owner*" shall mean the Person in whose name a Note is registered on the Note registration books maintained by the Trustee.

"*Registrar*" shall mean the Trustee.

"*Regulations*" shall mean the Regulations promulgated from time to time by the Secretary or any Guaranty Agency guaranteeing Financed Student Loans.

"*S&P*" shall mean Standard & Poor's Financial Services, LLC, a subsidiary of The McGraw-Hill Companies, Inc., its successors and assigns.

"*Secretary*" shall mean the Secretary of the United States Department of Education or any successor to the pertinent functions thereof under the Higher Education Act.

"*Securities Act*" shall mean the Securities Act of 1933, as amended.

"*Servicer*" shall mean Edfinancial Services, LLC, Great Lakes Educational Loan Services, Inc., Pennsylvania Higher Education Assistance Authority and any other additional Servicer or successor Servicer selected by the Issuer, including the Back-Up Servicer or an affiliate of the Issuer, so long as the Issuer obtains a Rating Confirmation as to each such other Servicer.

"*Servicing Agreement*" shall mean, individually or collectively, (a) the Servicing Agreement, dated as of July 18, 2002, between EFS by and through its eligible lender trustee, and Great Lakes Educational Loan Services, Inc., as Servicer; (b) the Servicing Agreement, dated as of December 31, 1994, between EFS by and through its eligible lender trustee, and Edfinancial Services, LLC, as Servicer, as amended and supplemented; (c) the Servicing

Agreement, dated as of December 30, 1987, between EFS by and through its eligible lender trustee, and Pennsylvania Higher Education Assistance Authority, as Servicer, as amended and supplemented; and (d) each additional or successor servicing agreement entered into between the Issuer or EFS and a Servicer, including any servicing agreement with the Back-Up Servicer, each as amended and supplemented.

"*Servicing Fees*" shall mean the amounts payable by the Issuer to each Servicer to cover the Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for the servicing (or back-up servicing, as applicable) of (i) the Stafford/PLUS Financed Student Loans in repayment, which fee shall be up to 0.9% per annum (subject to a 3% increase per annum), of the principal balance of such loans, (ii) the Stafford/PLUS Financed Student Loans in statuses other than repayment, which fee shall be up to 0.6% per annum (subject to a 3% increase per annum), of the principal balance of such loans, and (iii) the Consolidation Financed Student Loans, which fee shall be up to 0.4% per annum (subject to a 3% increase per annum), of the principal balance of such loans.

"*Special Allowance Payments*" shall mean the special allowance payments authorized to be made by the Secretary by Section 438 of the Higher Education Act, or similar allowances, if any, authorized from time to time by federal law or regulation.

"*Student Loan*" shall mean any Higher Education Act, Title IV, Part B loan made to finance post-secondary education that is made under the Higher Education Act.

"*Student Loan Acquisition Certificate*" shall mean each certificate signed by an Authorized Representative of the Issuer in substantially the form attached as an exhibit to the Indenture.

"*Student Loan Purchase Agreement*" shall mean a loan purchase agreement entered into for the purchase of Student Loans into the Trust Estate, each of which shall contain a repurchase provision substantially in the form described in the Indenture.

"*Supplemental Indenture*" shall mean an agreement supplemental to the Indenture executed pursuant to the provisions of the Indenture.

"*Tranche*" shall mean each of the Class A-1 Notes and the Class A-2 Notes.

"*Trust Accounts*" shall mean the funds specified in the Indenture, but shall not in any event include the Department Reserve Fund.

"*Trust Estate*" shall mean: (i) the Financed Student Loans; (ii) the Servicing Agreements and any assignments thereof; (iii) interest payments with respect to Financed Student Loans made by or on behalf of borrowers; (iv) all amounts received in respect of payment of principal of Financed Student Loans, including scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the guarantee, or from the sale, assignment or other disposition of Financed Student Loans; (v) any applicable Special Allowance Payments, subject to recapture of excess interest on certain Financed Student Loans, or any similar allowances authorized from time to time by federal law or regulation; (vi) any applicable Interest Subsidy Payments payable in respect of any Financed Student Loan; (vii) all moneys and investments held in the Funds created by the Indenture (other than the moneys and investments held in the Department Reserve Fund); and (viii) any and all other property, rights and interests of every kind or description that from time to time hereafter is granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security under the Indenture.

"*Trustee*" shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Trustee under the Indenture, or any successor Trustee designated pursuant to the Indenture.

"*Trustee Extraordinary Services Fees*" shall mean the amounts due to the Trustee for extraordinary services under the Indenture, including, but not limited to, all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred from any default under the Indenture or any suit,

action or proceeding against the Trustee, which fee shall not exceed $500,000 in the aggregate as long as the Notes remain outstanding.

"*Trustee Fee*" shall mean the fees agreed to be paid to the Trustee for its services under the Indenture as described in a separate agreement between the Issuer and the Trustee, which fee shall be 0.0075% per annum based on the aggregate Outstanding Principal Balance of the Notes.

"*U.S.*" or "*United States*" shall mean the United States of America.

EXHIBIT III

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

NOTE DETAILS

Issuance of Notes. The Issuer shall have the authority, upon complying with the provisions of the Indenture, to authenticate and deliver the Notes.

After the issuance of the Notes no additional Notes secured by the Indenture will be issued.

No Notes shall be authenticated and delivered pursuant to the Indenture until the following conditions have been satisfied:

(i) a Certificate of an Authorized Officer of the Issuer as to the delivery of such Notes and describing such Notes to be authenticated and delivered, designating the purchaser or purchasers to whom such Notes are to be delivered, and stating the purchase price of such Notes has been duly executed and delivered;

(ii) an approving opinion of Note Counsel has been delivered;

(iii) a Certificate of an Authorized Officer of the Issuer stating that the Issuer is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture has been duly executed and delivered;

(iv) a Certificate of an Authorized Officer of the Issuer stating that the Issuer expects all amounts on deposit in the Acquisition Fund to be used for the acquisition of Student Loans prior to the end of the Acquisition Period has been duly executed and delivered;

(v) evidence of ratings, if any, by each Rating Agency on the Notes to be issued has been received by the Issuer; and

(vi) the Issuer has prepared UCC-1 financing statements and has provided evidence that appropriate arrangements have been made for the filing of such UCC-1 financing statements in the appropriate jurisdictions.

(*Section 2.09*)

PROVISIONS APPLICABLE TO THE NOTES; DUTIES OF THE ISSUER

Payment of Notes. The Issuer covenants that it will promptly pay, but solely from the Trust Estate, the principal of and interest, if any, on each and every Note issued under the provisions of the Indenture at the places, on the dates and in the manner specified in the Indenture and in said Notes and any premium required for the retirement of said Notes by purchase or redemption according to the true intent and meaning thereof.

The Issuer shall at all times maintain an office or agency where Notes may be presented for registration, transfer or exchange, and where notices, presentations and demands upon the Issuer in respect of the Notes or of the Indenture may be served. Pursuant to the Indenture, the Issuer appoints the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Notes, and for the service of such notices, presentations and demands upon the Issuer.

(Section 4.01)

Covenant to Perform Obligations under the Indenture. The Issuer covenants that it will faithfully perform at all times and at all places all covenants, undertakings, stipulations, provisions and agreements contained in the Indenture, in any and every Note executed, authenticated and delivered under the Indenture and in all proceedings of the Issuer pertaining thereto. The Issuer covenants that it is duly authorized to issue the Notes authorized by the Indenture and to enter into the Indenture and that all action on its part for the issuance of the Notes issued under the Indenture and the execution and delivery of the Indenture has been duly and effectively taken; and that such Notes in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the tenor and import thereof.

In consideration of the purchase and acceptance of the Notes by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Issuer with the owners of the Notes and shall be deemed to be and shall constitute a contract among the Issuer, the Trustee and the Registered Owners from time to time. *(Section 4.02)*

Further Instruments and Actions. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of all and singular of the Trust Estate pledged by the Indenture to the payment of the principal of, premium, if any, and the interest on the Notes and other amounts owed under the Indenture to the Registered Owners. *(Section 4.03)*

Administration. The Issuer shall administer, operate and maintain the Financed Student Loans in such manner as to ensure that the Financed Student Loans will benefit from the benefits available under the Higher Education Act and the federal program of reimbursement for student loans pursuant to the Higher Education Act, or from any other federal statute providing for such federal program. To that end, the Issuer will maintain the Administration Agreement in full force and effect. The Issuer agrees to notify each Rating Agency if (i) the Administrator is replaced; or (ii) if there is any material change in the terms of the Administration Agreement. *(Section 4.04)*

Enforcement and Amendment of Guaranty Agreements. So long as any Notes are Outstanding, the Issuer (a) will, from and after the date on which it shall have entered into, or caused any Eligible Lender Trustee to enter into on its behalf, any Guaranty Agreement, maintain such Guaranty Agreement and diligently enforce its rights thereunder; (b) will enter into such other similar or supplemental agreements as shall be required to maintain benefits for all Financed Student Loans covered thereby; and (c) will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with any Guaranty Agreement or any similar or supplemental agreement or engage any other guarantor of the Financed Student Loans which in any manner will materially adversely affect the rights of the Registered Owners under the Indenture.

