OFFERING MEMORANDUM

$770,500,000
Student Loan Asset-Backed Notes, Series 2012-1
(Taxable LIBOR Floating Rate Notes)

VERMONT STUDENT ASSISTANCE CORPORATION

Vermont Student Assistance Corporation (the "Corporation"), a non-profit public corporation organized as an instrumentality of the State of Vermont pursuant to the Vermont Statutes Annotated, Title 16, Chapter 87, as amended (the "State Act"), is offering $770,500,000 aggregate principal amount of its Student Loan Asset-Backed Notes, Series 2012-1(Taxable LIBOR Floating Rate Notes), as Class A Notes (the "Class A Notes") and as Class B Notes (the "Class B Notes" and together with the Class A Notes, the "Notes") as set forth below:

Class	Original Principal Amount	Interest Rate	Offering Price	Stated Maturity Date	Expected Ratings S&P/Fitch*
A Notes	$755,000,000	One-Month LIBOR + 0.70% per annum	100%	July 28, 2034	AA+ (sf)/AAAsf
B Notes**	$15,500,000	One-Month LIBOR + 3.00% per annum†	100%**	December 30, 2041	NR/Asf

* See the heading "RATINGS" herein.
** Will be initially retained by the Corporation.
† Subject to the Class B Interest Cap (as defined below).
"NR" means not rated

The Notes are being issued by the Corporation pursuant to an Indenture of Trust dated as of November 1, 2012 (the "Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Notes will be secured under the Indenture by a pool of student loans consisting of loans originated under the Federal Family Education Loan Program (the "FFELP") and a small percentage of health education assistance loans originated under the Public Health Service Act of 1944, 42 U.S.C. § 201 et seq. (the "Public Health Service Act"), rights the Corporation has under certain agreements, a Debt Service Reserve Fund, an Acquisition Fund (each as defined herein) and the other moneys and investments pledged to the Trustee under the Indenture.

The Notes will receive monthly distributions of principal and interest on the 28th day (or the next Business Day (as defined herein) if it is not a Business Day) of each calendar month as described in this Offering Memorandum, beginning January 28, 2013 until the Notes are paid in full. In general, payments of principal will be made sequentially to the Class A Notes and to the Class B Notes, in that order, until each such Class is paid in full and payments of interest will be made sequentially to the Class A Notes and to the Class B Notes (subject to the Class B Interest Cap (as defined herein)).

Credit enhancement for the Notes will consist of overcollateralization, excess interest on the Financed Student Loans (as defined herein) and amounts on deposit in the Debt Service Reserve Fund. Credit enhancement for holders of the Class A Notes will also include the sequential payment of principal and interest on the Class A Notes before the Class B Notes. 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 (i) the Class A Notes be rated "AAAsf" by Fitch Ratings, Inc. ("Fitch") and "AA+ (sf)" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P" and together with Fitch, the "Rating Agencies") and (ii) the Class B Notes be rated "Asf" by Fitch. The rating on the Class B Notes will not address the payment of any Class B Carry-Over Amount. Commencing in December 2011, Fitch's Rating Outlook for all existing and new issuances of "AAA" rated tranches of FFELP securitizations is Negative, which reflects Fitch's Negative Rating Outlook on the long-term foreign and local currency issuer default ratings of the United States.

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

THE CORPORATION HAS NO TAXING POWER. THE NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTES EXCEPT FROM THE REVENUES AND ASSETS PLEDGED UNDER THE INDENTURE. THE NOTES DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE NOTES. THE NOTES ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon an exemption set forth therein, or any state securities or blue sky laws, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption set forth therein. 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 Offering Memorandum. Any representation to the contrary is unlawful.

We are offering the Notes through the Initial Purchasers when and if issued. The Notes are offered when, as and if received by the Initial Purchasers, subject to prior sale, to withdrawal or modification of the offer without notice. The Notes are expected to be delivered in book-entry only form through the facilities of The Depository Trust Company on or about November 28, 2012.

Morgan Stanley **Citigroup**

November 20, 2012

ADDITIONAL INFORMATION

No dealer, broker, salesman, or other person has been authorized by the Corporation or the Initial Purchasers to give any material information or to make any material representations, other than those contained in this Offering 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation since the date hereof.

This Offering 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. Except as set forth herein, no action has been taken or will be taken to register or to qualify the Notes or otherwise to permit a public offering of the Notes in any jurisdiction where actions for that purpose would be required. The distribution of this Offering Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Corporation and the Initial Purchasers to inform themselves about and to observe any such restrictions. This Offering Memorandum has been prepared by the Corporation solely for use in connection with the proposed offering of the Notes described herein.

The Initial Purchasers have provided the following sentence for inclusion in this Offering Memorandum. The Initial Purchasers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchasers do not guarantee the accuracy or completeness of such information.

In making an investment decision with respect to the Notes, prospective investors must rely on their own independent investigation of the terms of the offering and the Corporation and weigh the merits and the risks involved with ownership of the Notes prior to any investment. The Corporation will furnish any additional information (to the extent the Corporation has such information or can acquire such information without unreasonable effort or expense and to the extent the Corporation may lawfully do so under the Securities Act or applicable local laws or regulations) necessary to verify the information furnished in this Offering Memorandum. Representatives of the Corporation and the Initial Purchasers will be available to answer questions from prospective investors concerning the Notes, the Corporation and the Student Loans.

Prospective investors are not to construe the contents of this Offering Memorandum, or any prior or subsequent communications from the Corporation or the Initial Purchasers or any of their officers, employees or agents as investment, legal, accounting, regulatory or tax advice. Prior to any investment in the Notes, a prospective investor should consult with its own advisors to determine the appropriateness and consequences of such an investment in relation to that investor's specific circumstances.

The Corporation expects that the Notes sold pursuant hereto 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 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.

There currently is no secondary market for the Notes. There are no assurances that any market will develop or, if it does develop, how long it will last. The Corporation does not intend to list the Notes on any exchange, including any exchange in either Europe or the United States.

The Notes are being offered subject to prior sale or withdrawal, cancellation or modification of the offer without notice and subject to the approval of certain legal matters by counsel and certain other conditions. No Notes may be sold without delivery of this Offering Memorandum.

In connection with the offering, the Initial Purchasers may effect transactions with a view to supporting the market price of the Notes at levels above that which might otherwise prevail in the open market for a limited period. However, there is no obligation to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

COMPLIANCE WITH APPLICABLE SECURITIES LAWS

THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY AND THIS OFFERING 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 OFFERING MEMORANDUM COMES ARE REQUIRED BY THE CORPORATION AND THE INITIAL PURCHASERS 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 OFFERING MEMORANDUM, IN ALL CASES AT THEIR OWN EXPENSE.

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 OFFERING 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.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "intend," "potential," and the negative of such terms or other similar expressions.

The forward-looking statements reflect the Corporation's current expectations and views about future events. The forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on the forward-looking statements.

You should understand that the following factors, among other things, could cause the Corporation's results to differ materially from those expressed in forward-looking statements:

- changes in terms of Financed Student Loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in these laws and regulations that may reduce the costs and yields on education loans under the Federal Family Education Loan Program or the Public Health Service Act;
- changes resulting from the termination of the Federal Family Education Loan Program;
- changes in the general interest rate environment and in the securitization market for student loans, which may increase the costs or limit the marketability of financings;
- losses from student loan defaults; and
- changes in prepayment rates and credit spreads.

Many of these risks and uncertainties are discussed in greater detail under the caption "RISK FACTORS" herein.

You should read this Offering Memorandum and the documents that are referenced in this Offering Memorandum completely and with the understanding that the Corporation's actual future results may be materially different from what the Corporation expects. The Corporation may not update the forward-looking statements, even though the Corporation's situation may change in the future, unless the Corporation has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information. All of the forward-looking statements are qualified by these cautionary statements.

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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 Offering Memorandum.

References to the "Corporation" refer to Vermont Student Assistance Corporation. References herein to the "Notes" shall refer to the Class A Notes and the Class B Notes. References herein to a "Class" of the Notes shall refer to each of the Class A Notes and Class B Notes. The Class B Notes will be initially retained by the Corporation.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. See the caption "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS" above.

All capitalized terms used in this Offering Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Indenture, which definitions are included in "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto.

General

The Notes will be issued pursuant to the Indenture, which is a discrete indenture, and will include a class of senior Notes (Class A Notes) and a class of subordinate Notes (Class B Notes) having the rights described in the Indenture and this Offering Memorandum. No additional notes will be issued under the Indenture. The Corporation is currently in the process of offering its Education Loan Revenue Notes, Series 2012-B (Tax-Exempt LIBOR Floating Rate Notes) (the "Series 2012-B Notes"). The Series 2012-B Notes are not issued under or secured by the Indenture, and are not offered pursuant to this Offering Memorandum. It is a condition precedent to the issuance of the Notes offered hereby and the Series 2012-B Notes that both financings close concurrently. As a consequence, if the Series 2012-B Notes are not issued on the Issue Date, the Notes offered hereby will not be issued.

Principal Parties and Dates

Corporation

Vermont Student Assistance Corporation ("we," "us," "our," the "Corporation"), a non-profit public corporation organized as an instrumentality of the State of Vermont pursuant to the Vermont Statutes Annotated, Title 16, Chapter 87, as amended (the "State Act") was created in 1965 as an instrumentality of the State of Vermont. See the caption "—Description of the Corporation" and "THE CORPORATION" herein.

Servicer

The Corporation

Back-up Servicer

Nelnet Servicing, LLC

Guaranty Agency; Insurance

We expect that substantially all of the Financed Student Loans, as defined below, will be "FFELP loans," which are loans originated under the Federal Family Education Loan Program ("FFELP"), 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 (the "Department"), and with which the Corporation (as an Eligible Lender) maintains a Guaranty Agreement. The Corporation is expected to be the Guaranty Agency with respect to all of the FFELP loans. We expect that the remaining small percentage of the Financed Student Loans will be "HEAL loans," which are loans originated under the Public Health Service Act that are permitted under the State Act and insured by the Secretary of the United States Department of Health and Human Services (the "Secretary of Health and Human Services").

For the definition of "Student Loan," see "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto.

"Financed" when used with respect to Student Loans, means or refers to the Student Loans (i) acquired or transferred by the Corporation and deposited in or otherwise constituting a part of the

Trust Estate, and (ii) substituted or exchanged as permitted by the Indenture for Financed Student Loans but, in any event, shall not include Student Loans released from the lien of the Indenture pursuant to the terms thereof.

Administrator

The Corporation

Trustee, Paying Agent and Registrar

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

Application of Proceeds

We will use the proceeds from the sale of the Notes to acquire a pool of FFELP loans and also a small percentage of HEAL loans; fund a deposit to the Acquisition Fund, including the Temporary Costs of Issuance Account created therein, and the Debt Service Reserve Fund for the Notes and pay, out of the Temporary Costs of Issuance Account, the costs of issuance relating to the Notes. See the caption "SOURCES AND USES" herein

All of the Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" to be pledged by the Corporation to the Trustee under the Indenture are currently pledged under the 1995 Education Loan Revenue Bond Resolution of the Corporation adopted June 16, 1995, as supplemented and amended (the "Existing Resolution") and secure the various series of bonds (the "Existing Bonds") issued thereunder. The Existing Bonds are limited obligations of the Corporation payable solely from and secured solely by certain pledged assets held in the trust estate created under the Existing Resolution. Certain of the proceeds from the sale of the Notes are expected to be (a) transferred to and applied by the trustee under the Existing Resolution to pay the purchase price or redemption price, as applicable, of certain of the Existing Bonds on the Issue Date and (b) transferred to the Corporation to reimburse it for the purchase of certain of the Existing Bonds. Upon such purchase and redemption, any liens or security interests relating to the Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" will be released from the lien of the Existing Resolution and the Corporation will then pledge them to the Trustee as part of the Trust Estate.

Distribution Dates

Distribution Dates for the Notes will be the 28th day of each calendar month, or if such day is not a Business Day, the next succeeding Business Day, beginning on January 28, 2013 (each, a "Distribution Date").