The Trustee and the Issuer acknowledge that the Issuer is party to an Eligible Lender Trust Agreement with an Eligible Lender Trustee, pursuant to which Guaranty Agreements may be obtained by the Issuer, acting through the Eligible Lender Trustee. *(Section 4.05)*

Enforcement and Amendment of Certificates of Insurance. So long as any Notes are Outstanding, the Issuer (a) will maintain all Certificates of Insurance and diligently enforce its rights thereunder; (b) will enter into such other similar or supplemental agreements as shall be required to maintain benefits for all Financed Student Loans covered thereby; and (c) will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with any such Certificates of Insurance or any similar or supplemental agreement which in any manner will materially adversely affect the rights of the Registered Owners under the Indenture. *(Section 4.06)*

Financing, Collection and Assignment of Student Loans. All loans held under the Indenture shall only be Financed Student Loans. The Issuer shall diligently cause to be collected all principal and interest payments (subject to the Indenture) on all the Financed Student Loans and other sums to which the Issuer is entitled pursuant to any Student Loan Purchase Agreement, all grants, subsidies, donations, insurance payments, Special Allowance Payments, Interest Subsidy Payments, and all defaulted payments Guaranteed by a Guaranty Agency or Insured by

the Secretary which relate to such Financed Student Loans. The Issuer shall also make, or cause to be made by the applicable Eligible Lender and/or the applicable Servicer, every effort to perfect the Issuer's or such Eligible Lender's or Servicer's claims for payment from the Secretary or such Guaranty Agency, of all payments related to such Financed Student Loans, no later than required by the Higher Education Act and the applicable Guaranty Agreement. The Issuer will assign such Financed Student Loans for payment of Guaranty or Insurance benefits within the required period under applicable law and regulations. The Issuer will comply with all United States federal and state statutes, rules and regulations which apply to such Financed Student Loans. *(Section 4.07)*

Enforcement of Financed Student Loans. The Issuer shall, subject to the last sentence of this paragraph, cause to be diligently enforced, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all terms, covenants and conditions of all Financed Student Loans and agreements in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due the Issuer thereunder. The Issuer shall not, except as permitted by the last sentence of this paragraph, permit the release of the obligations of any borrower under any Financed Student Loan and shall, subject to the last sentence of this paragraph, at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Issuer, any Eligible Lender Trustee and the Trustee under the Indenture or with respect to each Financed Student Loan and agreement in connection therewith. The Issuer shall not, subject to the last sentence of this paragraph, consent or agree to or permit any amendment or modification of any Financed Student Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Registered Owners under the Indenture. Nothing in the Indenture shall be construed to prevent the Issuer from (i) granting a reasonable forbearance to a borrower (unless such forbearance will, in the reasonable judgment of the Issuer, have a material adverse impact on the Issuer's ability to meet its obligations under the Indenture), (ii) settling a default or curing a delinquency on any Financed Student Loan on such terms as shall be permitted by law, (iii) so long as such action will not adversely affect the Ratings on any of the Notes, charging interest at a lower rate than is required by the Higher Education Act, or (iv) so long as such action will not adversely affect the Ratings on any of the Notes, establishing discounts or granting forgiveness of principal of or interest on Financed Student Loans (including, notwithstanding the provisions of the Indenture, paying for such discounts or forgiveness with cash released from the Trust Estate). *(Section 4.08)*

Enforcement of Servicing Agreements. The Issuer shall cause to be diligently enforced, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all material terms, covenants and conditions of all Servicing Agreements, including without limitation the prompt payment of all principal and interest payments and all other amounts due the Issuer thereunder, including all grants, subsidies, donations, insurance payments, Special Allowance Payments, Interest Subsidy Payments, and all payments Guaranteed by a Guaranty Agency and/or Insured by the Secretary which relate to any Financed Student Loans. Except as authorized below, the Issuer:

(i) shall not permit the release of any material obligations of any Servicer under any Servicing Agreement;

(ii) shall at all times, to the extent permitted by law, cause the material rights of the Issuer and, to the extent applicable, of any Eligible Lender Trustee and the Trustee, under or with respect to each Servicing Agreement, to be defended, enforced, preserved and protected; and

(iii) shall not consent or agree to or permit any amendment or modification of any Servicing Agreement which will materially adversely affect the rights or security of any Eligible Lender Trustee, the Trustee or the Registered Owners.

The foregoing notwithstanding, nothing in the Indenture shall be construed to prevent the Issuer:

(i) from taking actions to replace any Servicer if the Issuer reasonably believes it prudent to do so in light of all circumstances then known to the Issuer to exist and such action will not materially adversely affect either the ability of the Issuer to pay or perform, as the case may be, all of its material obligations under the Indenture or the security pledged under the Indenture for the Notes and the Registered Owners; or

(ii) from consenting or agreeing to, or permitting, any amendments, modifications to, or waivers with respect to, any Servicing Agreement if the Issuer determines in good faith that it is reasonably prudent to do so in light of all circumstances then known by the Issuer to exist and such action will not materially adversely affect the ability of the Issuer to pay or perform, as the case may be, its material obligations under the Indenture or the security pledged under the Indenture for the Notes and the Registered Owners.

Each Servicing Agreement shall require the Servicer to administer and collect all payments on all Financed Student Loans in the manner consistent with the Indenture and to perform any duties, obligations and functions imposed upon the Servicer by any Guaranty Agreement.

If at any time any Servicer fails in any material respect to perform its obligations under its Servicing Agreement or under the Higher Education Act, including without limitation the failure of the Servicer to comply with the due diligence requirements of the Higher Education Act, or if any servicing audit shows any material deficiency in the servicing of Financed Student Loans by any Servicer, the Issuer shall, or shall cause the Servicer to, cure the failure to perform or the material deficiency or remove such Servicer and appoint another Servicer.

If any Financed Student Loan is found to have had a due diligence failure at the time such Financed Student Loan became a part of the Trust Estate, and as a result thereof, a Guaranty or Insurance claim with respect to such Financed Student Loan is rejected by the applicable Guaranty Agency or the Secretary, as the case may be, and is not cured within 180 days after such rejection, then the Issuer shall either: (i) sell such Financed Student Loan from the Trust Estate for a purchase price equal to its principal amount plus unamortized premium, if any, and interest accrued thereon or (ii) replace such Financed Student Loan with another Financed Student Loan of substantially identical characteristics (excluding such due diligence failure). The Issuer's obligations under the preceding covenant apply only with respect to a Financed Student Loan which is found to have a due diligence failure at the time it became a part of the Trust Estate, and not to Financed Student Loans with respect to which a due diligence failure arises thereafter.

If the Servicing Agreement with the Back-up Servicer is not approved by the attorney general of the Commonwealth of Pennsylvania, the Issuer is obligated to retain one of Great Lakes, Nelnet, Inc. or Sallie Mae, Inc. as a replacement Back-up Servicer within thirty (30) days after receiving notice that the Servicing Agreement with the Back-up Servicer was not approved. The Issuer is obligated to retain a replacement Servicer or a replacement Back-up Servicer in the event that an existing Servicing Agreement, including the Back-up Servicing Agreement, expires or terminates and is not renewed. *(Section 4.09)*

Administration and Collection of Financed Student Loans. All Financed Student Loans which are part of the Trust Estate shall be administered and collected either by the Issuer or by a Servicer selected by the Issuer in a competent, diligent and orderly fashion and in accordance with all requirements of the Higher Education Act, the Secretary and the Indenture.

In all events, promissory notes evidencing Financed Student Loans shall be held by the Trustee or its custodial agent or bailee (which may be a Servicer) on behalf of the Trustee unless release of such promissory notes to a Servicer is necessary to the enforcement thereof. To the extent that the Servicer, in the ordinary course of its servicing duties, shall require reference to the text or other similar document of any such promissory note, the Servicer shall refer to a photocopy of such promissory note in its files and not to the original thereof. Subject to the foregoing, the Issuer covenants and agrees to comply with the following provisions with respect to all Financed Student Loans and agrees to include the following provisions in each Servicing Agreement or in a custodian agreement binding upon the Issuer, the Servicer and the Trustee:

(i) In the event any such Servicer holds notes evidencing Financed Student Loans and related documentation, such Servicer holds such promissory notes and related documentation as bailee for and on behalf of the Trustee for purposes of perfecting the interests of the Trustee therein; provided, however, that the Trustee upon advice of counsel may require that it hold possession of such promissory notes and/or related documentation as deemed necessary to protect its security interests in the Financed Student Loans.

(ii) All sums received by any Servicer with respect to Financed Student Loans shall be held on behalf of the Trustee including, but not limited to, all payments of principal and interest, Special Allowance Payments, Interest Subsidy Payments, insurance or guaranty payments and proceeds of the sale thereof. All such amounts shall be held in a segregated account (which may, however, include the funds of other customers of the Servicer) and shall not be commingled with any of the Servicer's funds and shall be accounted for such that all such funds are identified separately from all other payments received in respect of the servicing of loans. Any such amounts, if received by the Servicer, shall be remitted only to the Trustee and not to the Issuer. *(Section 4.11)*

(iii) All periodic reports required to be furnished to the Issuer pursuant to each Servicing Agreement shall be furnished to the Trustee.

(iv) No amendment, modification or addition to any Servicing Agreement shall be effective with respect to the Trustee regarding servicing of Financed Student Loans on behalf of the Trustee without the written consent, at the request of the Issuer, of the Trustee. No assignment or purported assignment by the Issuer of any note evidencing a Financed Student Loan held by a Servicer on behalf of the Trustee shall be recognized by the Servicer or be effective unless joined in by the Trustee.

(v) Each Servicer waives any lien that the Servicer might have pursuant to statute or otherwise available at law or in equity on the notes evidencing Financed Student Loans held by the Servicer on behalf of the Trustee and on related documentation, including all moneys and proceeds derived therefrom or relating thereto.

Additionally, subject to the foregoing, the Issuer further covenants and agrees to cause each Financed Student Loan evidenced by a Master Promissory Note in the form mandated by Section 432(m)(1) of the Higher Education Act to be acquired pursuant to a Student Loan Purchase Agreement containing language similar to the following:

> "The [Seller] hereby represents and warrants that the [Seller] is transferring all of its right, title and interest in the MPN Loan to [the Eligible Lender Trustee], on behalf of [the Issuer], that it has not assigned any interest in such MPN Loan (other than security interests that have been released or ownership interests that the [Seller] has reacquired) to any person other than [the Eligible Lender Trustee], on behalf of [the Issuer], and that no prior holder of the MPN Loan has assigned any interest in such MPN Loan (other than security interests that have been released or ownership interests that such prior holder has reacquired) to any person other than a predecessor in title to the [Seller]. The [Seller] hereby covenants that the [Seller] shall not attempt to transfer to any other person any interest in any MPN Loan assigned hereunder. The [Seller] hereby authorizes the [Issuer] to cause the Trustee to file a UCC-1 financing statement identifying [the Issuer] as debtor and the Trustee as secured party and describing the Loans sold pursuant to this Agreement. The preparation or filing of such UCC-1 financing statement is solely for additional protection of the Trustee's interest in the MPN Loans and shall not be deemed to contradict the express intent of the [Seller] and the [Eligible Lender Trustee] that the transfer of MPN Loans under this Agreement is an absolute assignment of such MPN Loans and is not a transfer of such MPN Loans as security for a debt."