Collection Periods

The collection period for any Distribution Date will be the one-month period ending on the last day of the month preceding such Distribution Date. However, the initial Collection Period will begin on the Issue Date and end on December 31, 2012.

Interest Periods

The Initial Interest Period for the Notes begins on the Issue Date and ends on January 27, 2013 (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 any Student Loan pledged to the Trustee by the Corporation under the Indenture is the date of such pledge. All loan revenues received with respect to such Financed Student Loan portfolio starting on the applicable cut-off date will be deposited in the Collection Fund.

For the definition of "Student Loan," see "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto.

Information Relating to the Financed Student Loans

The information presented in this Offering Memorandum relating to the Student Loans is as of August 31, 2012, which we refer to as the "Statistical Cut-off Date." We believe that the information set forth in this Offering Memorandum with respect to the Student Loans as of the Statistical Cut-off Date is materially representative of the characteristics of the pool of Student Loans that will ultimately be pledged to the Trustee under the Indenture at the end of the Acquisition Period. See the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" and "EXHIBIT F—PREPAYMENTS, EXTENSIONS,

WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES" hereto.

Issue Date

The Issue Date for the Notes is expected to be on or about November 28, 2012.

Description of the Notes

General

We are offering the Class A Notes in the aggregate principal amount of $755,000,000 and the Class B Notes in the aggregate principal amount of $15,500,000. Each of the Class A Notes and the Class B Notes are referred to herein as a "Class." The Class B Notes will be initially retained by the Corporation.

The Corporation has no taxing power. The Notes are special, limited obligations of the Corporation. The Corporation shall not be obligated to pay the principal of or interest on the Notes except from the revenues and assets pledged under the Indenture. The Notes do not constitute a debt, liability or obligation of the State of Vermont or any of its political subdivisions and none of the faith and credit, the taxing power or the moral obligation of the State of Vermont or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Notes. The Notes are payable, both as to principal and interest, solely as provided in the Indenture.

The Notes will be issued in minimum denominations of $100,000 and in integral multiples of $1,000 in excess thereof. Principal of and interest on the Notes will be payable on each Distribution Date 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 on the Notes 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 Notes until paid in full and second to the Class B Notes until paid in full, in the priorities and as described under clause eighth under the caption "THE TRUST ESTATE—Flow of Funds—Distributions Dates" and "DESCRIPTION OF THE NOTES—Distributions of Principal" herein.

Failure to pay principal on the Notes is not an Event of Default (except on the related Stated Maturity Date). See "EXHIBIT C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" hereto. The principal payments described in the paragraph above could result in the Notes being paid in full prior to their final maturity.

No Additional Notes

The Indenture, and the Trust Estate created thereunder, will be discrete. 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 a rate equal to one-month LIBOR plus 0.70% per annum for the Class A Notes and one-month LIBOR plus 3.00% per annum for the Class B Notes, subject in the case of the Class B Notes, to the Class B Interest Cap (as described below). For the Initial Interest Period, the Notes will bear interest at a rate equal to two-month LIBOR plus the applicable spread for such Class of Notes as set forth above.

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 (or, in the case of the first Distribution Date, on the second Business Day immediately preceding the Issue 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 (and rounding to the fifth decimal place the resultant figure).

Interest accrued on the outstanding principal balance of each Note during each Interest Period will be paid on the following Distribution Date to the Class A Notes and then the Class B Notes, in that order, except that the payment of interest on the Class B Notes is subject to the Class B Interest Cap. The "Class B Interest Cap" means, with respect to any Distribution Date, an amount equal to (a) the actual number of days in the current year (i.e. 365 or 366, as the case may be) divided by 360 multiplied by the difference between (i) the sum of all non-principal amounts accrued on the Financed Student Loans during the related Collection Period, whether due from a borrower, a Guaranty Agency, or the Department (including, without limitation, Special Allowance Payments and Interest Subsidy

Payments), or the Secretary of Health and Human Services in the case of HEAL Loans, and (ii) amounts not attributable to principal that are payable to the Department that accrued during the related Collection Period (including, without limitation, Special Allowance Payments and consolidation rebate fees); less (b) the Trustee Fee, the Servicing Fees and the Administration Fees accrued during the related Collection Period and less (c) the Interest Accrual Amount on the Class A Notes for such Distribution Date. The Class B Interest Cap may not be less than zero and does not apply on the first Distribution Date.

Failure to make interest payments on the Class B Notes is not an Event of Default under the Indenture if any Class A Notes remain outstanding. Payment of the Class B Carry-Over Amount (as hereafter defined) is payable at a lower priority, and the failure to pay such Class B Carry-Over Amount is not an Event of Default under the Indenture. To the extent that there are insufficient Available Funds for the payment of Class B Carry-Over Amount on or after the Stated Maturity Date of the Class B Notes, such Class B Carry-Over Amount and the interest thereon shall be cancelled and shall not be paid (and the Class B Carry-Over Amount may not be paid in the event of a mandatory redemption of the Notes as described under the caption "DESCRIPTION OF THE NOTES–Mandatory Redemption," although any such unpaid amounts would not be extinguished until they were paid or until the Stated Maturity Date of the Class B Notes, whichever is earlier).

"Interest Accrual Amount" means, for any Distribution Date, with respect to any Class of the Notes, the aggregate amount of interest accrued for such Class of the Notes at the related LIBOR indexed rate set forth on the cover page of this Offering Memorandum for such Class of Notes for the related Interest Period on the Outstanding Amount of such Class of Notes as of 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.

"Interest Distribution Amount" means, for any Distribution Date: (a) with respect to the Class A Notes, the sum of (i) the Interest Accrual Amount with respect to the Class A Notes and (ii) the Interest Shortfall for that Distribution Date with respect to the Class A Notes; and (b) with respect to the Class B Notes, the sum of (i) the lesser of (A) the Interest Accrual Amount with respect to the Class B Notes and (B) the Class B Interest Cap and (ii) the Interest Shortfall for that Distribution Date with respect to the Class B Notes (other than the first Distribution Date for which the Class B Interest Cap shall not apply).

"Outstanding Amount" shall mean, as of any date of determination, the aggregate principal amount of all Notes or the applicable Class or Classes of Notes, as the case may be, then outstanding at such date of determination.

Stated Maturity

The Distribution Date on which the Class A Notes are due and payable in full is the July 2034 Distribution Date and the Distribution Date on which the Class B Notes are due and payable in full is the December 2041 Distribution Date (each such date, a "Stated Maturity Date").

The principal of the Notes may be paid prior to the applicable Stated Maturity Date if, for example:

- there are prepayments on the Financed Student Loans;
- the mandatory redemption of the Notes occurs 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 Amount of, and the Interest Distribution Amount accrued and unpaid on, the Notes (excluding the Class B Carry-Over Amount, as hereinafter defined) as described under the caption "DESCRIPTION OF THE NOTES–Mandatory Redemption" herein; or
- the Corporation exercises its option to release from the lien of the Indenture all of the Financed Student Loans, and thereby redeem the Notes in whole, but not in part, which option may be exercised on 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 and each Distribution Date thereafter.

See the caption "DESCRIPTION OF THE NOTES—Optional Redemption" and "—Mandatory Redemption" herein.

"Initial Pool Balance" shall mean the Pool Balance as of the end of the Acquisition Period.

"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 allocable to principal received by the Corporation through that date from or on behalf of borrowers, Guaranty Agencies, the Secretary of Health and Human Services and the Department; (ii) all amounts allocable to principal received by the Trustee through that date from sales (or other releases from the lien of the Indenture permitted thereunder) of Financed Student Loans permitted under this 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 and that are permitted to be made under the Servicing Agreements through that date; and (v) the aggregate amount by which (a) reimbursements by Guaranty Agencies of the unpaid principal balances of defaulted Financed Student Loans that are FFELP 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 and (b) reimbursements by the Secretary of Health and Human Services of the unpaid principal balances of defaulted Financed Student Loans that are HEAL loans through that date are less than 100%, as provided by the Public Health Service Act.

Description of the Corporation

The Corporation, a public nonprofit corporation, was created as an instrumentality of the State of Vermont in 1965 and exists under the State Act for the purpose of ensuring that Vermont students and parents have the necessary information and financial resources to pursue their education goals beyond high school. The Corporation has carried out its mandate by guaranteeing, making, acquiring, financing and servicing loans to borrowers qualifying under the State Act and, where applicable, the Higher Education Act and the Public Health Service Act. The Corporation also administers financial aid services, a program of grants and scholarships, a Section 529 savings plan (designated as the Vermont Higher Education Investment Plan) and work study, informational and career counseling services to students and adults seeking further education, and related services to parents of such students. The Corporation is located 10 East Allen Street, P.O. Box 2000; Winooski, Vermont 05404. See "THE CORPORATION" herein for more information about the Corporation.

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. 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 is a discrete trust estate that will consist primarily of:

- the Financed Student Loans, which are Student Loans originated under the FFELP or that are HEAL loans that are insured by the Secretary of Health and Human Services and, in each case, are pledged to the Trustee pursuant to the Indenture and any Student Loans substituted or exchanged therefor in accordance with the provisions of the Indenture (but shall not include Student Loans that are released from the lien of the Indenture pursuant to the terms thereof);
- 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, 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 Department reinsures, the Financed Student Loans that are FFELP loans, both to the maximum extent

permitted by the Higher Education Act. The Guaranty Agency with respect to all of the Financed Student Loans that are FFELP loans is expected to be the Corporation. The Secretary of Health and Human Services insures the Financed Student Loans that are HEAL loans.

Description of Funds and Accounts

The Acquisition Fund

Cash in the expected amount of $705,272 will be deposited into the Temporary Costs of Issuance Account of the Acquisition Fund and Financed Student Loans and/or cash in the expected amount of $748,782,829 will be deposited into the Acquisition Fund on the Issue Date. The amount on deposit in the Temporary Costs of Issuance Account will be used to pay, upon direction of the Corporation, the costs of issuance of the Notes and certain other payments or amounts described under the caption "THE TRUST ESTATE—The Acquisition Fund" herein. Funds on deposit in the Acquisition Fund will be used to purchase or acquire the pool of Student Loans described under the caption (and as may be modified as described under the caption) "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein. The Corporation expects to purchase or acquire the majority of the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" on the Issue Date, but is permitted to acquire such Student Loans at any time within 30 days of the Issue Date (such period, the "Acquisition Period"). During the Acquisition Period, any available funds on deposit in the Acquisition Fund may be used to acquire or purchase the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," and after giving effect to the purchase or acquisition of such Student Loans, any remaining available amounts may be used to acquire or purchase additional Student Loans not described in "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" but that otherwise satisfy the eligibility criteria described in "THE FINANCED STUDENT LOANS—Student Loan Eligibility Criteria." Any Student Loans acquired with funds in the Acquisition Fund shall be acquired at a price of no greater than 100% of the outstanding principal balance of such Student Loans, plus accrued interest thereon.

All funds remaining on deposit in the Acquisition Fund, including any remaining amounts on deposit in the Temporary Costs of Issuance Account, at the end of the Acquisition Period will be transferred to the Collection Fund on the first Business Day following the end of the Acquisition Period and shall constitute Available Funds on the next Distribution Date. Except for (a) acquisitions or purchases of Student Loans described above, (b) any substitutions of Financed Student Loans to be made by the Corporation as described under "THE FINANCED STUDENT LOANS—Rights and Remedies Relating to Acquisition or Purchase; Limitations" or (c) any acquisition of student loans that were previously Financed Student Loans repurchased back from a Guaranty Agency or a Servicer, there will be no subsequent acquisitions of or recycling of student loans into the trust estate.

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 Corporation 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 caption "THE TRUST ESTATE—Flow of Funds" herein.

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 Corporation to make when due required payments to the Department, to any Guaranty Agency any payment then due relating to its Guaranty of Financed Student Loans, or to pay to the Corporation, another entity or trust estate if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate pursuant to any Joint Sharing Agreement. The Department Reserve Fund will be funded as described under "THE TRUST ESTATE—Flow of Funds" in an amount necessary to bring the balance of the Department Reserve Fund up to an amount equal to the sum of: (a) the expected Department Rebate Interest Amount accrued through the last day of the related Collection Period; (b) any Monthly Consolidation Loan Rebate Fees accrued through the last day of the related Collection Period; (c) any other accrued payments that are payable to the Department as accrued through the last day of the related Collection Period; (d) any payment then due

and payable to a Guaranty Agency relating to its Guaranty of Financed Student Loans; and (e) any other such payment then accrued to the Corporation, another entity or trust estate, if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate, pursuant to any Joint Sharing Agreement. 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 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 expected amount of $1,961,305 as described under the caption "THE TRUST ESTATE—The Debt Service Reserve Fund" herein. The Debt Service Reserve Fund is subject to a required minimum balance equal to (a) on the Issue Date, the amount of the initial deposit set forth above and (b) on any Distribution Date, the greater of 0.25% of the Pool Balance as of the last day of the related Collection Period or $1,176,783 (which is approximately 0.15% of the expected Pool Balance as of the Issue Date). We refer to such minimum amount as the "Debt Service Reserve Fund Requirement." If (i) on any Distribution Date, the amount of Available Funds on deposit in the Collection Fund is insufficient to pay any of the items specified in clauses (i), (ii), (iii), (iv), (v) and (vi) under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" herein or (ii) on December 28, 2012, there are insufficient moneys on deposit in the Collection Fund to pay any of the amounts specified in the second to last paragraph under "THE TRUST ESTATE—Flow of Funds—Distribution Dates" herein, amounts on deposit in the Debt Service Reserve Fund on such Distribution Date or December 28, 2012, as applicable, will be withdrawn by the Trustee and deposited into the Collection Fund to cover such shortfalls therein, 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" 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" herein. 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 applicable 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 and unpaid Interest Distribution Amount on the Notes (excluding the Class B Carry-Over Amount) as described below under "DESCRIPTION OF THE NOTES—Mandatory Redemption" or if the Notes are accelerated following an Event of Default under the Indenture.

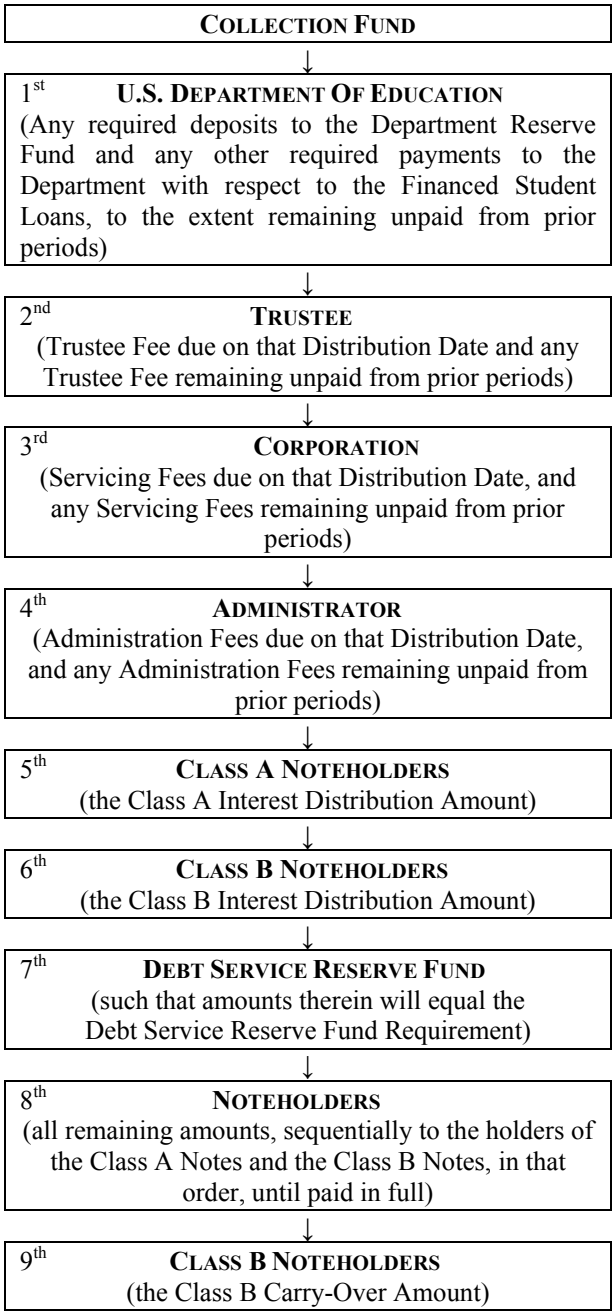
Characteristics of the Financed Student Loan Portfolio

As of the Issue Date, the Corporation will pledge to the Trustee a portfolio of Student Loans, which are described more fully below under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein. As of the Statistical Cut-off Date, the weighted average annual interest rate of the Student Loans was approximately 5.279% and their weighted average remaining term to scheduled maturity was approximately 178 months. The Financed Student Loans will be subsidized and unsubsidized Consolidation loans, subsidized and unsubsidized Stafford loans, PLUS and Graduate PLUS loans and SLS loans originated under the FFEL Program, as well as a small percentage of HEAL loans originated under the Public Health Service Act. The Indenture does not permit the funding of private student loans.

In the event that the principal amount of Student Loans required to provide collateral for the Notes varies from the amounts anticipated herein, whether by reason of a change in the collateral requirement necessary to obtain the ratings on the Notes described on the cover page of this Offering Memorandum, the rate of amortization or prepayment on the portfolio of student loans from the Statistical Cut-off Date to the Issue Date varying from the rates that were anticipated, or otherwise, the portfolio of Student Loans to be pledged to the Trustee may consist of a subset of the pool of Student Loans described herein or may include additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein.

Flow of Funds

On each Distribution Date, except where an Event of Default has occurred that results in an acceleration of the maturity of the Notes, Available Funds on deposit in the Collection Fund (including any amounts transferred from the Debt Service Reserve Fund), as of the end of the related Collection Period, will be used to make the following deposits and distributions, to the extent funds are available, in the amounts and in the priorities set forth in the following chart:



See "THE TRUST ESTATE—Flow of Funds" herein.

On December 28, 2012, except where an Event of Default has occurred that results in an acceleration of the maturity of the Notes, amounts then on deposit in the Collection Fund (including any amounts transferred from the Debt Service Reserve Fund), will be used to make the deposits and distributions specified in the first through fourth priorities shown in the chart above. If the amount on deposit in the Collection Fund is insufficient to pay any of these amounts, amounts on deposit in the Debt Service Reserve Fund will be withdrawn by the Trustee and deposited into the Collection Fund to cover such shortfalls, to the extent of funds on deposit therein as shown under the caption "THE TRUST ESTATE—Flow of Funds—Distribution Dates" herein.

Flow of Funds After Events of Default

After the occurrence of certain Events of Default under the Indenture that result in an acceleration of the maturity of the Notes, the Trustee may, and, upon the occurrence and continuance of any Event of Default (other than a failure by the Corporation to satisfy certain covenants contained in the Indenture), at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of the Highest Priority Obligations or upon the occurrence and continuance of an Event of Default resulting from a failure by the Corporation to satisfy certain covenants contained in the Indenture, at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of each Class of Notes then Outstanding, the Trustee shall (after the payment of certain fees and expenses) make payments of interest and then principal to the Class A Notes until paid in full, and then payments of interest and then principal will be made on the Class B Notes until paid in full, in each case in accordance with the provisions of the Indenture. See "EXHIBIT C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies" hereto.

Initial Parity Ratios

Based on information relating to the portfolio of Student Loans as of the Statistical Cut-off Date, the Corporation estimates that on the Issue

Date, the Class A Parity Ratio will be approximately 104.1% and the Class B Parity Ratio will be approximately 102.0%.

"Class A Parity Ratio" means (a) on the Issue Date or any other date prior to the expiration of the Acquisition Period, (i) the Pool Balance as of such date (including all accrued interest on the Financed Student Loans), plus the remaining amount on deposit in the Acquisition Fund (less any amounts on deposit in the Temporary Costs of Issuance Account), plus the amount on deposit in the Debt Service Reserve Fund on such date divided by (ii) the Outstanding Amount of the Class A Notes on such date and (b) on any Distribution Date after the end of the Acquisition Period, (i) the Pool Balance (including all accrued interest on the Financed Student Loans) as of the end of the related Collection Period, plus the amount on deposit in the Debt Service Reserve Fund after giving effect to distributions made on that Distribution Date, divided by (ii) the Outstanding Amount of the Class A Notes, after giving effect to distributions made on that Distribution Date.

"Class B Parity Ratio" means (a) on the Issue Date or any other date prior to the expiration of the Acquisition Period, (i) the Pool Balance as of such date (including all accrued interest on the Financed Student Loans), plus the remaining amount on deposit in the Acquisition Fund (less any amounts on deposit in the Temporary Costs of Issuance Account), plus the amount on deposit in the Debt Service Reserve Fund on such date divided by (ii) the Outstanding Amount of the Class A Notes and the Class B Notes on such date and (b) on any Distribution Date after the end of the Acquisition Period, (i) the Pool Balance (including all accrued interest on the Financed Student Loans) as of the end of the related Collection Period, plus the amount on deposit in the Debt Service Reserve Fund after giving effect to distributions made on that Distribution Date, divided by (ii) the Outstanding Amount of the Class A Notes and the Class B Notes, after giving effect to distributions 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 Issue Date. These changes could result in the actual parity ratios on the Issue Date varying somewhat from the estimated parity ratios set forth above. However, the Corporation does not expect that the actual parity ratios on the Issue Date will differ materially from the estimated parity ratios provided above. The parity ratios for each Class of the Notes for each Distribution Date will be reported in the related Distribution Date Information Form. The parity ratios will be tracked only for such reporting purposes. The level of the parity ratios, 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 consist of overcollateralization, excess interest on the Financed Student Loans and amounts on deposit in the Debt Service Reserve Fund as described above under the caption "Description of Funds and Accounts—The Debt Service Reserve Fund" herein. Credit enhancement for holders of the Class A Notes will also include the sequential payment of principal and interest on the Class A Notes before the Class B Notes.

Servicing and Administration

The Corporation will serve as the Servicer and as the Administrator, and will be paid the Servicing Fees, in addition to the Administration Fee. The Servicer will be responsible for servicing, maintaining custody of and making collections on the Financed Student Loans. It will also bill and collect payment from the Guaranty Agencies and the Department and, as applicable, the Secretary of Health and Human Services. See "STUDENT LOAN SERVICING" herein. Pursuant to the Backup Third Party Servicing Agreement (the "Back-up Servicing Agreement") among the Corporation as issuer and as servicer and Nelnet Servicing, LLC as back-up servicer (the "Back-up Servicer"), the Back-up Servicer will act as back-up servicer with respect to the Financed Student Loans.

The "Administration Fee" is equal to (i) for each Distribution Date, a monthly fee equal to $1/12^{th}$ of 0.10% of the Pool Balance as of the last day of the related Collection Period, (ii) for December 28, 2012, a fee equal to 0.10% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360) and (iii) no more than $16,000 annually for certain Rating Agency surveillance fees.

The "Servicing Fees" means an amount, for each Distribution Date, equal to the greater of (i) the Servicing Fee Floor and (ii) one-twelfth of 0.75% of the Pool Balance as of the last day of the related Collection Period, plus, in the case of both clause (i) and (ii), no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement. The Servicing Fees payable on December 28, 2012 shall be equal to 0.75% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360). The Servicing Fees shall be paid to the Corporation on each Distribution Date. The Corporation will pay out of the Servicing Fees received by it to any third-party Servicer (including the Back-up Servicer) the Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for servicing (or back-up servicing), in the amounts owed thereunder (up to the amount of Servicing Fees received by the Corporation on such Distribution Date). See the caption "DESCRIPTION OF THE NOTES—Fees and Expenses" and "THE TRUST ESTATE—Compensation of Servicer" herein.

"Servicing Fee Floor" shall mean the product of (a) $2.50, (b) the total number of borrowers outstanding, and (c) commencing November 2013, and each successive one year anniversary thereafter, a per annum increase of 3.00%.