Enforcement of Administration Agreement. The Issuer shall cause to be diligently enforced, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all material terms, covenants and conditions of the Administration Agreement, including without limitation causing the preparation of all reports, filings, instruments, certificates and opinions required by the Indenture Related Documents, performing all duties with respect to the administration and collection of the Financed Student Loans and enforcement of the Servicing Agreements, monitoring the performance of the duties and obligations of the Servicers, the Eligible Lender Trustee and the Trustee under the Servicing Agreements and the Indenture, respectively and taking all non-ministerial actions as directed by the Issuer or the Trustee. The Issuer will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with the Administration

Agreement or any similar or supplemental agreement which in any manner will materially adversely affect the rights of the Registered Owners hereunder. *(Section 4.11)*

Books of Account; Annual Audit. The Issuer shall cause to be kept and maintained proper books of account relating to the Financed Student Loans in which full, true and correct entries will be made, in accordance with generally accepted accounting principles, of all dealings or transactions of or in relation to the business and affairs of the Issuer, and within 150 days after the end of each Fiscal Year shall receive an audit of such books of account by an independent certified public accountant. A copy of each audit report, annual balance sheet and income and expense statement showing in reasonable detail the financial condition of the Issuer as at the close of each Fiscal Year, and summarizing in reasonable detail the income and expenses for such year, including the transactions relating to the Funds and Accounts, Outstanding Note balance by Stated Maturity Date and principal reduction history (date, amount, source of funds, distribution of funds per Note Stated Maturity Date), shall be filed with the Trustee within 30 days after it is received by the Issuer and shall be available for inspection by any Registered Owner. *(Section 4.12)*

Continuing Disclosure. So long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall, during any period in which it is not subject to and in compliance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or it is not exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) under the Exchange Act, provide to each holder and to each prospective purchaser (as designated by such holder in good faith) of such Notes, upon the request of such holder or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the Securities Act (and any successor rule to Rule 144A(d)(4)). Any such information will be provided to a holder or to any prospective purchaser on a confidential basis. *(Section 4.13)*

Continuing Existence and Qualification. The Issuer will maintain its existence as a limited liability company and will take no action and suffer no action to be taken by others which will alter, change or destroy, and will take all affirmative action necessary to maintain, its status as a limited liability company. The Issuer will remain duly qualified to do business in the State of Tennessee or any other state and will not dispose of all or substantially all of its assets (by sale, lease or otherwise), except as otherwise specifically authorized under the Indenture, or consolidate with, merge into or transfer to another entity or permit any other entity to consolidate with, merge into or transfer to it. *(Section 4.14)*

Student Loan Purchase Agreement. The Issuer shall cause the Student Loan Purchase Agreement to at all times require the seller or EFS to repurchase, which repurchase obligation may be met by an indemnification for losses arising from, student loans which have lost their Guaranty or Insurance or Special Allowance Payments or Interest Subsidy Payments due to actions or omissions of the seller. *(Section 4.15)*

Recordation of the Indenture and Filing of Security Instruments. The Issuer shall cause the Indenture and all supplements to the Indenture, together with all other security instruments, financing statements and continuation statements, to be recorded and filed, as the case may be, if required by law for perfection of the security interests created in the Indenture or all supplements to the Indenture, in such manner and in such places as may be required by law in order to perfect the lien of, and the security interests created by, the Indenture. *(Section 4.17)*

The Issuer shall promptly notify the Trustee of any change in its name or in the address of its principal place of business.

No Waiver of Laws. The Issuer shall not at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the Indenture or in the Notes and all benefit or advantage of any such law or laws is expressly waived by the Issuer pursuant to the Indenture.

Representations and Covenants of the Issuer Regarding the Trustee's Security Interest. Pursuant to the Indenture, the Issuer represents, warrants and covenants for the benefit of the Trustee and the Registered Owners as follows:

(a) The Indenture creates a valid and continuing security interest (as defined in the applicable Uniform Commercial Code in effect in the State of Delaware) in the Financed Student Loans in favor of the Trustee, which security interest is prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from the Issuer.

(b) The Higher Education Act deems the Financed Student Loans to constitute "accounts" within the meaning of the applicable Uniform Commercial Code for purposes of perfecting a security interest in the Financed Student Loans.

(c) With respect to the Trust Accounts that constitute deposit accounts, either:

(i) the Issuer has delivered to the Trustee a fully executed agreement pursuant to which the bank maintaining the deposit accounts has agreed to comply with all instructions originated by the Trustee directing deposition of the funds in such Trust Accounts without further consent by the Issuer; or

(ii) the Issuer has taken all steps necessary to cause the Trustee to become the account holder of such Trust Accounts.

(d) The Issuer, acting through the Eligible Lender Trustee, owns and has good and marketable title to the Financed Student Loans free and clear of any lien, charge, security interest, mortgage or other encumbrance, claim or encumbrance of any Person, other than those granted pursuant to the Indenture. It is understood that the Eligible Lender Trustee will hold legal title to the Financed Student Loans.

(e) The Issuer has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Financed Student Loans granted to the Trustee under the Indenture.

(f) The Issuer has received a written acknowledgment (which may be contained in the Servicing Agreement) from the Servicer (as custodian for the Trustee) that the Servicer is holding executed copies of the promissory notes and Master Promissory Notes that constitute or evidence the Financed Student Loans, and that the Servicer is holding such solely on behalf and for the benefit of the Trustee.

(g) Other than the security interest granted to the Trustee pursuant to the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Student Loans. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of collateral covering the Financed Student Loans other than any financing statement relating to the security interest granted to the Trustee under the Indenture or that has been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

(Section 4.18)

Further Covenants of the Issuer Regarding the Trustee's Security Interest. Pursuant to the Indenture, the Issuer covenants for the benefit of the Trustee and the Registered Owners as follows:

(a) The representations and warranties set forth under "—*Representations and Covenants of the Issuer Regarding the Trustee's Security Interest*" above shall survive the termination of the Indenture.

(b) The Trustee shall not waive any of the representations and warranties set forth under "—*Representations and Covenants of the Issuer Regarding the Trustee's Security Interest*" above.

(c) The Issuer shall take all steps necessary, and shall cause the Servicers and the Trustee to take all steps necessary and appropriate, to maintain the perfection and priority of the Trustee's security interest in the Financed Student Loans.

(Section 4.19)

Certain Reports. Not later than four Business Days prior to the Interest Rate Determination Date preceding each Distribution Date, the Issuer will prepare and forward to the Trustee a Distribution Date Certificate, at which time the Trustee shall prepare, based on the information in the Distribution Date Certificate, a Distribution Date Information Form. The Trustee shall provide the Issuer with the Distribution Date Information Form once the Trustee shall complete such certificate, which shall be on or before two Business Days prior to the Interest Rate Determination Date. Upon receiving the completed Distribution Date Information Form from the Trustee, the Issuer shall post and provide electronic access to the Distribution Date Information Form on EFS' web site. The Trustee shall direct any Noteholder who requests a copy of the Distribution Date Information Form to the electronic form posted on EFS' web site. The Trustee may conclusively rely and accept the information described in the Distribution Date Certificate from the Issuer, with no further duty to know, determine or examine such reports. *(Section 4.20)*

Separateness Covenants. Pursuant to the Indenture, the Issuer covenants and agrees to comply with certain separateness covenants which separateness covenants are required in order for the Issuer to be and remain a bankruptcy remote entity. *(Section 4.21)*

FUNDS

Creation and Continuation of Funds and Accounts. Pursuant to the Indenture, the following Funds will be created and established and will be held and maintained by the Trustee for the benefit of the Registered Owners:

(i) Department Reserve Fund;

(ii) Acquisition Fund;

(iii) Capitalized Interest Fund;

(iv) Collection Fund; and

(v) Debt Service Reserve Fund.

Pursuant to the Indenture, the Trustee is authorized for the purpose of facilitating the administration of the Trust Estate and for the administration of any Notes issued under the Indenture to create further Accounts in any of the various Funds established under the Indenture which are deemed necessary or desirable.

Funds on deposit in the Trust Accounts shall be invested by the Trustee (or any custodian or designated agent with respect to any amounts on deposit in such accounts) in Investment Securities pursuant to written instructions from the Issuer. All Trust Accounts shall be held and maintained by the Trustee, and shall be identified by the Trustee according to the designations provided in the Indenture in such manner as to distinguish such Trust Accounts from the funds and accounts established by the Issuer for any of its other obligations. The Trustee may from time to time, upon notice to the Issuer, create such accounts and subaccounts as it deems necessary and appropriate for the proper administration of its duties under the Indenture, or close any Trust Account which the Trustee deems no longer necessary or appropriate for the proper administration of such duties.

All moneys or securities held by the Trustee pursuant to the Indenture shall be held in trust and applied only in accordance with the provisions of the Indenture. On the second Business Day preceding each Distribution Date or Monthly Expense Payment Date, all interest and other investment income (net of losses and investment expenses) in the Trust Accounts shall be deemed to constitute a portion of the Available Funds for each related Distribution Date or Monthly Expense Payment Date. For the avoidance of doubt, Available Funds for each

Distribution Date or Monthly Expense Payment Date shall include the maturity value of Investment Securities that mature on the Business Day preceding the related Distribution Date or Monthly Expense Payment Date.

Funds on deposit in the Trust Accounts shall only be invested in Investment Securities that will mature so that such funds will be available at the close of business on the Business Day preceding the following Monthly Expense Payment Date (to the extent necessary to make deposits to the Department Reserve Fund and to pay the Servicing Fee payable on such date) or the following Distribution Date, as applicable. Funds deposited in a Trust Account on a Business Day which immediately precedes a Monthly Expense Payment Date or Distribution Date upon the maturity of any Investment Securities are not required to be invested overnight. *(Section 5.01)*

Capitalized Interest Fund. The Trustee shall deposit certain amounts from the proceeds of the Notes to the Capitalized Interest Fund.

On each Monthly Expense Payment Date or Distribution Date, to the extent there are insufficient moneys in the Collection Fund to make the transfers required by subsections (b) (other than transfers to repurchase Financed Student Loans from any Guaranty Agency as described in clause (a)(i) of the definition of Available Funds) and (c)(i) through (v) below, the Trustee, upon receipt of an Issuer Order directing the same, shall withdraw from the Capitalized Interest Fund on such Monthly Expense Payment Date or Distribution Date, as applicable, an amount equal to such deficiency and deposit such amount in the Collection Fund for application as provided in the Indenture. On the July 2011 Distribution Date, any amounts remaining in the Capitalized Interest Fund shall be transferred by the Trustee to the Collection Fund. (Section 5.02)

Collection Fund.

(a) *Deposits to Collection Fund*. There shall be deposited to the Collection Fund (i) on the Issue Date, certain amounts from the proceeds of the Notes, (ii) all Available Funds and all other moneys and investment income derived from assets on deposit in and transfers from the Capitalized Interest Fund, the Acquisition Fund, the Debt Service Reserve Fund and the Department Reserve Fund, (iii) amounts deposited following the Issuer's optional sale or a mandatory auction of the Financed Student Loans in accordance with the provisions of the Indenture, and (iv) any other amounts deposited thereto upon receipt of deposit instructions from the Issuer. Moneys on deposit in the Collection Fund shall be transferred or distributed by the Trustee on Monthly Expense Payment Dates and Distribution Dates in the priority described under subsections (b) and (c) below. There shall not be a Monthly Expense Payment Date in the months that include a Distribution Date. The Trustee may conclusively rely on all written instructions of the Issuer described in the Indenture with no further duty to examine or determine the information provided by the Issuer for the Monthly Expense Payment Date Certificate and the Distribution Date Certificate.

(b) *Payments on Monthly Expense Payment Dates*. The Issuer shall instruct the Trustee in writing no later than the second Business Day preceding a Monthly Expense Payment Date (by delivering a Monthly Expense Payment Date Certificate) to distribute on such Monthly Expense Payment Date, from and to the extent of the Available Funds on deposit in the Collection Fund (including any amounts transferred from the Capitalized Interest Fund, the Acquisition Fund and the Debt Service Reserve Fund, pursuant to the Indenture), the following amounts in the following order of priority:

(i) the amount necessary to bring the balance of the Department Reserve Fund to the expected Department Reserve Fund Requirement for such Monthly Expense Payment Date;

(ii) the portion of the annual Trustee Fee then due (which Trustee Fee shall be paid quarterly), and any Trustee Fee remaining unpaid from prior Distribution Dates;

(iii) Servicing Fees due with respect to the preceding calendar month (which shall be an amount equal to one-twelfth of the annual Servicing Fees) and any Servicing Fees remaining unpaid from prior Monthly Expense Payment Dates; and

(iv) the Administration Fees due with respect to the preceding calendar month (which shall be an amount equal to one-twelfth of the Administration Fees) and any Administration Fees remaining unpaid from prior Monthly Expense Payment Dates.

(c) *Payments on Distribution Dates*. The Issuer shall instruct the Trustee in writing no later than the second Business Day preceding each Distribution Date (based on the information contained in the Distribution Date Certificate) to make the following deposits and distributions from the Available Funds in the Collection Fund received during the immediately preceding Collection Period (including any amounts transferred from the Capitalized Interest Fund, the Acquisition Fund and the Debt Service Reserve Fund pursuant to the Indenture) to the Persons or to the account specified below on such Distribution Date, in the following order of priority, and the Trustee shall comply with such instructions; provided, however, that if the Available Funds received during the immediately preceding Collection Period are not sufficient to make the payments or deposits required pursuant to clauses (i) through (v) of this subsection (c), then, after any required transfers from the Capitalized Interest Fund, the Acquisition Fund and the Debt Service Reserve Fund pursuant to the Indenture, any other Available Funds on deposit in the Collection Fund, which the Issuer would have deemed Available Funds for the following Collection Period, may be used to make the payments or deposits required pursuant to clauses (i) through (v) of this subsection (c):

(i) the amount necessary to bring the balance of the Department Reserve Fund to the expected Department Reserve Fund Requirement and any other required payments to the United States Department of Education with respect to the Financed Student Loans to the extent remaining unpaid following the previous Monthly Expense Payment Date;

(ii) to pay to the Trustee, the annual Trustee Fee, on the Distribution Date, and any Trustee Fee remaining unpaid from prior Distribution Dates;

(iii) to pay to the Servicers, the Servicing Fees due with respect to the preceding calendar month (which shall be an amount equal to one-twelfth of the Servicing Fees), together with Servicing Fees remaining unpaid from prior Monthly Expense Payment Dates;

(iv) to pay to the Administrator, the Administration Fees due and unpaid with respect to the preceding calendar month (which shall be an amount equal to one-twelfth of the Administration Fees), together with Administration Fees remaining unpaid from prior Monthly Expense Payment Dates;

(v) to pay to the Noteholders, of each Tranche of the Notes, the portion of the Interest Distribution Amount payable on such Tranche on such Distribution Date; pro rata, if not sufficient to pay in full, based on amounts owed to each such party, without preference or priority of any kind;

(vi) to deposit to the Debt Service Reserve Fund, the amount, if any, necessary to reinstate the balance of the Debt Service Reserve Fund up to the Debt Service Reserve Fund Requirement;

(vii) to the applicable Noteholders, the Principal Distribution Amount, in the following order:

a. to pay, pro rata, to the Class A-1 Noteholders until the Class A-1 Notes have been paid in full; and

b. to pay, pro rata, to the Class A-2 Noteholders until the Class A-2 Notes have been paid in full;

(viii) to pay to the Trustee, the aggregate unpaid amount due to the Trustee for Trustee Extraordinary Services Fees, if any;

(ix) to the Class A-1 Noteholders, to pay, pro rata, additional principal on the Class A-1 Notes, to the extent Outstanding and until the principal amount of the Class A-1 Notes is paid in full, and then to the Class A-2 Noteholders to pay, pro rata, additional principal on the Class A-2 Notes, to the extent Outstanding and until the principal amount of the Class A-2 Notes is paid in full; and

(x) after the Class A-2 Notes have been paid in full, the balance shall be paid to the Issuer, free and clear of the lien of the Indenture.

The Issuer shall, or shall direct the Trustee to, notify the Rating Agencies by forwarding a copy of the Distribution Date Information Form if the Available Funds received during the immediately preceding Collection Period are not sufficient to make the payments or deposits required pursuant to clauses (i) through (v) of this subsection (c), after any required transfers from the Capitalized Interest Fund, the Acquisition Fund and the Debt Service Reserve Fund, and such payments or deposits were made with other Available Funds on deposit in the Collection Fund for the following Collection Period. *(Section 5.03)*

Acquisition Fund. A portion of the proceeds of the Notes shall be deposited into the Acquisition Fund. Financed Student Loans shall be held by the Trustee or its agent or bailee (including the Servicer thereof) and shall be pledged to the Trust Estate and accounted for as a part of the Acquisition Fund.

Moneys on deposit in the Acquisition Fund shall be used, upon Issuer Order, solely (a) to pay costs of issuance of the Notes, and (b) to acquire Student Loans upon receipt by the Trustee of a Student Loan Acquisition Certificate substantially in the form attached as an exhibit to the Indenture, which Student Loan Acquisition Certificate contains certain representations with respect to the Financed Student Loans and the applicable Student Loan Purchase Agreement. Any such Issuer Order shall state that such proposed use of moneys in the Acquisition Fund is in compliance with the provisions of the Indenture. If any portion of such moneys are not so used on or prior to the tenth Business Day after the Issue Date, such funds shall be transferred on the Business Day following such tenth Business Day to the Collection Fund for application in accordance with the Indenture.

While the Issuer will be the beneficial owner of the Financed Student Loans and the Registered Owners will have a security interest therein, it is understood and agreed that the Eligible Lender Trustee will hold legal title thereof. Pursuant to the Indenture, the Eligible Lender Trustee will grant a security interest in the Financed Student Loans to the Trustee for and on behalf of the Registered Owners. The notes representing the Financed Student Loans will be held by or on behalf of the Trustee in the name of the Eligible Lender Trustee for the account of the Issuer, for the benefit of the Registered Owners.

To the extent any Financed Student Loans have been acquired pursuant to the terms of an Eligible Lender Trust Agreement, the Issuer subjects its beneficial interest in such Financed Student Loans to the security interest in favor of the Registered Owners created in the Indenture and shall cause the Eligible Lender Trustee to assign its legal interest to the Trustee.

Debt Service Reserve Fund. A portion of the proceeds of the Notes shall be deposited in the Debt Service Reserve Fund. On each Monthly Expense Payment Date and Distribution Date, to the extent there are insufficient moneys in either the Capitalized Interest Fund or the Collection Fund to make the transfers required by subsections (b) and (c)(i) through (v) above under "—Collection Fund—Payments on Distribution Dates" above, subject to the provisions of the next paragraph, then, the amount of such deficiency shall be transferred from the Debt Service Reserve Fund to the Collection Fund.

If the Debt Service Reserve Fund is used for the purposes described in the paragraph above, the Trustee shall restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement by transfers from the Collection Fund on the next Distribution Date pursuant to subsection (c)(vi) above under "—Collection Fund—Payments on Distribution Dates" above. If the full amount required to restore the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement is not available in the Collection Fund on such next Distribution Date, the Trustee shall continue to transfer funds from the Collection Fund as they become available and in accordance with subsection (c)(vi) above under "—Collection Fund—Payments on Distribution Dates" above until the deficiency in the Debt Service Reserve Fund has been eliminated.

Amounts on deposit in the Debt Service Reserve Fund, other than amounts in excess of the Debt Service Reserve Fund Requirement that are transferred to the Collection Fund, will not be available to make principal payments on the Notes except upon their Stated Maturity Date or earlier (i) upon the occurrence of an Event of Default and an acceleration of the Notes, in which case, the amount on deposit shall be applied in accordance with the Indenture or (ii) if amounts on deposit in the Debt Service Reserve Fund, together with other Available Funds, are equal to or exceed the Outstanding Principal Balance of, and accrued interest on, the Notes as described in the Indenture. *(Section 5.05)*

Department Reserve Fund. Amounts on deposit in the Department Reserve Fund shall be applied as directed by the Issuer to pay Department Reserve Fund Amounts as required by the Indenture. Such amounts on deposit shall not exceed the next three months of Department Reserve Fund Amounts as determined by the Issuer. If the Issuer determines that excess funds are on deposit in the Department Reserve Fund, the Issuer shall direct the Trustee in a certificate to transfer such excess to the Collection Fund. Amounts in the Department Reserve Fund are not part of the Trust Estate and shall not be subject to a security interest, lien or charge in favor of the Trustee. *(Section 5.06)*

Investment of Funds Held by Trustee. The Trustee shall invest money held for the credit of any Fund or Account held by the Trustee under the Indenture as directed in writing (or orally, confirmed in writing) by an Authorized Representative of the Issuer, to the fullest extent practicable and reasonable, in Investment Securities which shall mature or be redeemed at the option of the holder prior to the respective dates when the money held for the credit of such Fund or Account will be required for the purposes intended. In the absence of any such direction and to the extent practicable, the Trustee shall invest amounts held under the Indenture in those Investment Securities described in clause (a) of the definition of the Investment Securities. Pursuant to the Indenture, the Trustee and the Issuer agree that unless an Event of Default shall have occurred under the Indenture, the Issuer acting by and through an Authorized Representative shall be entitled to, and shall, provide written direction or oral direction confirmed in writing to the Trustee with respect to any discretionary acts required or permitted of the Trustee under any Investment Securities and the Trustee shall not take such discretionary acts without such written direction.