Optional Redemption and Mandatory Redemption

The Notes are subject to redemption in full prior to maturity at a redemption price of 100% of the principal amount thereof plus the Interest Distribution Amount accrued but unpaid to the redemption date (as described below) plus, with respect to the Class B Notes, any Class B Carry-Over Amount, from amounts deposited into the Collection Fund from the release of all of the Financed Student Loans by the Corporation pursuant to the exercise of the release option granted to the Corporation under the Indenture. The Corporation will have the option to release from the lien of the Indenture all of the Financed Student Loans as of the Distribution Date following the last day of the Collection Period on which the then outstanding Pool Balance is 10% or less of the Initial Pool Balance, and each Distribution Date thereafter. To exercise such option, the Corporation is required to deposit in the Collection Fund, on or prior to the next Distribution Date, an amount equal to the Minimum Purchase Amount (as defined below). In the event that the Corporation releases all of the Financed Student Loans from the lien of the Indenture, the Notes will be subject to redemption in full on the next Distribution Date immediately succeeding such release date with the proceeds from the release of all of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund and the Collection Fund. See "DESCRIPTION OF THE NOTES—Optional Redemption" herein. The Trustee will, upon an election of the Corporation to release all of the Financed Student Loans from the lien of the Indenture as described above, give prompt written notice of such election to the Noteholders specifying that the Notes will be subject to redemption in full on the next Distribution Date. All expenses of the Trustee relating to the release of the Financed Student Loans as described above will be paid out of the Collection Fund prior to the Noteholders in the event of such a release.

"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 Amount of the Notes on such Distribution Date to zero, (ii) pay to the respective Noteholders of each Class of Notes, the Interest Distribution Amount on the Notes payable on such Distribution Date, plus, with respect to the Class B Notes, any Class B Carry-Over Amount, (iii) pay any accrued and unpaid fees and expenses due and owing under the Indenture, (iv) pay any consolidation rebate fees or other amounts payable to the Department with respect to the Financed Student Loans, and (v) pay amounts payable under any applicable Joint Sharing Agreement or otherwise remove amounts deposited in the Trust Estate which represent amounts that are allocable to Student Loans that are not Financed Student Loans.

The Notes are subject to mandatory redemption on any Business Day from 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 Amount of and the Interest Distribution Amount accrued but unpaid on the Notes (excluding the Class B Carry-Over Amount) at a redemption price for the Notes equal to 100% of the Outstanding Amount of and the Interest Distribution Amount accrued but unpaid on the Notes to the redemption date (excluding the Class B Carry-Over Amount; provided, that any unpaid Class B Carry-Over

Amount shall remain outstanding until it is paid or until the Stated Maturity Date of the Class B Notes, whichever is earlier). The Trustee shall provide written notice to the Noteholders at least ten (10) Business Days prior to the mandatory redemption date, but failure to provide such notice shall not prevent the mandatory redemption of the Notes.

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 D—BOOK ENTRY SYSTEM" and "EXHIBIT E—GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES" hereto.

Ratings

It is a condition to the issuance of the Notes that (i) the Class A Notes be rated "AA+ (sf)" by S&P and "AAAsf" by Fitch and (ii) the Class B Notes be rated "Asf" by Fitch. The rating on the Class B Notes will not address the payment of any Class B Carry-Over Amount. Commencing in December 2011, Fitch's Rating Outlook for all existing and new issuances of "AAA" rated tranches of FFELP securitizations is Negative, which reflects Fitch's Negative Rating Outlook on the long-term foreign and local currency issuer default ratings of the United States. 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.

ERISA Considerations

Fiduciaries of employee benefit plans, retirement arrangements and other entities in which such plans or arrangements are invested ("Plans"), persons acting on behalf of Plans or persons using the assets of Plans should review carefully with their legal advisors whether the purchase and holding of the notes could give rise to a transaction prohibited under The Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Code. See "ERISA CONSIDERATIONS" herein.

Federal Income Tax Consequences

Kutak Rock LLP will deliver an opinion that, for federal income tax purposes, the Class A Notes will be treated as indebtedness and that the trust created under the Indenture will not be characterized as creating an association or publicly traded partnership taxable as a corporation, each for federal tax purposes. The Indenture requires that the Corporation obtain an opinion of counsel that the Class B Notes will be treated as the Corporation's indebtedness for federal income tax purposes before the Class B Notes retained by the Corporation may be sold to a non-affiliate of the Corporation. You will be required to include in your income the interest on the Notes as paid or accrued in accordance with your accounting methods and the provisions of the Code. See the caption "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein.

Reports to Noteholders

Under the Indenture, the Corporation has agreed to make available monthly reports to Noteholders on the Corporation's website at www.vsac.org. See "REPORTS TO NOTEHOLDERS" herein. These periodic reports will contain information concerning the Notes.

CUSIP Number*:

Class A Notes: 924279AC6

Class B Notes: 924279AD4

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RISK FACTORS

You should consider the following risk factors, together with all other information in this Offering Memorandum in deciding whether to purchase the Notes. The following discussion of possible risks is not meant to be an exhaustive list of the risks associated with the purchase of the Notes and does not necessarily reflect the relative importance of the various risks. Additional risk factors relating to an investment in the Notes are described throughout this Offering Memorandum, whether or not specifically designated as risk factors. There can be no assurance that other risk factors will not become material in the future.

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 beyond our control or anticipation. We 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 that are variable rate loans will also vary from time to time based on changes in the bond equivalent rate of U.S. Treasury Bills and one-month LIBOR 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 Corporation in administering the Trust Estate. In particular, Public Law 112-74, dated December 23, 2011, amended the Higher Education Act, to allow FFELP lenders to make an affirmative election to permanently change the index for Special Allowance Payment calculations on all FFELP loans in the lender's portfolio (with certain exceptions) disbursed after January 1, 2000 from the three-month commercial paper (financial) rate to the one-month LIBOR index, commencing with the Special Allowance Payment calculations for the calendar quarter beginning on April 1, 2012. The Corporation elected to change the index for Special Allowance Payment calculations on the Financed Student Loans disbursed after January 1, 2000 to the one-month LIBOR index beginning on April 1, 2012. See "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Special Allowance Payments" hereto. Further, 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.

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 or that it will provide investors with a sufficient level of liquidity. Although the Initial Purchasers have advised that they may from time to time attempt to make a market in the Notes, the Initial Purchasers are under no obligation to do so. A market may fail to develop despite some degree of market-making activities and the Initial Purchasers may discontinue market-making activities at any time without prior notice.

If a secondary market for the Notes does develop, the spread between the bid price and the ask price for the Notes may widen, thereby reducing the net proceeds to you from the sale of your Notes. The Corporation does not intend to list the Notes on any exchange. Under current market conditions, you may not be able to sell your Notes when you want to do so (you may be required to bear the financial risks of an investment in the Notes for an indefinite period of time) 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.

Retention of the Class B Notes May Reduce the Liquidity of the Class B Notes

The Class B Notes will be initially retained by the Corporation. All or a portion of the Class B Notes could be subsequently sold in the secondary market at varying prices from time to time. If a portion of the Class B Notes is later sold, the market for the Class B Notes may be less liquid than would be the case if all of the Class B Notes are sold and the demand and market price for other Class B Notes already in the market could be adversely affected.

New Rules Could Adversely Affect the Asset-Backed Securities Market

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (as may be amended from time to time, the "Dodd-Frank Act") to reform and strengthen supervision of the U.S. financial services industry. The Dodd-Frank Act requires the creation of new federal regulatory agencies, and grants additional authorities and responsibilities to existing regulatory agencies, to identify and address emerging systemic risks posed by the activities of financial services firms. The Dodd-Frank Act also provides for enhanced regulation of derivatives, restrictions on executive compensation and enhanced oversight of credit rating agencies.

The Dodd-Frank Act will result in comprehensive changes to the regulation of most financial institutions operating in the United States. It will also foster new regulation in the business and the markets in which the Corporation operates. Specifically, significant new regulation is anticipated in many areas of consumer financial products and services and in particular private education loans. Under the Dodd-Frank Act, entities such as the Corporation will be subject to regulations developed by a new agency designed to regulate federal consumer financial protection laws, the Consumer Financial Protection Bureau (the "CFPB"). The CFPB is an independent agency housed within the Federal Reserve Board but not subject to Federal Reserve Board jurisdiction or to the Congressional appropriations process. It has substantial power to regulate financial products and services received by consumers from both banks and non-bank lenders. The CFPB will be developing rules in enumerated areas of federal law traditionally applicable to consumer lending such as Truth in Lending, Fair Credit Reporting and Fair Debt Collection. Further, the CFPB will be utilizing new, untested standards to ensure that consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination. The addition of statutory protection for consumers from "abusive" acts or practices is a new consumer protection standard that was added by the Dodd-Frank Act. Rulemaking authority applicable to all banks, regardless of size, was transferred from the bank regulatory agencies to the CFPB. As a result, the CFPB will be promulgating rules under the Dodd-Frank Act that will cover consumer finance activities of all banks and bank holding companies. In addition to its rulemaking authority for consumer protection laws that had been applicable to banks and bank holding companies, the CFPB was provided with specific authority to regulate non-depository entities engaged in areas such as payday lending and private education lending. Each area is expected to be subject to significant new rulemaking and may introduce, for the first time, new federal oversight of non-depository entities engaged in educational lending.

Another factor that could impact the costs associated with the Corporation's lending activities is the change in federal law preemption enacted as part of the Dodd-Frank Act. Specifically, significant new enforcement authority is provided to state governments including the authority of states attorneys general to bring lawsuits under federal consumer protection laws with the consent of the CFPB. It is unclear what the operational impact of these developments will be on the Corporation but it is likely, however, that operational expenses will increase as new or additional compliance requirements and risk of enforcement activities are imposed on operations.

Additionally, the Dodd-Frank Act creates an orderly liquidation framework for the resolution of bank holding companies with over $50 billion in assets and other systemically significant non-bank financial companies defined therein as "covered financial companies."

The effects of the Dodd-Frank Act will depend significantly upon the content and implementation of the rules and regulations issued pursuant to its provisions. It is not yet clear how the Dodd-Frank Act and its associated rules and regulations will affect the asset-backed securities market generally, or the Corporation and the Notes, in particular. No assurance can be given that the new regulations will not have an adverse effect on the value or liquidity of the Notes.

Changes to Federal Law

Changes to federal law, including the enactment of the Health Care and Education Reconciliation Act of 2010 (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 Reconciliation Act was enacted into law. Effective July 1, 2010, the Reconciliation Act eliminated the FFELP and ended 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") and are sometimes referred to herein as "Direct Loans." The terms of existing FFELP loans are not materially affected by the Reconciliation Act and continue to be subject to the terms of the FFELP.

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") thereunder have been the subject of frequent and extensive amendments and reauthorizations in recent years. See "EXHIBIT A—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 proposed 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 Corporation and the Financed Student Loans.

The Corporation 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 U.S. Secretary of Education (the "Secretary") in future legislation, or the effect of such legislation on the Corporation, the Servicers, the Guaranty Agencies, the Financed Student Loans that are FFELP loans or the Corporation's loan programs, including on our ability to have the Financed Student Loans that are FFELP loans serviced on similar terms and conditions as the Financed Student Loans that are FFELP loans are currently being serviced.

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

Competition from the Direct Loan Program

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, make loans to students or parents without application to or funding from outside lenders or guarantors. The Department 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 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, FFELP loans were no longer 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 the Corporation and may result in prepayments of Financed Student Loans that are FFELP 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 Corporation to such an extent that it cannot honor its repurchase, servicing, administration or similar obligations under the Indenture or its obligations as a Guaranty Agency under the Guaranty Agreement, (b) the interest rates and subsidies received by the Corporation on the Financed Student Loans that are FFELP loans to decrease relative to the interest rates on the Notes, or (c) prepayments of Financed Student Loans that are FFELP loans if such Financed Student Loans are consolidated under the Direct Loan Program.

Further, as a result of the enactment of the Reconciliation Act and new federal student loans being originated solely under the Direct Loan Program, the Corporation, as the Servicer, may experience increased costs due to reduced economies of scale. These cost increases could reduce the ability of the Servicer or the Back-Up Servicer to satisfy its obligations to service the Financed Student Loans that are FFELP loans. This could also reduce revenues of Guaranty Agencies (which the Corporation is expected to be the sole Guaranty Agency), 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 also be reduced, resulting in fewer potential buyers of the student loans and lower prices available in the secondary market for those loans.

Noncompliance with the Higher Education Act

Noncompliance with the Higher Education Act with respect to Financed Student Loans that are FFELP 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 Department, and no attempt has been made in this Offering 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 Corporation. Such action by the Secretary could adversely affect a Guaranty Agency's ability to honor guarantee claims, and loss of guaranty 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 Under the Higher Education Act and the Public Health Service Act

The Higher Education Act and, with respect to HEAL loans, the Public Health Service Act, each provides that only "eligible lenders" may hold title to loans made under the FFELP and under the Public Health Service Act, respectively. The Corporation may become disqualified as an "eligible lender" under the Higher Education Act or the Public Health Service Act or fail to comply with the provisions of the Higher Education Act or the Public Health Service Act. In such an event, a suitable replacement eligible lender trustee must be appointed. Failure of the Financed Student Loans that are FFELP loans to be owned by an eligible lender under the Higher Education Act would result in the loss of guaranty payments, Interest Subsidy Payments and Special Allowance Payments with respect thereto, while failure of the Financed Student Loans that are HEAL loans to be owned by an eligible lender under the Public Health Service Act would result in the loss of insurance with respect thereto from the Secretary of Health and Human Services.

Timing and Sufficiency of Receipts

Amounts received with respect to the Trust Estate, including, but not limited to, collections on the Financed Student Loans, may vary materially in both timing of receipts and amounts received as a result of innumerable factors (such as, by way of example only, collectability of loans and guaranty, insurance 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 Financed Student Loans that are FFELP loans, general economic conditions that can affect the ability of borrowers to pay principal of and interest on Financed Student Loans, or default claims that can affect the solvency of a Guaranty Agency). For FFELP 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, FFELP 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 on FFELP loans to the special allowance support level and could require a lender to rebate excess interest accrued but not yet received. For FFELP loans that are fixed rate loans, the excess interest owed to the federal government will be greater when one-month LIBOR rates are relatively low, causing the special allowance support level to fall below the loan rate. See "EXHIBIT A—SUMMARY OF

CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto. 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.

Limitation on Enforceability of Remedies Against the Corporation

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.

In addition, if through fraud, inadvertence or otherwise a third party lender or purchaser acting in good faith were to obtain possession of any of the promissory notes evidencing the Financed Student Loans (or, in the case of a master promissory note, a copy thereof), any security interest of the Trustee in the related Financed Student Loans could be preempted. The Corporation currently maintains control and shall continue to maintain control of all Financed Student Loans that are evidenced by an electronically signed note in compliance with applicable federal and state laws. Custody of all other promissory notes relating to Financed Student Loans will be maintained by the Corporation, or a custodial agent on its behalf, or by a Servicer (if other than the Corporation).

The Corporation Is Not Restricted From Holding Notes

The Corporation will initially retain the Class B Notes and is not restricted from acquiring any of the other Notes described herein and will have the same rights and benefits as any other Noteholder. These rights and benefits include the voting rights of a Noteholder after the occurrence of certain Events of Default that result in an acceleration of the maturity of the Notes, among others, as described under "EXHIBIT C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies" hereto. The Corporation's interests in voting on matters concerning Noteholders may differ materially from other Noteholders.

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

The Higher Education Act and the Public Health Service Act each requires that all FFELP loans and all HEAL loans, respectively, be unsecured. As a result, the only security for payment of the Financed Student Loans that are FFELP loans held in the Trust Estate is the guarantee provided by a Guaranty Agency (which is expected to be the Corporation for substantially all of such Financed Student Loans) and the only security for payment of the Financed Student Loans that are HEAL loans held in the Trust Estate is the insurance provided by the Secretary Health and Human Services.

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 Department, which results in a reduction of the amount of reimbursement that the Department is obligated to pay the Guaranty Agency. The Department may also require a Guaranty Agency to return its reserve funds to the Department 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 Department has determined that a Guaranty Agency is unable to meet its guarantee obligations, the loan holder may submit claims directly to the Department and the Department is required to pay the full guarantee claim amount due with respect to such claims. However, the Department's obligation to pay guarantee claims directly in this fashion is contingent upon the Department's making the determination that a Guaranty Agency is unable to meet its guarantee obligations. The Department may not ever make this determination with respect to a Guaranty Agency and, even if the Department does make this determination, payment of the guarantee claims may not be made in a timely manner.

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

The Corporation uses the same Department lender identification number for Financed Student Loans that are FFELP loans as it uses for other FFELP loans it holds that are not part of the Trust Estate. The billings submitted to the Department 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 Department as well as claim payments by a Guaranty Agency will be made to the Corporation in lump sum form. Those payments must be allocated by the Servicer among FFELP loans in various trust estates that reference the same lender identification number.

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

Reliance on the Corporation and Back-up Servicer for Servicing of Financed Student Loans

Pursuant to the Indenture, the Corporation as the Servicer is obligated to service the Financed Student Loans in accordance with the Indenture and the Higher Education Act. Nelnet Servicing, LLC will also be engaged as of the Issue Date to act as the Back-up Servicer with respect to the Financed Student Loans and will agree to act as successor Servicer for the Financed Student Loans upon the occurrence of certain events in accordance with the terms of the Back-up Servicing Agreement (each, a "Conversion Event"). See the caption "STUDENT LOAN SERVICING—Description of the Back-up Servicing Agreement" herein. Notwithstanding these obligations of the Corporation and the Back-up Servicer, the timing of payments to be actually received with respect to the Financed Student Loans will be dependent upon the ability of each Servicer to adequately service the Financed Student Loans serviced by it. In addition, the Noteholders will be relying on the Servicer's (or, if applicable, the Back-up Servicer's) compliance with applicable federal and state laws and regulations.

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 the Corporation transfers servicing functions with respect to FFELP loans 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 any successor Servicer. Among the events that could cause a transfer of servicing are material breaches of or defaults by the Corporation of its servicing obligations under the Indenture. 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 a 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 a 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. It is possible that in a bankruptcy of a Servicer that the servicing agreement could be transferred to a new Servicer over the objection of the Corporation. Any delay in the collection of payments on the Financed Student Loans may delay or reduce payments to Noteholders.

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

Under the terms of the Back-up Servicing Agreement, the Back-up Servicer may resign or the agreement may be terminated prior to the payment in full of the Notes. Such resignation or termination is not subject to the appointment of a successor Servicer or Back-up Servicer. See the caption "STUDENT LOAN SERVICING—Description of the Back-up Servicing Agreement" herein. In the event of any such resignation or termination, the Corporation would be required to obtain the services of a comparable replacement servicer that is eligible to service FFELP loans and HEAL loans. There can be no assurance regarding the availability or cost of a replacement Servicer or Back-up Servicer.

Servicing Fees may increase over time in relation to the Pool Balance and Noteholders Will Bear the Risk of Any Such Increases

The Servicing Fee payable for servicing and back-up servicing of the Financed Student Loans specified in the Indenture each Distribution Date are equal to no more than the greater of (i) the Servicing Fee Floor and (ii) one-twelfth of 0.75% of the Pool Balance as of the end of the related Collection Period, plus, in each case, no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement. The Servicing Fees payable on December 28, 2012 shall be equal to 0.75% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360). The Servicing Fees are senior in priority to payments on the Notes and are paid to the Corporation. The Corporation is responsible for paying any servicing fees to any applicable subcontractors, and any third-party Servicers, including the Back-up Servicer, but this obligation is limited to the amounts that the Corporation receives as Servicing Fees paid to the Corporation from the Trust Estate. Because of the Servicing Fee Floor which is a fee that is charged on a per borrower basis, it is expected that the Servicing Fees will increase over time (as the principal balance of the Financed Student Loans is reduced) as a percentage of the Pool Balance, and could result in delayed or reduced payments on the Notes. In addition, in the event the fees or expenses owed to a third-party Servicer, including the Back-up Servicer exceed the Servicing Fees payable to the Corporation under the Indenture, the Corporation has no obligation to pay such amounts, and the third-party Servicer would likely have, and the Back-up Servicer will have, a right to terminate the applicable Servicing Back-up Servicing Agreement. Any delay in finding a replacement Servicer may cause delayed or reduced payments on the Notes and Noteholders could suffer losses on their investments as a result.

Indemnity by Back-up Servicer with Respect to Financed Student Loans

If the Back-up Servicer takes or fails to take any action in connection with servicing (whether or not such action or inaction amounts to negligence) which causes any Financed Student Loan to be denied the benefit of any applicable Interest Subsidy Payment, Special Allowance Payment or Guaranty, the Back-up Servicer shall have a reasonable time to cause such benefits to be reinstated. If such benefits are not reinstated within twelve (12) months of denial by the Guaranty Agency or the Secretary, the Back-up Servicer will purchase or arrange for the purchase of the applicable Financed Student Loan(s) at an amount equal to the amount the Guaranty Agency would otherwise have paid but for Back-up Servicer's error or omission.

The foregoing is the Corporation's sole remedy for servicing errors by Back-up Servicer, and notwithstanding the foregoing remedy, in no event shall Back-up Servicer liability of any kind under the Back-up Servicing Agreement exceed the servicing fees paid to Back-up Servicer thereunder during the twelve (12) months immediately preceding the event giving rise to such liability. In no event will the Back-up Servicer be liable under any theory of tort, contract, strict liability or other legal or equitable theory for any lost profits or exemplary, punitive, special, incidental, indirect or consequential. Any action for the breach of any provisions of the Back-up Servicing Agreement are required to be commenced within one (1) year after the Financed Student Loan leaves the Backup Servicer's servicing system.

Treatment of Student Loans Upon Breach of Representations and Warranties

Under the Indenture, the Corporation made certain representations and warranties that the Student Loans Financed under the Indenture are Eligible Loans. If these representations and warranties were incorrect as of the date of pledge, the Corporation, under certain circumstances, may be required to purchase such Student Loans from the lien of the Indenture or substitute such Student Loans with replacement Student Loans. See the caption "FINANCED STUDENT LOANS—Rights and Remedies Relating to Acquisition or Purchase; Limitations" herein. The Corporation may not have sufficient assets to substitute or repurchase the Financed Student Loans. Failure of the Corporation to purchase any such Student Loans from the lien of the Indenture may cause some of the Financed Student Loans held in the Trust Estate to be held as Financed Student Loans without Department reinsurance, Interest Subsidy Payments and Special Allowance Payment, insurance from the Secretary of Health and Human Services or cause the Trust Estate to suffer a loss.

The Ratings of the Notes from the Rating Agencies 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 (i) the Class A Notes be rated "AA+ (sf)" by S&P and "AAAsf" by Fitch and (ii) the Class B Notes be rated "Asf" by Fitch. The rating on the Class B Notes will not address the payment of any Class B Carry-Over Amount. Commencing in December 2011, Fitch's Rating Outlook for all existing and new issuances of "AAA" rated tranches of FFELP securitizations is Negative, which reflects Fitch's Negative Rating Outlook on the long-term foreign and local currency issuer default ratings of the United States. 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. 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.

Rating Agencies may have Conflicts of Interest; Unsolicited Ratings

The Corporation will pay a fee to the Rating Agencies to assign the initial credit ratings to the Notes on or before the Issue Date. Being paid by the Corporation or an underwriter to issue or maintain a credit rating on an asset-backed security may create a conflict of interest for rating agencies, and that this conflict is particularly acute because arrangers of asset-backed securities transactions provide repeat business to such rating agencies.

Other rating agencies, which may have different methodologies, criteria, models and requirements, could also provide unsolicited ratings on the Notes, which ratings may be lower than those assigned by the Rating Agencies. Any unsolicited ratings may be issued prior to, on or after the Issue Date and will not be reflected herein. If another rating agency issues a lower rating, the liquidity, market value and regulatory characteristics of the Notes could be materially and adversely affected.