The Investment Securities purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or Subaccounts or combination thereof, and the Trustee shall inform the Issuer of the details of all such investments. Earnings with respect to, and any net gain on the disposition of, any such investments, shall be deposited immediately upon receipt into the Collection Fund in accordance with the Indenture. Upon direction in writing (or orally, confirmed in writing) from an Authorized Representative of the Issuer, the Trustee shall use its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it shall be necessary to provide money to meet any payment from the applicable Fund. The Trustee shall advise the Issuer in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Issuer), of all investments held for the credit of each Fund in its custody under the provisions of the Indenture as of the end of the preceding month and the value thereof, and shall list any investments which were sold or liquidated for less than their value at the time thereof.

Money in any Fund constituting a part of the Trust Estate may be pooled for the purpose of making investments and may be used to pay accrued interest on Investment Securities purchased. The Trustee and its affiliates may act as principal or agent in the acquisition or disposition of any Investment Securities.

Notwithstanding the foregoing, the Trustee shall not be responsible or liable for any losses on investments made by it under the Indenture or for keeping all Funds held by it, fully invested at all times, its only responsibility

being to comply with the investment instructions of the Issuer or its designee in compliance with the Trustee's standard of care described in the Indenture.

The Issuer acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations.

The Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Investment Securities held under the Indenture, and, in general, to exercise each and every other power or right with respect to such Investment Securities as individuals generally have and enjoy with respect to their own assets and investments, including power to vote upon any matter relating to holders of such Investment Securities. *(Section 5.07)*

DEFAULTS AND REMEDIES

Events of Default Defined. For the purpose of the Indenture, the following events are defined as, and are declared to be, "Events of Default":

(a) default in the due and punctual payment of the principal of any of the Notes when due and payable on the related Stated Maturity Date;

(b) default in the due and punctual payment of the interest on any of the Notes when due and such default shall continue for a period of 5 days;

(c) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer to be kept, observed, and performed contained in the Indenture or in the Notes, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the Trustee to the President of the Issuer; and

(d) the occurrence of an Event of Bankruptcy.

The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default described in the Indenture, unless the Trustee shall be specifically notified in writing of such default by an Authorized Representative of the Issuer, a Servicer or the Registered Owners of at least 25% in aggregate principal amount of all Notes then Outstanding, delivered to the Principal Office of the Trustee identified in the Indenture, and in the absence of such notice so delivered the Trustee may conclusively assume no such Event of Default exists. Any notice in the Indenture provided to be given to the President of the Issuer with respect to any default shall be deemed sufficiently given if sent by registered mail with postage prepaid to the Person to be notified, addressed to such Person at the post office address as shown in the Indenture or such other address as may hereafter be given as the Principal Office of the Issuer in writing to the Trustee by an Authorized Officer of the Issuer. The Trustee may give any such notice in its discretion and shall give such notice if requested to do so in writing by the Registered Owners of at least a majority of the principal amount of the Notes at the time Outstanding. *(Section 6.01)*

Remedy on Default; Possession of Trust Estate. Upon the happening and continuance of any Event of Default and an acceleration of the Notes, the Trustee personally or by its attorneys or agents may enter into and upon and take possession of such portion of the Trust Estate as shall be in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Issuer and its agents, servants, and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Issuer or otherwise, as they shall deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and, powers of the Issuer and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and revenue of the same and of every part thereof, and after deducting therefrom all expenses incurred under the Indenture and all other proper outlays in the Indenture authorized, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants, the Trustee shall apply the rest and residue of the money received by the Trustee as follows:

FIRST, to the U.S. Department of Education, any amount due and owing;

SECOND, to the Trustee and any third party agent appointed under the Indenture, any Trustee Fee and Trustee Extraordinary Services Fees, if any, due and owing;

THIRD, to the Servicers, any Servicing Fees due and remaining unpaid;

FOURTH to the Administrator, any Administration Fees due and remaining unpaid;

FIFTH, to the Noteholders, for amounts due and unpaid on each Tranche of the Notes for interest, ratably without preference or priority of any kind according to the amounts due and payable on each such Tranche of the Notes;

SIXTH, to the Noteholders for amounts due and unpaid on the Notes for principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes; and

SEVENTH, to the Issuer.

(Section 6.02)

Remedies on Default; Sale of Trust Estate. Upon the happening of any Event of Default and if the principal of all of the Outstanding Notes shall have been declared due and payable, then and in every such case, and irrespective of whether other remedies authorized shall have been pursued in whole or in part, the Trustee may sell, with or without entry, to the highest bidder the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law. Upon such sale the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Issuer and all Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. Pursuant to the Indenture, the Trustee is irrevocably appointed the true and lawful attorney-in-fact of the Issuer, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Issuer, if so requested by the Trustee, shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Trustee, proper for the purpose which may be designated in such request. In addition, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners of the Notes in such manner as counsel for the 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 granted in the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The Trustee shall take any such action or actions if requested to do so in writing by the Registered Owners of at least a majority of the principal amount of the Notes at the time Outstanding. *(Section 6.04)*

Notwithstanding the foregoing, the Trustee is prohibited from selling the Financed Student Loans following an Event of Default (whether or not the principal of all Outstanding Notes shall have been declared due and payable), other than a default in the payment of any principal of or interest on any Note, unless:

(a) The Registered Owners of all of the Notes at the time Outstanding consent to such a sale;

(b) The proceeds of such a sale will be sufficient to discharge all the Outstanding Notes pursuant to the Indenture at the date of such a sale; or

(c) The Trustee determines that the collections on the Financed Student Loans would not be sufficient on an ongoing basis to make all payments on such Notes as such payments would have become

due if such Notes had not been declared due and payable, and the Trustee obtains the consent of the Registered Owners of at least 66 2/3% in aggregate principal amount of the Notes at the time Outstanding.

Appointment of Receiver. In case an Event of Default occurs, and if all of the Outstanding Notes shall have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Trustee or of the Registered Owners under the Indenture or otherwise, then as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer. *(Section 6.05)*

Restoration of Position. In case the Trustee shall have proceeded to enforce any rights under the Indenture by sale or otherwise, and such proceedings shall have been discontinued, or shall have been determined adversely to the Trustee, then and in every such case to the extent not inconsistent with such adverse decree, the Issuer, the Trustee and the Registered Owners shall be restored to their former respective positions and the rights under the Indenture in respect to the Trust Estate, and all rights, remedies, and powers of the Trustee and of the Registered Owners shall continue as though no such proceeding had been taken. *(Section 6.06)*

Purchase of Properties by Trustee or Registered Owners. In case of any such sale of the Trust Estate, any Registered Owner or Registered Owners or committee of Registered Owners or the Trustee, may bid for and purchase such property and upon compliance with the terms of sale may hold, retain possession, and dispose of such property as the absolute right of the purchaser or purchasers without further accountability and shall be entitled, for the purpose of making any settlement or payment for the property purchased, to use and apply any Notes owned by such purchasers that are secured by the Indenture and any interest thereon due and unpaid, by presenting such Notes in order that there may be credited thereon the sum apportionable and applicable thereto out of the net proceeds of such sale, and thereupon such purchaser or purchasers shall be credited on account of such purchase price payable to him or them with the sum apportionable and applicable out of such net proceeds to the payment of or as a credit on the Notes so presented. *(Section 6.07)*

Application of Sale Proceeds. The proceeds of any sale of the Trust Estate, together with any funds at the time held by the Trustee and not otherwise designated in the Indenture for another use, shall be applied by the Trustee as set forth in that section of the Indenture summarized above under the caption "Remedy of Default; Possession of Trust Estate" hereof, and then to the Issuer or whomsoever shall be lawfully entitled thereto. *(Section 6.08)*

Accelerated Maturity. If an Event of Default set forth in paragraphs (a), (b) and (c) under "*—Events of Default Defined*" above shall have occurred and be continuing, the Trustee may declare, or upon the written direction by the Registered Owners of at least a majority of the principal amount of Notes then Outstanding, shall declare, the principal of all Notes then Outstanding, and the interest thereon, if not previously due, immediately due and payable, anything in the Notes or the Indenture to the contrary notwithstanding. If an Event of Default set forth in paragraph (d) under "*—Events of Default Defined*" above shall have occurred and be continuing, the principal of all Notes Outstanding shall become immediately due and payable. *(Section 6.09)*

Remedies not Exclusive. The remedies in the Indenture conferred upon or reserved to the Trustee or the Registered Owners of Notes are not intended to be exclusive of any other remedy, but each remedy provided in the Indenture shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, and every power and remedy given to the Trustee or to the Registered Owners of Notes by the Indenture, or any supplement to the Indenture, may be exercised from time to time as often as may be deemed expedient No delay or omission of the Trustee or of any Registered Owner of Notes to exercise any power or right arising from any default under the Indenture shall impair any such right or power or shall be construed to be a waiver of any such default or to be acquiescence therein. *(Section 6.10)*

Direction of Trustee. Upon the happening of any Event of Default, the Registered Owners of at least a majority in principal amount of Notes then Outstanding, shall have the right by an instrument or instruments in writing delivered to the Trustee to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and may at any time cause any proceedings authorized by the terms of the Indenture to be so taken or to be discontinued or

delayed; provided, however, that such Registered Owners shall not be entitled to cause the Trustee to take any proceedings which in the Trustee's opinion would be unjustly prejudicial to non-assenting Registered Owners of Notes, but the Trustee shall be entitled to assume that the action requested by the Registered Owners of at least a majority of the principal amount of the Notes at the time Outstanding will not be prejudicial to any non-assenting Registered Owners unless the Registered Owners of at least a majority of the principal amount of the non-assenting Registered Owners, in writing, show the Trustee how they will be prejudiced. Provided, however, that anything in the Indenture to the contrary notwithstanding, the Registered Owners of at least a majority of the principal amount of the Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. The provisions of this paragraph shall be expressly subject to certain provisions of the Indenture. *(Section 6.11)*

Right to Enforce in Trustee. No Registered Owner of any Note shall have any right as such Registered Owner to institute any suit, action, or proceedings for the enforcement of the provisions of the Indenture or for the execution of any trust hereunder or for the appointment of a receiver or for any other remedy thereunder, all rights of action thereunder being vested exclusively in the Trustee, unless and until such Registered Owner shall have previously given to the Trustee written notice of a default thereunder, and of the continuance thereof, and also unless the Registered Owners of the requisite principal amount of the Notes then Outstanding shall have made written request upon the Trustee and the Trustee shall have been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Trustee shall have been offered indemnity and security satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, which offer of indemnity shall be an express condition precedent hereunder to any obligation of the Trustee to take any such action thereunder, and the Trustee for 30 days after receipt of such notification, request, and offer of indemnity, shall have failed to institute any such action, suit or proceeding. It is understood and intended that no one or more Registered Owners of the Notes shall have the right in any manner whatever by his or their action to affect, disturb, or prejudice the lien of the Indenture or to enforce any right thereunder except in the manner therein provided and for the equal benefit of the Registered Owners of at least a majority of the collective aggregate principal amount of the Notes then Outstanding. *(Section 6.12)*

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of the Notes, and shall do so upon the written request of the Registered Owners of at least a majority of the principal amount of the Notes then Outstanding; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium, if any, on any Outstanding Notes at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Notes, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and premium, if any, and all fees and expenses of the Trustee, in connection with such default or otherwise incurred under the Indenture shall have been paid or provided for or (b) any default in the payment of amounts set forth in the Indenture. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Registered Owners of Notes shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon. *(Section 6.14)*

THE TRUSTEE

Acceptance of Trust. Pursuant to the Indenture, the Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following terms and conditions:

Except during the continuance of an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the 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 Trustee and conforming to the requirements of the Indenture; but in the case of, any such certificates or opinions which by any provisions of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform as to form with the requirements of the Indenture.

In case an Event of Default has occurred and is continuing, the Trustee, in exercising the rights and powers vested in it by the Indenture, shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. *(Section 7.01)*

Indemnification of Trustee. Other than with respect to its duties to make payment on the Notes when due, and its duty to pursue the remedy of acceleration as provided in the Indenture, for each of which no additional security or indemnity may be required, the Trustee shall be under no obligation or duty to take any action or refrain from taking any action under the Indenture or to perform any act at the request of Registered Owners or to institute or defend any suit in respect thereof unless properly indemnified and provided with security to its satisfaction as provided in the Indenture. The Trustee shall not be required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Issuer under the Indenture and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default set forth above in paragraphs (a) and (b) under "*DEFAULTS AND REMEDIES—Events of Default Defined*") unless and until it shall have been specifically notified in writing at the address in the Indenture of such default or Event of Default by (a) 25% of the Registered Owners of any Notes then Outstanding, (b) a Servicer, (c) EFS or (d) an Authorized Representative of the Issuer. However, the Trustee may begin suit, or appear in and defend suit, execute any of the trusts created by the Indenture, enforce any of its rights or powers under the Indenture, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed or indemnified by the Registered Owners requesting such action, if any, or the Issuer in all other cases, for all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such costs and expenses, liabilities, outlays and attorneys' fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Trustee. In furtherance and not in limitation of this section, the Trustee shall not be liable for, and shall be held harmless by the Issuer from, following any Issuer Orders, instructions or other directions upon which the Trustee is authorized to rely pursuant to the Indenture or any other agreement to which it is a party. If the Issuer or the Registered Owners, as appropriate, shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of the Indenture, (a) except during the continuance of an Event of Default, subject only to the prior lien of the Notes for the payment of the principal thereof, premium, if any, and interest thereon from the Collection Fund, and (b) during the continuance of an Event of Default in accordance with the Indenture None of the provisions contained in the Indenture or any other agreement to which it is a party shall require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Registered Owners shall not have offered security and indemnity acceptable to it or if it shall have reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Issuer agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expenses incurred without negligence or bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trust or trusts under the Indenture, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under the Indenture. The Issuer agrees to indemnify and hold harmless the Trustee against any and all claims, demands, suits, actions or other proceedings and all liabilities, costs and expenses whatsoever caused by any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering document distributed in connection with the issuance of the Notes or caused by any omission or alleged omission from such offering document of any material fact required to be stated therein or necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading. *(Section 7.05)*

Trustee's Right to Reliance. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, appraisal, opinion, report or document of the Issuer or any Servicer or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instance, paper or document, but may accept the same as conclusive evidence of the truth and accuracy of such statement. Before acting or refraining from acting in the administration of the Indenture, the Trustee may consult with experts and with counsel (who may but need not be counsel for the Issuer, the Trustee, or for a Registered Owner or who may be Note Counsel), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it under the Indenture in good faith and in accordance with the opinion of such counsel.

Whenever in the administration of the Indenture the Trustee shall reasonably deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Indenture, the Trustee (unless other evidence in the Indenture be specifically prescribed) may require and, in the absence of bad faith on its part, may rely upon a certificate signed by an Authorized Representative of the Issuer or an authorized officer of a Servicer. Whenever in the administration of the Indenture the Trustee is directed to comply with an Issuer Order, the Trustee will be entitled to act in reliance on such Issuer Order; provided, however, that the Trustee shall not comply with any Issuer Order which does not comply with the express terms and provisions of the Indenture or which directs the Trustee to take any action that is not expressly permitted by the terms and provisions of the Indenture.

The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Issuer or any Servicer but the Trustee may require of the Issuer or any Servicer full information and advice as to the performance of any covenants, conditions or agreements pertaining to Financed Student Loans.

The Trustee shall not be liable for any action taken, suffered, or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture or error of judgment made in good faith; provided, however, that the Trustee shall be liable for its negligence or willful misconduct.

The permissive right of the Trustee to take action under or otherwise do things enumerated in the Indenture shall not be construed as a duty.

The Trustee is further authorized to enter into agreements with other Persons, in its capacity as Trustee, in order to carry out or implement the terms and provisions of the Indenture.

The Trustee shall not be liable for any action taken or omitted by it in good faith on the direction of the Registered Owners of a majority of the principal amount of the Notes then Outstanding as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by the Indenture. *(Section 7.06)*

Compensation of Trustee. Except as otherwise expressly provided in the Indenture, all advances, counsel fees (including without limitation allocated fees of in-house counsel) and other expenses reasonably made or incurred by the Trustee in and about the execution and administration of the trust created by the Indenture and reasonable compensation to the Trustee for its services shall be paid by the Issuer. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of Trustees of an express trust. If not paid by the Issuer, the Trustee shall have a lien against all money held pursuant to the Indenture, (a) except during the continuance of an Event of Default, subject only to the prior lien of the Notes against the money and investments in the Collection Fund for the payment of the principal thereof, premium, if any, and interest thereon, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and the exercise and performance of the powers and duties of the Trustee under the Indenture and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee), and (b) during the continuance of an Event of Default in accordance with the Indenture. *(Section 7.07)*

Resignation of Trustee. The Trustee and any successor to the Trustee may resign and be discharged from the trust created by the Indenture by giving to the President of the Issuer notice in writing which notice shall specify the date on which such resignation is to take effect; provided, however, that such resignation shall only take effect on the day specified in such notice if a successor Trustee shall have been appointed pursuant to the Indenture (and is qualified to be the Trustee under the requirements of the Indenture). If no successor Trustee has been appointed by the later of the date specified or 30 days after the receipt of the notice by the Issuer, the Trustee may (a) appoint a temporary successor Trustee having the qualifications provided under "—*Successor Trustee*" below or (b) request a court of competent jurisdiction to (i) require the Issuer to appoint a successor, as provided under "—*Successor Trustee*" below, within three days of the receipt of citation or notice by the court, or (ii) appoint an Trustee having the qualifications provided under "—*Successor Trustee*" below. In no event may the resignation of the Trustee be effective until a qualified successor Trustee shall have been selected and appointed. In the event a temporary successor Trustee is appointed pursuant to (a) above, the Board may remove such temporary successor Trustee and appoint a successor thereto pursuant to the provisions set forth under "—*Successor Trustee*" below. *(Section 7.09)*

Removal of Trustee. The Trustee or any successor Trustee may be removed (a) at any time by the Registered Owners of at least a majority of the principal amount of the Notes then Outstanding, (b) by the Issuer for cause or upon the sale or other disposition of the Trustee or its trust functions or (c) by the Issuer without cause so long as no Event of Default as described in clauses (a), (b) or (d) under "DEFAULTS AND REMEDIES – Events of Default Defined" above exists or has existed within the last 30 days, upon payment to the Trustee so removed of all money then due to it under the Indenture and appointment of a successor thereto by the Issuer and acceptance thereof by said successor. One copy of any such order of removal shall be filed with the President of the Issuer and the other with the Trustee so removed. *(Section 7.10)*

In the event a Trustee (or successor Trustee) is removed, by any person or for any reason permitted under the Indenture, such removal shall not become effective until (a) in the case of removal by the Registered Owners, such Registered Owners by instrument or concurrent instruments in writing (signed and acknowledged by such Registered Owners or their attorneys-in-fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Issuer shall have appointed a successor in each case, in accordance with the paragraphs under "—*Successor Trustee*" below, and (b) the successor Trustee has accepted appointment as such.

Successor Trustee. In case at any time the Trustee or any successor Trustee shall resign, be removed, be dissolved, or otherwise shall be disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or of its officers shall be taken over by any public officer or officers, a successor Trustee may be appointed by the Board by an instrument in writing duly authorized by resolution. In the case of any such appointment by the Board of a successor to the Trustee, the Board shall forthwith cause notice thereof to be mailed to the Registered Owners of the Notes at the address of each Registered Owner appearing on the note registration books maintained by the Registrar.

Every successor Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Board shall 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, which has a reported capital and surplus of not less than $50,000,000, be authorized under the law to exercise corporate trust powers, be subject to supervision or examination by a federal or state authority, and be an Eligible Lender so long as such designation is necessary to maintain guarantees and federal benefits under the Higher Education Act with respect to the Financed Student Loans originated under the Higher Education Act. *(Section 7.11)*

Servicing Agreements. The Trustee shall upon request acknowledge the receipt of a copy of each Servicing Agreement delivered to it by the Issuer. The Trustee shall be under no duty to service the Financed Student Loans or to monitor the servicing of the Financed Student Loans; provided, however, upon the occurrence of any Event of Default and for so long as any Event of Default shall be continuing, the Trustee shall monitor the servicing of Financed Student Loans, and if reasonably necessary in the judgment of the Trustee under the circumstances, shall service Financed Student Loans; and provided, further, that if the Trustee is unable or unwilling to act as successor servicer, the Trustee shall appoint, or petition a court of competent jurisdiction to appoint, a successor servicer whose regular business includes the servicing of loans for post-secondary education. The duties of the Trustee under this Section may be performed by the Trustee or by any qualified agent, employee or other entity selected by the Trustee in the exercise of its reasonable judgment and discretion. *(Section 7.16)*

Additional Covenants of Trustee. The Trustee, by the execution of the Indenture, covenants, represents and agrees that:

(a) it will not exercise any of the rights, duties, or privileges under the Indenture in such manner as would cause the Student Loans held or acquired under the terms thereof to be transferred, assigned, or pledged as security to any person or entity other than as permitted by the Indenture; and

(b) it will comply with the Higher Education Act and the Regulations and will, upon written notice from an Authorized Representative of the Issuer, the Secretary, or Guaranty Agency, use its reasonable efforts to cause the Indenture to be amended (in accordance with that section of the Indenture summarized below under the caption "Supplemental Indentures Not Requiring the Consent of Registered Owners") if the Higher Education Act or Regulations are hereafter amended so as to be contrary to the terms of the Indenture.