Ratings of Other Student Loan Backed Securities May Be Reviewed or Downgraded; Lowering of the Credit Rating of the United States of America May Adversely Affect the Market Value of Your Notes

Recent disruptions in the credit markets, the widening of interest rate spreads and the collapse of the auction rate securities market have caused certain of the rating agencies to review the ratings assigned to certain securities, including student loan backed securities. Additionally, most student loan asset-backed securities are sensitive to spreads between commercial paper rates and LIBOR rates, and such spreads have been wider than historical levels since the credit market disruption began in 2008. 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 ratings assigned by S&P on various outstanding student loan-backed securities have been lowered in connection with S&P's downgrade of its long-term sovereign credit rating on the obligations of the United States, as

the Department of Education is obligated to make special allowance and interest subsidy payments with respect to the FFELP loans securing such student loan-backed securities, and to reimburse the Guaranty Agencies for payments made on defaulted FFELP loans. In November, 2011, Fitch affirmed its AAA rating of the long-term debt of the United States of America, but revised its Outlook from Stable to Negative. Subsequently, Fitch revised its Outlook to Negative on all AAA-rated FFELP loan asset-backed notes. In Fitch's view, the rating on FFELP loan asset-backed notes is directly linked to the long-term debt rating of the United States of America, since the underlying collateral is guaranteed by the Department, which carries the full faith and credit of the United States government. While the "AAAsf" rating is still attainable for new issuances of FFELP loan asset-backed notes (including the Notes), Fitch will designate the Outlook on the Notes as Negative on the Issue Date. Depending on the ratings assigned, the stated reasons for a lower rating and other factors, the liquidity, market value and regulatory characteristics of the Notes could be materially and adversely affected. The Corporation cannot predict the timing of any ratings actions.

The Notes are not auction rate securities. Nevertheless, any further adverse action by the rating agencies regarding other student loan-backed securities issued previously by the Corporation or by any other entities may adversely affect the market value of the Notes or any secondary market for the Notes that may develop.

Notes Issued in Book-Entry Form Only

Each Class of 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 the caption "—Higher Education Relief Opportunities for Students Act of 2003 May Result in Delayed Payments from Borrowers" herein.

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 become 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 ("HEROES 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 HEROES 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 HEROES Act of 2003, there could be an adverse effect on the total collections on the trust's Financed Student Loans and our ability to pay principal and interest on the Notes.

Congressional Actions May Affect the Student Loan Portfolio

The Department's authority to provide Interest Subsidy Payments, 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 Department, 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 A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto.

Variety of Factors Affecting Borrowers

Collections on the Financed Student Loans during a monthly collection period may vary greatly in both timing and amount from the payments actually due on such Financed 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 Department will guarantee 100% of each FFELP loan originated on or before November 1, 1993, 98% of each FFELP loan originated after November 1, 1993 and before July 1, 2006, and 97% of each student loan originated on or after July 1, 2006. As a result, if a borrower of a Financed Student Loan defaults on a loan that is not 100% guaranteed, the Corporation will experience a loss of approximately 2% or 3% of the outstanding principal and accrued interest on each of the defaulted loans depending upon when it was first disbursed. The Corporation does not have any right to pursue the borrower for the remaining portion that is not subject to the guarantee. With respect to the HEAL loans, under the Public Health Service Act, insurance provided by the Secretary of Health and Human Services generally covers 98% of the lender's losses on both unpaid principal and interest except to the extent a borrower may have a defense on the loans.

If defaults occur on the Financed Student Loans and the credit enhancement described herein is not sufficient, 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; Voting Rights

Under the Indenture, holders of specified percentages of the aggregate principal amount of Class A Notes (and, in the event that there are no Class A Notes outstanding, the aggregate principal amount of Class B Notes) may amend or supplement provisions thereof, direct remedies upon the occurrence of an Event of Default 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 of such Class of Notes 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 of the Corporation Payable Solely from the Trust Estate

The Corporation has no taxing power. The Notes are special, limited obligations of the Corporation. The Corporation shall not be obligated to pay the principal of or interest on the Notes except from the revenues and assets pledged under the Indenture. The Notes do not constitute a debt, liability or obligation of the State of Vermont or any of its political subdivisions and none of the faith and credit, the taxing power or the moral obligation of the State of Vermont or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Notes. The Notes are payable, both as to principal and interest, solely as provided in the Indenture. See the caption "THE TRUST ESTATE" herein.

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 Financed Student Loans and interest paid or earnings on the Funds held in the accounts established pursuant to the Indenture (and the amounts on deposit therein). No insurance or guarantee of the Notes will be provided by any government agency or instrumentality, by any insurance company or by any other person or entity. You will have no recourse against any party, including the Corporation, if the Trust Estate created under the Indenture is insufficient for repayment of 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.

Sale of Financed Student Loans After an Event of 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 Borrower Benefit Programs May Affect the Notes

Most of the Financed Student Loans are subject to borrower benefit programs, which may vary. 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, and may result in the principal amount of Financed Student Loans amortizing faster than anticipated. 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 caption "THE CORPORATION—Origination and Acquisition of Loans—Borrower Benefits" and the last two tables included under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" 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 by us as a Servicer, but in the future may be maintained by one or more third-party 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 Corporation 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 Corporation'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 us under the same lender identification number. Such amounts are transferred to the related trust estates within two Business Days of receipt by the Servicer. If the commingled account becomes subject to a claim in litigation or is attacked 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 Great Risk of Loss; Interest on the Class B Notes is Subject to the Class B Interest Cap

The payment of principal on the Notes will be sequential, with the Class A Notes receiving principal payments before the Class B Notes. The payment of interest on the Notes will be sequential in the same order of priority described above, except that the payment of interest on the Class B Notes is subject to the Class B Interest Cap. Failure to make interest payments on the Class B Notes is not an Event of Default under the Indenture if any Class A Notes remain outstanding. Payment of the Class B Carry-Over Amount is payable at a lower priority, and the failure to pay such Class B Carry-Over Amount is not an Event of Default under the Indenture. To the extent that there are insufficient Available Funds for the payment of Class B Carry-Over Amount on or after the Stated Maturity Date of the Class B Notes, such Class B Carry-Over Amount and the interest thereon shall be cancelled and shall not be paid (and the Class B Carry-Over Amount may not be paid in the event of a mandatory redemption of the Notes, although any such unpaid amounts would not be extinguished until they are paid or until the Stated Maturity Date of the Class B Notes, whichever is earlier, in each case as described under "DESCRIPTION OF THE NOTES–Mandatory Redemption"). See "THE TRUST ESTATE—Flow of Funds—Distribution Dates" herein. As a result of the foregoing, holders of Class B Notes bear a greater risk of loss than do holders of the Class A Notes. 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 Optional or Mandatory Redemption and Your Yield May Be Affected

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

- the Corporation exercises its option to release all the Financed Student Loans from the lien of the Indenture on any Distribution Date occurring after the Pool Balance is 10% or less of the Initial Pool Balance as described under "DESCRIPTION OF THE NOTES—Optional Redemption"; 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 Interest Distributions accrued but unpaid on the Notes (excluding the Class B Carry-Over Amount) as described under the caption "DESCRIPTION OF THE NOTES—Mandatory Redemption" herein.

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. All costs of the Trustee relating to the optional release of the Financed Student Loans from the lien of the Indenture will be paid out of the Collection Fund in the event of such release, potentially affecting your ability to recover the full principal of your investment. The Notes may also be repaid after you expect them to be in the event the Corporation's release option is not exercised. 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

Credit and liquidity enhancement for the Notes will consist of overcollateralization, amounts on deposit in the Debt Service Reserve Fund and additionally, for holders of Class A Notes, the sequential payment of principal and interest on the Class A Notes before the Class B Notes. The amounts on deposit in the Debt Service Reserve Fund are limited in amount. 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 and the Notes will bear any risk of loss.

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. Various loan consolidation programs available to eligible borrowers may increase the likelihood of prepayments. In addition, the Corporation may receive unscheduled payments due to defaults and purchases by the 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. If the Corporation receives prepayments on the Financed Student Loans, those amounts will be used to make principal payments as described below under the caption "THE TRUST ESTATE—Flow of Funds," which could shorten the average life of the Notes. Consequently, the length of time that the Notes are outstanding and accruing interest may be shorter than you expect, and may significantly affect your actual yield to maturity.

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, which may all be extended as authorized by the Higher Education Act or the Public Health Service Act. This may lengthen the remaining term of the Financed 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. The redemption of the Notes that would result from the Corporation exercising its option to release from the lien of the Indenture the remaining Financed Student Loans (on any Distribution Date when the Pool Balance as of the end of the related Collection Period is 10% or less of the Initial Pool Balance) create additional uncertainty regarding the timing of payments to Noteholders. The effect of these factors is impossible to predict. You will bear entirely any reinvestment risks resulting from a faster or slower incidence of prepayment of the Financed Student Loans.

The Characteristics of the Portfolio of Financed Student Loans May Change

The characteristics of the pool of Student Loans expected to be pledged to the Trustee are described under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" and are described herein as of the Statistical Cut-off Date. In the event that the principal amount of Student Loans required to provide collateral for the Notes varies from the amounts anticipated herein, whether by reason of a change in the collateral requirement necessary to obtain the ratings on the Notes described on the cover page of this Offering Memorandum, the rate of amortization or prepayment on the portfolio of Student Loans from the Statistical Cut-off Date to the Issue Date varying from the rates that were anticipated, or otherwise, the portfolio of Student Loans to be pledged to the Trustee may consist of a subset of the pool of Student Loans described herein or may include additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein During the Acquisition Period, any available funds on deposit in the Acquisition Fund may be used to acquire or purchase the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein, and after giving effect to the purchase or acquisition of such Student Loans, any remaining available amounts may be used to acquire or purchase additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein.

The aggregate characteristics of the entire pool of Student Loans, including the composition of the Student Loans and the related borrowers, the related guarantors, the distribution by student loan type, the distribution by interest rate, the distribution by principal balance and the distribution by remaining term to scheduled maturity, may vary from the information presented herein, since the information presented herein is as of the Statistical Cut-off Date, and the date that the Financed Student Loans will be pledged to the Trustee under the Indenture will occur after that date. The aggregate characteristics may also vary as a result of the inclusion of Student Loans not described herein or the exclusion of Student Loans that are described herein, in each case for the reasons described in the preceding paragraph.

The Corporation believes that the information set forth in this Offering Memorandum with respect to the pool of Student Loans as of the Statistical Cut-off Date is representative of the characteristics of the pool of Student

Loans as they will exist at the end of the Acquisition Period once the pool of Student Loans described in "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" have been pledged to the Trustee under the Indenture. You should consider potential variances when making your investment decision concerning the Notes. See "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein.

The Corporation May Not Be Able to Use All of the Note Proceeds to Acquire Student Loans and May Be Required to Pay Principal on Notes Earlier Than Anticipated

The pool of Student Loans described under the caption (and as may be modified, as described under the caption) "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," will be pledged to the Trustee. The Corporation expects to purchase or acquire the majority of the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" on the Issue Date, but is permitted to acquire Student Loans at any time during the Acquisition Period. During the Acquisition Period, in addition to such pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," any remaining available amounts (which amounts may include amounts deposited into the Acquisition Fund in the event the rate of amortization or prepayment on the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" between the Statistical Cut-off Date and the Issue Date is faster than was anticipated) may be used to acquire or purchase additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein. All amounts remaining on deposit in the Acquisition Fund at the end of the Acquisition Period will be transferred to the Collection Fund on the first Business Day following the end of the Acquisition Period and this could result in additional principal payments on the Notes, resulting in payment of principal earlier than anticipated and a shortening of the weighted average life of the Notes, and any reinvestment risk would be borne by the Noteholders.

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 of 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 the Corporation 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, 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.

LIBOR Manipulation Claims

The interest rates to be borne by the Notes are based on a spread over one-month LIBOR, as set forth on the cover of this Offering Memorandum (or a spread over two-month LIBOR for the initial Distribution Date). The London Interbank Offered Rate, or LIBOR, serves as a global benchmark for home mortgages, student loans and what various issuers pay to borrow money. Certain financial institutions have announced settlements with certain regulatory authorities with respect to, among other things, allegations of manipulating LIBOR or have announced that they are involved in investigations by regulatory authorities relating to, among other things, the manipulation of LIBOR. In addition to the ongoing investigations, several plaintiffs have filed lawsuits against various banks in

federal court seeking damages arising from alleged LIBOR manipulation. On September 28, 2012, a top official at the U.K.'s Financial Services Authority unveiled his recommendations calling for a sweeping overhaul of LIBOR and removing it from the control of the British Bankers' Association. We cannot predict what effect, if any, these events will have on the use of LIBOR as a global benchmark going forward, or on the Notes.

Litigation and Other Matters Potentially Affecting the Corporation

The Corporation has received a binding commitment from the Internal Revenue Service to settle an audit by the Internal Revenue Service with respect to its Education Loan Revenue Bonds, Senior Series 1998K through 1998N and Subordinate Series 1998O and other additional bonds issued by the Corporation under the same resolution. See the caption "LITIGATION—IRS Audit of Certain Separately Secured Bonds of the Corporation" herein.

The Corporation is a defendant in a civil case brought by an individual under the Federal False Claims Act alleging that the Corporation and certain other entities submitted false claims to the federal government as Federal Family Education Loan Program lenders. This case remains pending. See the caption "THE CORPORATION—Role in Federal Programs" and "LITIGATION—Pending Federal False Claims Act Litigation" herein.

The Corporation currently acts as the originator and servicer of all of its education loans, including all of the Financed Student Loans. There can be no assurance that the ultimate resolution of these matters may not, directly or indirectly, have an adverse effect upon the Financed Student Loans or the Corporation's capacity to administer and service the Financed Student Loans. In such event, it is possible that the origination and servicing of Financed Student Loans may be dependent upon the availability of third-party servicers at an aggregate cost that may be funded from available funds under the Indenture for the payment of Servicing Fees consistent with the full and timely payment of the principal of and interest on the Notes. See the caption "—Reliance on the Corporation and Back-up Servicer for Servicing of Financed Student Loans," "—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," "—The Bankruptcy of a Servicer Could Delay the Appointment of a Successor Servicer or Reduce Payments on Your Notes," "—The Back-up Servicing Agreement May Be Terminated Prior to the Payment in Full of the Notes," "—Servicing Fees may increase over time in relation to the outstanding Pool Balance and Noteholders Will Bear the Risk of Any Such Increases," and "THE CORPORATION" herein.

Forward-Looking Statements

If and when included in this Offering Memorandum, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Offering Memorandum. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

INTRODUCTION

This Offering Memorandum is being provided by Vermont Student Assistance Corporation with respect to the offering and sale of its $770,500,000 Student Loan Asset-Backed Notes, Series 2012-1, as Class A Notes and Class B Notes. The Class B Notes may be initially retained in whole or in part by the Corporation. The Notes are issued as LIBOR indexed notes pursuant to the Indenture of Trust, dated as of November 1, 2012 (the "Indenture"), between the Corporation and the Trustee. The Corporation is currently in the process of offering its Education Loan Revenue Notes, Series 2012-B (Tax-Exempt LIBOR Floating Rate Notes) (the "Series 2012-B Notes"). The Series 2012-B Notes are not issued under or secured by the Indenture, and are not offered pursuant to

this Offering Memorandum. It is a condition precedent to the issuance of the Notes offered hereby and the Series 2012-B Notes that both financings close concurrently. As a consequence, if the Series 2012-B Notes are not issued on the Issue Date, the Notes offered hereby will not be issued.

THE CORPORATION HAS NO TAXING POWER. THE NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION. THE CORPORATION SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTES EXCEPT FROM THE REVENUES AND ASSETS PLEDGED UNDER THE INDENTURE. THE NOTES DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR ANY OF ITS POLITICAL SUBDIVISIONS AND NONE OF THE FAITH AND CREDIT, THE TAXING POWER OR THE MORAL OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE NOTES. THE NOTES ARE PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AS PROVIDED IN THE INDENTURE.

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 CORPORATION'S OTHER ASSETS.

The initial proceeds of the sale of the Notes and other funds of the Corporation are being used in connection with the Corporation's program to:

- acquire a pool of Student Loans, consisting of FFELP loans that are guaranteed by a Guaranty Agency as to unpaid principal and accrued interest pursuant to the Higher Education Act a small percentage of HEAL loans, each of which is made pursuant to the Public Health Service Act and is insured by the Secretary of Health and Human Services,
- fund a deposit to the Collection Fund, if any,
- fund a deposit to the Department Reserve Fund, if any,
- fund a deposit to the Acquisition Fund,
- fund a deposit to the Debt Service Reserve Fund, and
- fund a deposit to the Temporary Costs of Issuance Account in the Acquisition Fund to pay costs and expenses associated with the issuance of the Notes. See the caption "SOURCES AND USES" herein.

All capitalized terms used in this Offering Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Indenture, certain of which definitions are included in "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto.

Brief summaries and descriptions of the Notes, the Corporation, the Guaranty Agencies, the Indenture, the FFELP under the Higher Education Act, and certain statutes, regulations and other documents and materials are included in this Offering 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 entirety by reference to such documents, statutes, regulations and other materials. Copies of the Indenture are available for inspection at the registered office of the Corporation, at 10 East Allen Street, 4th Floor, Winooski, Vermont 05404 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. 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.

The Notes will be issued in minimum denominations of $100,000 and in integral multiples of $1,000 in excess thereof. Principal of and interest on the Notes will be payable on each Distribution Date to the record owners of the Notes as of the close of business on the day before the related Distribution Date.

Other than the information provided under the caption "THE TRUSTEE" herein, the Trustee did not participate in the preparation of this Offering Memorandum and make no representations concerning the Notes, the collateral or any other matter stated in this Offering 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 respective interest rates described below for each Class of Notes during each applicable Interest Period. The amount of interest actually payable on each Distribution Date is equal to the Interest Distribution Amount (as defined below), which includes any Interest Distribution Amount payable as of any prior Distribution Date but not previously paid plus, to the extent lawful, interest on prior unpaid Interest Distribution Amount at the interest rate applicable to each Class of Notes. The Interest Distribution Amount will be payable on each Distribution Date to the Noteholders of record as of the close of business on the record date (the Business Day preceding the related Distribution Date) until maturity or earlier payment of the Notes. Interest distributions on the Class B Notes are subject to the Class B Interest Cap, which, for any Distribution Date (other than the first Distribution Date for which Class B Interest Cap shall not apply), may result in the Interest Accrual Amount for the Class B Notes exceeding the Interest Distribution Amount for the Class B Notes. Any such excess is referred to herein as the Class B Carry-Over Amount, as defined below. To the extent lawful, the Class B Carry-Over Amount shall bear interest at the interest rate applicable to the Class B Notes.

Interest payments on the Notes for any Distribution Date will generally be funded from Available Funds remaining after all required prior distributions, including, with respect to the Class B Notes, interest distributions on the Class A Notes; and if necessary, from amounts on deposit in the Debt Service Reserve Fund. Interest Distribution Amounts relating to an Interest Period will be paid on the following Distribution Date first to the Class A Notes and second to the Class B Notes, in that order. Failure to make interest payments on the Class B Notes is not an Event of Default under the Indenture if any Class A Notes remain outstanding. Payment of the Class B Carry-Over Amount is payable at a lower priority, and the failure to pay such Class B Carry-Over Amount is not an Event of Default under the Indenture. To the extent that there are insufficient Available Funds for the payment of the Class B Carry-Over Amount on or after the Stated Maturity Date of the Class B Notes, such Class B Carry-Over Amount and the interest thereon shall be cancelled and shall not be paid (and the Class B Carry-Over Amount may not be paid in the event of a mandatory redemption of the Notes, but, in such event, shall remain outstanding until it is paid or until the Stated Maturity Date on the Class B Notes, whichever is earlier, as described under the caption "DESCRIPTION OF THE NOTES—Mandatory Redemption"). See the caption "THE TRUST ESTATE—Flow of Funds" herein. To the extent that there are insufficient Available Funds for the payment of the Class B Interest Distribution Amount, the Interest Shortfall with respect to the Class B Notes will be allocated pro rata to the Class B Noteholders, based upon the principal amount held by each Class B Noteholder. To the extent that there are insufficient Available Funds for the payment of the Class A Interest Distribution Amount, the Interest Shortfall with respect to the Class A Notes, will be allocated pro rata to the Class A Noteholders, based upon the principal amount held by each Class A Noteholder. If an Event of Default under the Indenture has occurred that results in the acceleration of the Notes, the payment of interest on the Class B Notes is further subordinated to payments of principal on the Class A Notes. See the caption "THE TRUST ESTATE—Flow of Funds" herein.

The interest rate on the Notes for each Interest Period, except for the Initial Interest Period, will be equal to:

Class	Interest Rate
Class A Notes	One-Month LIBOR plus 0.70% per annum
Class B Notes	One-Month LIBOR plus 3.00% per annum*

* Subject to the Class B Interest Cap

The interest rate for the Notes for the Initial Interest Period will be equal to Two-Month LIBOR plus 0.70% per annum for the Class A Notes and Two-Month LIBOR plus 3.00% per annum for the Class B Notes.

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

"Interest Distribution Amount" means, for any Distribution Date:

(a) with respect to the Class A Notes, the sum of (i) the Interest Accrual Amount with respect to the Class A Notes and (ii) the Interest Shortfall for that Distribution Date with respect to the Class A Notes; and

(b) with respect to the Class B Notes, the sum of (i) the lesser of (A) the Interest Accrual Amount with respect to the Class B Notes and (B) the Class B Interest Cap and (ii) the Interest Shortfall for that Distribution Date with respect to the Class B Notes (other than the first Distribution Date for which the Class B Interest Cap shall not apply).

"Interest Accrual Amount" shall mean, for any Distribution Date, with respect to any Class of the Notes, the aggregate amount of interest accrued for such Class of Notes at the related LIBOR indexed rate set forth above for such Class of Notes for the related Interest Period on the Outstanding Amount of such Class of Notes as of 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.

"Interest Shortfall" shall mean, for any Distribution Date and any Class of Notes, the excess of (i) the Interest Distribution Amount for such Class of Notes on the preceding Distribution Date, over (ii) the amount of interest actually distributed to the Noteholders of such Class of Notes on that preceding Distribution Date, plus interest on the amount of that excess, to the extent permitted by law, at the applicable LIBOR indexed rate set forth above for such Class of Notes for such Interest Period. Class B Carry-Over Amount shall not be characterized as Interest Shortfalls.

"Class B Carry-Over Amount" shall mean, with respect to any Interest Period, the amount, if any, by which the Interest Accrual Amount on the Class B Notes for such Interest Period exceeds the Class B Interest Cap, plus the Class B Carry-Over Amount from prior Interest Periods plus interest on the amount of that Class B Carry-Over Amount, to the extent permitted by law, at the LIBOR indexed rate set forth on the cover page of this Offering Memorandum applicable for the Class B Notes for such Interest Period.

"Class B Interest Cap" shall mean, with respect to any Distribution Date, an amount equal to (a) the actual number of days in the current year (i.e., 365 or 366, as the case may be) divided by 360 multiplied by the difference between (i) the sum of all non-principal amounts accrued on the Financed Student Loans during the related Collection Period, whether due from a borrower, a Guaranty Agency or the Department (including, without limitation, Special Allowance Payments and Interest Subsidy Payments), or the Secretary of Health and Human Services in the case of HEAL Loans, and (ii) amounts not attributable to principal that are payable to the Department that accrued during the related Collection Period (including, without limitation, Special Allowance Payments and consolidation rebate fees); less (b) the Trustee Fee, the Servicing Fees and the Administration Fees

accrued during the related Collection Period and less (c) the Interest Accrual Amount on the Class A Notes for such Distribution Date. The Class B Interest Cap may not be less than zero.

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 (and rounding to the fifth decimal place the resultant figure).