(c) The Trustee shall not waive any of the representations and warranties set forth in that section of the Indenture summarized herein under the caption "No Waiver of Laws". *(Section 7.17)*

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Consent of Registered Owners. The Issuer and the Trustee, at the request of the Issuer, may, without the consent of or notice to any of the Registered Owners of any Notes enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) to evidence the appointment of a separate or co-Trustee or a co-registrar or transfer agent or the succession of a new Trustee under the Indenture;

(f) to make any change as shall be necessary in order to obtain and maintain for any of the Notes an investment grade Rating from a nationally recognized rating service, if along with such Supplemental Indenture there is filed a Note Counsel's opinion addressed to the Trustee to the effect that such changes will in no way impair the existing security of the Registered Owners of any Outstanding Notes;

(g) to make any changes necessary to comply with the Higher Education Act, the Regulations or the Code and the regulations promulgated thereunder; or

(h) to create any additional Funds or Accounts under the Indenture deemed by the Trustee to be necessary or desirable; *(Section 8.01)*

provided, however, that nothing in this section shall permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

Supplemental Indentures Requiring Consent of Registered Owners. Exclusive of Supplemental Indentures covered by the Indenture and subject to the terms and provisions contained in this section, and not otherwise, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Notes then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this section shall permit, or be construed as permitting (a) without the consent of the Registered Owners of all then Outstanding Notes, (i) an extension of the maturity date of the principal of or the interest on any Note, or (ii) a reduction in the principal amount of any Note or the rate of interest thereon, or (iii) a privilege or priority of any Note or Notes over any other Note or Notes except as otherwise provided in the Indenture, or (iv) a reduction in the aggregate principal amount of the Notes required for consent to such Supplemental Indenture, or (v) the creation of any lien other than a lien ratably securing all of the Notes at any time Outstanding under the Indenture except as otherwise provided in the Indenture or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Registered Owner of a Note at the address shown on the registration books. Such notice (which shall be prepared by the Issuer) shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Registered Owners. If, within 60 days, or such longer period as shall be prescribed by the Issuer, following the mailing of such notice, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Notes Outstanding at the time of the execution of any such Supplemental Indenture shall have consented in writing to and approved the execution thereof as provided in the Indenture, no Registered Owner of any Note shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this section permitted and provided, the Indenture shall be deemed to be modified and amended in accordance therewith.

Additional Limitation on Modification of Indenture. None of the provisions of the Indenture shall permit an amendment to the provisions of the Indenture which permits the transfer of all or part of the Financed Student Loans originated under the Higher Education Act or granting of a security interest therein to any Person other than an Eligible Lender or a Servicer, unless the Higher Education Act or Regulations are hereafter modified so as to permit the same.

No amendment to the Indenture or to the indentures supplemental thereto shall be effective unless the Trustee receives an opinion of Note Counsel to the effect that such amendment was adopted in conformance with the Indenture. *(Section 8.02)*

Satisfaction of Indenture. If the Issuer shall pay, or cause to be paid, or there shall otherwise be paid to the Registered Owners of the Notes, the principal of and interest on the Notes, at the times and in the manner stipulated in the Indenture, then the pledge of the Trust Estate, and all covenants, agreements, and other obligations of the Issuer to the Registered Owners of Notes shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver all money held by it under the Indenture to the party entitled to receive the same under the Indenture. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of any Outstanding Notes the principal of and interest on such Notes, at the times and in the manner stipulated in the Indenture, such Notes shall cease to be entitled to any lien, benefit, or security under the Indenture, and all covenants, agreements, and obligations of the

Issuer to the Registered Owners thereof shall thereupon cease, terminate, and become void and be discharged and satisfied.

In no event shall the Trustee deliver over to the Issuer any Financed Student Loans originated under the Higher Education Act unless the Issuer is an Eligible Lender, if the Higher Education Act or Regulations then in effect require the owner or holder of such Financed Student Loans to be an Eligible Lender. (*Section 11.02*)

Cancellation of Paid Notes. Any Notes which have been paid by the Issuer, mutilated Notes replaced by new Notes, and any temporary Note for which definitive Notes have been delivered shall (unless otherwise directed by the Issuer by Issuer Order) forthwith be cancelled by the Trustee and, except for temporary Notes, returned to the Issuer. *(Section 11.03)*

EXHIBIT IV

BOOK-ENTRY SYSTEM

Book-Entry System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal of and interest on the Notes to DTC in the United States, Participants or to purchasers of the Notes, confirmation and transfer of beneficial ownership interests in the Notes, and other securities-related transactions by and between DTC, DTC Participants and Beneficial Owners (as hereinafter defined), is based solely on information furnished by DTC, and has not been independently verified by the Issuer or the Initial Purchaser. No representation is made by the Issuer, the Initial Purchaser or their respective counsel as to the accuracy or completeness of such information.

Investors acquiring beneficial ownership interests in the Notes issued in Book-entry Form will hold Notes through DTC in the United States, or indirectly through organizations which are participants in the system. The Book-entry Notes will be issued in one or more instruments which equal the aggregate principal balance of the Notes and will initially be registered in the name of Cede & Co., the nominee of DTC. Except as described below, no person acquiring a Book-entry Note will be entitled to receive a physical certificate representing the Notes.

DTC will act as securities depository for the Notes. Upon the issuance of the Notes, one or more fully registered Notes for each class, in the aggregate principal amount of the Notes, is or are to be registered in the name of Cede & Co., as nominee for DTC. So long as Cede & Co. is the Noteholder of the Notes, as nominee of DTC, references herein to the owners or Noteholders of the Notes shall mean DTC or its nominee, Cede & Co., and shall not mean the Beneficial Owners of the Notes. Noteholders may hold their certificates through DTC if they are DTC participants, or indirectly through organizations that are DTC participants.

DTC is a limited-purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (the "DTC Participants") deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and the DTC Participants are on file with the Commission.

Purchases of the Notes (in authorized denominations) under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants. The DTC Participants purchasing the Notes will receive a credit balance in the records of DTC. The ownership interest of the actual purchaser of each Note (a "Beneficial Owner") will be recorded in the records of the applicable DTC Participant or Indirect Participant. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive from the applicable DTC Participant or Indirect Participant written confirmations providing details of the transaction, as well as periodic statements of their holdings. Transfers of beneficial ownership of the Notes will be accomplished by book entries made by the DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners and, if necessary, in turn by DTC. No Notes will be registered in the names of the Beneficial Owners, and Beneficial Owners will not receive certificates representing their ownership interest in the Notes, except in the event participation in the book-entry system is discontinued as described below.

The Issuer and the Trustee will recognize DTC or its nominee as the Noteholder of the Notes for all purposes, including notice purposes. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the DTC Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The DTC Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among DTC, DTC Participants, Indirect Participants and Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or an Indirect Participant so that all notices of redemption of Notes or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by the DTC Participant or Indirect Participant. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to advise a Beneficial Owner, of any notice of redemption or its content or effect will not affect the validity of the redemption of the Notes prepaid or any other action premised on such notice.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the related record date established by the Issuer. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Participants to whose accounts the Notes are credited on the related record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Notes will be made to DTC or its nominee, Cede & Co., as Noteholder of the Notes. DTC's current practice is to credit the accounts of the DTC Participants on payment dates in accordance with their respective holdings shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be 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 will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer and the Trustee, disbursement of such payments to DTC Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the notes of any series at any time by giving reasonable notice to the Issuer or the Trustee. In the event that a successor securities depository is not obtained, physical certificates evidencing the Notes are required to be printed and delivered.

Noteholders may hold their Notes in the United States through DTC, or indirectly through organizations which are participants in such system.

Transfers between participants in DTC will occur in accordance with DTC Rules.

DTC has advised the Issuer 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 notes are credited.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Notes among participants of DTC, it is under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Neither the Issuer, the Trustee nor the Initial Purchaser will have any responsibility or obligation to any DTC participants or the persons for whom they act as nominees with respect to:

(a) the accuracy of any records maintained by DTC or any participant;

(b) the payment by DTC or any participant of any amount due to any beneficial owner in respect of the principal amount or interest on the Notes;

(c) the delivery by any DTC participant of any notice to any beneficial owner which is required or permitted under the terms of the Indenture to be given to Noteholders; or

(d) any other action taken by DTC as the Noteholder.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, physical certificates evidencing the Notes are to be printed and delivered.

EXHIBIT V

GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES

Global Clearance, Settlement and Tax Documentation Procedures

Global Clearance and Settlement

Except in certain limited circumstances, the globally offered notes of the Issuer (the "Global Securities") will be available only in book-entry form. Investors in the Global Securities may hold such Global Securities through DTC. The Global Securities will be tradable as home market instruments in the U.S. domestic markets. Initial settlements and all secondary trades will settle in same day funds.

Secondary market trading between investors holding Global Securities through DTC will be conducted according to the rules and procedures applicable to U.S. corporate debt obligations and prior asset backed securities issues.

Initial Settlement

All U.S. dollar denominated Global Securities will be held in book-entry form by DTC in the name of Cede & Co. as nominee of DTC. Investors' interests in the U.S. dollar-denominated Global Securities will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC.

Investors electing to hold their Global Securities through DTC will follow the settlement practices applicable to U.S. corporate debt obligations. Investor securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC participants. Secondary market trading between DTC participants will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds.

Certain U.S. Federal Income Tax Documentation Requirements

Exemption for U.S. Persons (Form W-9). U.S. Persons can obtain a complete exemption from the withholding tax by filing Form W-9 (Request for Taxpayer Identification Number and Certification).

U.S. Federal Income Tax Reporting Procedure. The Global Security holder or his agent files by submitting the appropriate form to the person through whom it holds the Global Securities (the clearing agency, in the case of persons holding directly on the books of the clearing agency). Form W-8BEN and Form W-8ECI are generally effective from the date signed to the last day of the third succeeding calendar year.

The term "U.S. Person" means (i) a citizen or resident alien of the United States, (ii) a corporation or partnership, or other entity taxable as such, organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is includible in gross income for United States tax purposes, regardless of its source or (iv) a trust other than a "Foreign Trust," as defined in Section 7701(a)(31) of the Code.

For every transfer of the Notes, the Beneficial Owner may be charged a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. or its registered assign is the registered holder of the Notes, the Issuer and the Trustee will be entitled to treat Cede & Co., or its registered assign, as the absolute owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Issuer or the Trustee, and the Issuer and the Trustee will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Notes.

In the event the Issuer determines that it is in the best interest of the Issuer not to continue the Book-entry System of transfer or that the interest of the Holders might be adversely affected if the Book-entry System of transfer is continued, the Issuer may so notify the Securities Depository and the Trustee, whereupon the Securities Depository will notify the Participants of the availability through the Securities Depository of definitive Notes. In such event, the Trustee shall authenticate, transfer and exchange definitive Notes as requested by the Securities Depository in appropriate amounts in accordance with the Indenture. The Securities Depository may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Issuer may determine that the Securities Depository is incapable of discharging its responsibilities and may so advise the Securities Depository. In either such event, the Issuer shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor Securities Depository), the Issuer and the Trustee shall be obligated to deliver definitive Notes as described in the Indenture and in accordance with the Indenture. In the event definitive Notes are issued, the provisions of the Indenture and the Indenture shall apply to such definitive Notes in all respects, including, among other things, the transfer and exchange of such Notes and the method of payment of principal or prepayment price of and interest on such Notes. Whenever the Securities Depository requests the Issuer and the Trustee to do so, the Issuer and the Trustee will cooperate with the Securities Depository in taking appropriate action after reasonable notice (i) to make available one or more separate definitive Notes to any Participant having Notes credited to its account with the Securities Depository or (ii) to arrange for another securities depository to maintain custody of definitive Notes.

EXHIBIT VI

PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES

Prepayments on pools of student loans can be calculated based on a variety of prepayment models. The model used to calculate prepayments in this Exhibit VI is based on prepayments assumed to occur at a constant prepayment rate ("CPR"). CPR is stated as an annualized rate and is calculated as the percentage of the loan amount outstanding at the beginning of a period (including accrued interest to be capitalized), after applying scheduled payments, that is prepaid during that period. The CPR model 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 levels of CPR:

	0% CPR	**2% CPR**	**4% CPR**
Monthly Prepayment	$0.00	$1.68	$3.40

The CPR model does not 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 level of 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.

For purposes of calculating the information presented in the tables below, it is assumed, among other things, that:

- the Statistical Cut-off Date for the Student Loans is April 30, 2010;
- the Issue Date will be June 23, 2010;
- all Student Loans (as grouped within the "rep lines" described below) remain in their current status until their status end date and then move to repayment, with the exception of school status loans which are assumed to have a 6-month grace period before moving to repayment, and no Student Loan moves from repayment to any other status;
- the Student Loans that are (i) unsubsidized Stafford or Consolidation loans not in repayment status, (ii) subsidized Stafford or Consolidation loans in forbearance status or (iii) SLS or PLUS loans, have interest accrued and capitalized upon entering repayment;
- the Student Loans that are (i) subsidized Stafford loans in school, grace or deferment status or (ii) subsidized Consolidation loans in deferment status, have interest paid (interest subsidy payments) by the U.S. Department of Education quarterly, based on a quarterly calendar accrual period;
- there are government payment delays of 60 days for interest subsidy and special allowance payments;
- no delinquencies or defaults occur on any of the Student Loans, no repurchases for breaches of representations, warranties or covenants occur, and all borrower payments are collected in full;

- index levels for calculation of borrower and government payments are:
    - a 91-day Treasury bill rate of 0.088%;
    - a three-month commercial paper rate of 0.49%; and
    - a 1-year Treasury bill rate that equals the 91-day Treasury bill rate;
- quarterly distributions begin on October 25, 2010, and payments are made quarterly on the 25th day of every January, April, July and October thereafter, whether or not the 25th is a Business Day;
- the interest rate for the A-1 Notes at all times will be equal to 1.38925% and for the A-2 Notes at all times will be equal to 1.38925%;
- interest accrues on each class of notes on an actual/360 day count basis;
- a Servicing Fee equal to 1/12th of the then outstanding principal amount of the Student Loans as of the last day of the preceding month times (i) 0.90% for Stafford, PLUS and SLS Student Loans in repayment status, (ii) 0.60% for Stafford, PLUS and SLS Student Loans in all other statuses and (iii) 0.40% for Consolidation loans, is paid monthly under the Indenture to the Servicer;
- an Administration Fee equal to 1/12th of 0.25% of the then outstanding principal amount of the Student Loans as of the last day of the preceding month, is paid monthly under the Indenture;
- a Trustee Fee equal to 1/4th of 0.0075% of the outstanding note balance paid quarterly by the Issuer to the Trustee;
- the Debt Service Reserve Fund has an initial balance equal to the deposit specified in this Private Placement Memorandum under "EXPECTED APPLICATION OF NOTE PROCEEDS AND CERTAIN FEES," and thereafter with respect to any Distribution Date, the greater of (a) 0.25% the then current Pool Balance or (b) 0.15% of the Initial Pool Balance;
- the Capitalized Interest Fund has an initial balance equal to the deposit specified in this Private Placement Memorandum under "EXPECTED APPLICATION OF NOTE PROCEEDS AND CERTAIN FEES," and on the July 2011 Distribution Date, that amount will be included in Available Funds;
- all payments are assumed to be made at the end of the month and amounts on deposit in the Collection Fund, Debt Service Reserve Fund and Capitalized Interest Fund, including reinvestment income earned in the previous month are reinvested in Investment Securities at the assumed reinvestment rate of 0.088% per annum through the end of the Collection Period and reinvestment earnings are available for distribution from the prior Collection Period;
- the Servicer makes no other purchases of Student Loans;
- the pool of Student Loans consists of 4,725 representative loans ("rep lines"), which have been created for modeling purposes 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;
- no event of default has occurred or is continuing to occur;

- a Consolidation Rebate fee equal to 1.05% per annum of the outstanding principal balance of Consolidation loans, paid monthly by the Issuer to the Department of Education at payment delays of 30 days;
- other fees equal to $64,000 paid every Monthly Expense Payment Date in June;
- the Collection Fund has an initial balance of $0; and
- there is no call or mandatory auction of the Financed Student Loans.

The following tables have 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 indicated in the following tables, even if the dispersions of weighted average characteristics, remaining terms and loan ages are the same as the assumed characteristics, remaining terms and loan ages.

The following tables show the weighted average remaining lives, expected maturity dates and percentages of original principal of the Notes at various levels of CPR from the Issue Date until maturity.

Weighted Average Lives and Expected Maturities of the Notes at Various CPR Percentages[(1)]

Weighted Average Life (years)[(2)]	**0%**	**2%**	**4%**
A-1 Notes	6.12	5.05	4.26
A-2 Notes	14.82	13.38	12.04
Expected Maturity Date	**0%**	**2%**	**4%**
A-1 Notes	4/25/2022	7/25/2020	4/25/2019
A-2 Notes	10/25/2028	7/25/2027	7/25/2026

(1) Assuming for purposes of this table that, among other things, the optional redemption by the Issuer or a mandatory auction or a mandatory redemption of the Student Loans does not occur.

(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 Issue Date to the related Distribution Date, (2) adding the results, and (3) dividing that sum by the aggregate principal amount of the Notes as of the Issue Date.

A-1 Notes
Percentages Of Original Principal Of The Notes Remaining At Certain Distribution Dates At Various CPR Percentages[1]

Distribution Date	0%	2%	4%
6/23/2010	100%	100%	100%
10/25/2010	98%	97%	96%
10/25/2011	90%	86%	83%
10/25/2012	82%	76%	71%
10/25/2013	74%	66%	58%
10/25/2014	65%	55%	46%
10/25/2015	57%	45%	34%
10/25/2016	48%	35%	24%
10/25/2017	39%	25%	13%
10/25/2018	29%	15%	3%
10/25/2019	20%	6%	0%
10/25/2020	11%	0%	0%
10/25/2021	2%	0%	0%
10/25/2022	0%	0%	0%
10/25/2023	0%	0%	0%
10/25/2024	0%	0%	0%
10/25/2025	0%	0%	0%
10/25/2026	0%	0%	0%
10/25/2027	0%	0%	0%
10/25/2028	0%	0%	0%
10/25/2029	0%	0%	0%
10/25/2030	0%	0%	0%
10/25/2031	0%	0%	0%
10/25/2032	0%	0%	0%
10/25/2033	0%	0%	0%
10/25/2034	0%	0%	0%

(1) Assuming for purposes of this table that, among other things, the optional redemption by the Issuer or a mandatory auction or a mandatory redemption of the Student Loans does not occur.

A-2 Notes
Percentages Of Original Principal Of The Notes Remaining At Certain Distribution Dates At Various CPR Percentages[(1)]

Distribution Date	0%	2%	4%
6/23/2010	100%	100%	100%
10/25/2010	100%	100%	100%
10/25/2011	100%	100%	100%
10/25/2012	100%	100%	100%
10/25/2013	100%	100%	100%
10/25/2014	100%	100%	100%
10/25/2015	100%	100%	100%
10/25/2016	100%	100%	100%
10/25/2017	100%	100%	100%
10/25/2018	100%	100%	100%
10/25/2019	100%	100%	88%
10/25/2020	100%	95%	72%
10/25/2021	100%	78%	56%
10/25/2022	87%	62%	41%
10/25/2023	70%	47%	28%
10/25/2024	54%	33%	16%
10/25/2025	38%	20%	6%
10/25/2026	24%	8%	0%
10/25/2027	11%	0%	0%
10/25/2028	0%	0%	0%
10/25/2029	0%	0%	0%
10/25/2030	0%	0%	0%
10/25/2031	0%	0%	0%
10/25/2032	0%	0%	0%
10/25/2033	0%	0%	0%
10/25/2034	0%	0%	0%

(1) Assuming for purposes of this table that, among other things, the optional redemption by the Issuer or a mandatory auction or a mandatory redemption of the Student Loans does not occur.