Distributions of Principal

Principal payments will be made sequentially to the Noteholders on each Distribution Date, as described in the *eighth* clause below under the caption "THE TRUST ESTATE—Flow of Funds—Distribution Dates," to the extent of any Available Funds remaining after payments with a higher priority have been made, first to the Class A Notes until paid in full, then to the Class B Notes until paid in full. Failure to pay the principal on the Notes is not an Event of Default (except on the applicable Stated Maturity Date). See "THE TRUST ESTATE—Flow of Funds—Distribution Dates" below.

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 applicable 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 (excluding the Class B Carry-Over Amount) 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 each Class of Notes will be due and payable in full on the applicable Stated Maturity Date. The Notes are subject to early redemption in the event of the exercise by the Corporation of its option to release all the Financed Student Loans from the lien of the Indenture as described below under the caption "—Optional Redemption," in the event of a mandatory redemption as described below under the caption "—Mandatory Redemption" herein.

See also "RISK FACTORS" herein 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 full prior to maturity at a redemption price of 100% of the Outstanding Amount thereof plus the Interest Distribution Amount accrued but unpaid to the redemption date plus, with respect to the Class B Notes, any Class B Carry-Over Amount, from amounts deposited into the Collection Fund from the release of all Financed Student Loans from the lien of the Indenture by the Corporation pursuant to the exercise of the release option granted to the Corporation under the Indenture. The Corporation will have the option to release from the lien of the Indenture all of the Financed Student Loans as of the Distribution Date following the last day of the Collection Period on which the then outstanding Pool Balance is 10% or less of the Initial Pool Balance, and each Distribution Date thereafter. To exercise such option, the Corporation is required to deposit in the Collection Fund, on or prior to the next Distribution Date, an amount equal to the Minimum Purchase Amount. In the event that the Corporation effects the release of the Financed Student Loans from the lien of the Indenture, the Notes will be subject to redemption in full on the next Distribution Date immediately succeeding such release date with the proceeds from the release of the Financed Student Loans and any other amounts available in the Debt Service Reserve Fund. The Trustee will, upon an election of the Corporation to release all of the Financed Student Loans from the lien of the Indenture as described above, give prompt written notice of such election to the Noteholders specifying that the Notes will be subject to redemption in full on the next Distribution Date. All expenses of the Trustee relating to the release of the Financed Student Loans as described above will be paid out of the Collection Fund prior to the Noteholders in the event of such release.

Mandatory Redemption

The Notes are subject to mandatory redemption on any Business Day from 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 Amount of and accrued interest on the Notes (excluding the Class B Carry-Over Amount) at a redemption price for the Notes equal to 100% of the Outstanding Amount thereof, plus the Interest Distribution Amount accrued but unpaid to the redemption date (excluding the Class B Carry-Over Amount; provided, that any unpaid Class B Carry-Over Amount shall remain outstanding until it is paid or until the Stated Maturity Date of the Class B Notes, whichever is earlier). The Trustee shall provide written notice to the Noteholders at least ten (10) Business Days prior to the mandatory redemption date, but failure to provide such notice shall not prevent the mandatory redemption of the Notes.

Determination of LIBOR

"LIBOR Rate," "One-Month LIBOR Rate" and "Two-Month LIBOR Rate" 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 $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 at least two Reference Banks provide quotations, the rate for that day will be the arithmetic mean of the quotations. If fewer than two Reference Banks provide 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 Administrator at approximately 11:00 a.m., Eastern 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 $1,000,000. If the banks selected as described above do not provide such quotations, One-Month LIBOR or Two-Month LIBOR as the case may be, in effect for the applicable Interest Period will be One-Month LIBOR or Two-Month LIBOR, as the case may be, in effect for the previous Interest Period.

"Business Day" means for purposes of calculating the LIBOR Rate, 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, a period of time equal to one month with respect to One-Month LIBOR Rate or two months with respect to Two-Month LIBOR Rate, as applicable.

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

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. 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 or insurance 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. 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. 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. In addition, the Corporation is obligated to purchase from the lien of the Trust Estate any Financed Student Loan if it ceases to be guaranteed or insured as the result of circumstances or events that occurred prior to the pledge of such Financed Student Loans under the Indenture (and with respect to which a guarantee or insurance claim is not paid by a Guaranty Agency or by the United States) or is determined to be encumbered by a lien other than the lien of the Indenture.

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 Guaranty Agency to make timely guaranty payments or the Secretary of Health and Human Services to make timely insurance payments, as applicable, with respect to the Financed Student Loans. In addition, the maturity of certain of the Financed Student Loans could extend beyond the applicable 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 Corporation 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 F—PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES AND EXPECTED MATURITIES OF THE NOTES" herein.

Book-Entry Notes

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 D—BOOK ENTRY SYSTEM" and "EXHIBIT E—GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES" hereto.

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	0.75%[(1)]
Administration Fees	0.10%[(2)]
Trustee Fee	0.006%[(3)]

(1) As a percentage of the Pool Balance as of the end of the related Collection Period. The percentage above assumes that the Servicing Fee Floor is not in effect and does not include fees of the Back-up Servicer. On each Distribution Date, the Servicing Fees shall be paid to the Corporation in an amount equal to the greater of (i) the Servicing Fee Floor and (ii) one-twelfth of 0.75% of the Pool Balance as of the end of the related Collection Period plus, in each case, no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement. The Servicing Fees payable on December 28, 2012 shall be equal to 0.75% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360). The Corporation shall pay out of the Servicing Fees received by it to any third-party Servicer (including the Back-up Servicer) the Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for servicing (or back-up servicing) in the amounts owed thereunder (up to the amounts actually received by the Corporation pursuant to the Indenture as Servicing Fees for that period). Because of the Servicing Fee Floor which is a fee

that is charged on a per borrower basis, it is expected that the Servicing Fees will increase over time (as the Pool Balance is reduced) as a percentage of the Pool Balance. See the caption "THE TRUST ESTATE—Compensation of Servicers" herein.

(2) As a percentage of the Pool Balance as of the end of the related Collection Period. The percentage above does not include the annual Rating Agency surveillance fee included in the Administration Fee payable out of the Trust Estate. On each Distribution Date, the Administration Fees shall be paid to the Corporation in an amount equal to 1/12th of 0.10% of the Pool Balance as of the last day of the related Collection Period and no more than $16,000 annually for certain Rating Agency surveillance fees. On December 28, 2012, the Administration Fees shall be paid to the Corporation in an amount equal to 0.10% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360).

(3) As a percentage of the Outstanding Amount of the Notes immediately preceding such Distribution Date (or the Issue Date, as applicable). On each Distribution Date, the Trustee Fee shall be paid to the Trustee in an amount equal to one-twelfth of 0.006% of the Outstanding Amount of the Notes immediately preceding such Distribution Date. On December 28, 2012, the Trustee Fee shall be paid to the Trustee in an amount equal to 0.006% of the Outstanding Amount of the Notes on the Issue Date, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360).

SOURCES AND USES

Net proceeds of the sale of the Notes[1] are expected to be applied approximately as follows:

SOURCES	
Net proceeds of the sale of the Notes (gross proceeds less Initial Purchaser's fees and expenses)	$751,449,406
Total	**$**751,449,406
USES	
Deposit to the Debt Service Reserve Fund[2]	$ 1,961,305
Deposit to the Acquisition Fund, to be used to acquire Student Loans on the Issue Date and during the Acquisition Period[3]	748,782,829
Deposit to the Temporary Costs of Issuance Account of the Acquisition Fund[4]	705,272
Total	**$**751,449,406

(1) The Class A Notes and the Class B Notes offered will be the only Notes issued pursuant to the Indenture. No additional notes or obligations will be issued under the Indenture.

(2) This initial deposit is expected to be approximately 0.25% of the aggregate principal balance of the Student Loans (including accrued interest that is expected to be capitalized) expected to be acquired by the Corporation on the Issue Date.

(3) Consists of Student Loans and/or cash. These amounts on deposit in the Acquisition Fund will be used to acquire or purchase the Student Loans described in "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" during the Acquisition Period. Any remaining available amounts on deposit in the Acquisition Fund may be used to purchase or acquire additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" herein. The amount deposited into the Temporary Costs of Issuance Account within the Acquisition Fund to pay a portion of the costs of issuance is reflected separately.

(4) This deposit will be used to pay costs of issuance.

All of the Student Loans described under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" to be pledged by the Corporation to the Trustee under the Indenture are currently pledged under the Existing Resolution and secure the Existing Bonds issued thereunder. The Existing Bonds are limited obligations of the Corporation payable solely from and secured solely by certain pledged assets held in the trust estate created under the Existing Resolution. Certain of the proceeds from the sale of the Notes (which may initially be deposited into the Acquisition Fund) are expected to be (a) transferred to and applied by the trustee under the Existing Resolution to pay the purchase price or redemption price, as applicable, of certain of the Existing Bonds on the Issue Date and (b) transferred to the Corporation to reimburse it for the purchase of certain of the Existing Bonds. Upon such purchase and redemption, any liens or security interests relating to the Student Loans described under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" will be released from the lien of

the Existing Resolution and the Corporation will then pledge them to the Trustee as part of the Trust Estate. These Financed Student Loans are expected to comprise a portion of the Corporation's Trust Estate and be pledged to the Trustee pursuant to the Indenture.

THE TRUST ESTATE

General

The Corporation has no taxing power. The Notes are special, limited obligations of the Corporation. The Corporation shall not be obligated to pay the principal of or interest on the Notes except from the revenues and assets pledged under the Indenture. The Notes do not constitute a debt, liability or obligation of the State of Vermont or any of its political subdivisions and none of the faith and credit, the taxing power or the moral obligation of the State of Vermont or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Notes. The Notes are payable, both as to principal and interest, solely as provided in the Indenture.

The Notes are limited obligations of the Corporation, secured by and payable from the discrete Trust Estate pledged by the Corporation to the Trustee. Under the Indenture, the assets comprising the Trust Estate consist of:

- Financed Student Loans acquired using funds on deposit in the Acquisition Fund made available and pledged pursuant to the Indenture, and any Student Loans substituted or exchanged therefor in accordance with the provisions of the Indenture. See "SOURCES AND USES" and "DESCRIPTION OF THE NOTES—Fees and Expenses" above. Each such Financed Student Loan that is a FFELP loan is to be guaranteed and reinsured and each such Financed Student Loan that is a HEAL loan is to be insured, in each case as described herein.

- The rights of the Corporation under the any Servicing Agreements, including the Back-up Servicing Agreement, Custodian Agreements, Administration Agreements, Joint Sharing Agreement, the Guaranty Agreements and any assignments thereof, as the same relate to the Financed Student Loans.

- Interest payments, proceeds, charges and other income received by the Trustee or the Corporation with respect to Financed Student Loans made by or on behalf of borrowers accrued and paid on or after the applicable cut-off date, the date such Financed Student Loans were pledged under the Indenture.

- All amounts received on or after the applicable cut-off date in respect of payment of principal of Financed Student Loans and all other obligations of the borrowers thereunder, including, without limitation, scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the guaranty, or insurance, 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 that are FFELP loans pursuant to Section 438 of the Higher Education Act, paid on or after the applicable cut-off date, payable in respect of any such Financed Student Loan, subject to recapture of excess interest on certain such 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 that are FFELP loans by the Secretary under Section 428 of the Higher Education Act paid on or after the applicable cut-off date.

- Available Funds (other than moneys released from the lien of the Indenture), together with all moneys and investments held in the Funds established under the Indenture (other than the moneys and investments held in the Department Reserve Fund), including all proceeds thereof and all income thereon.

- Any proceeds from any property described in the previous paragraphs, and any and all other property, rights and interests of every kind or description that from time to time is granted, conveyed, pledged, assigned, or transferred or delivered to the Trustee as and for additional security under the Indenture.

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

The Acquisition Fund

On the Issue Date, Student Loans and cash will be deposited into the Acquisition Fund, including a cash deposit to the Temporary Costs of Issuance Account created under the Indenture in the amount described under the caption "SOURCES AND USES" herein. An estimate of the amount of Student Loans and cash to be deposited in the Acquisition Fund on or about the Issue Date is set forth under the caption "SOURCES AND USES" herein. The amount deposited in the Temporary Costs of Issuance Account will be used to pay, upon direction by the Corporation, the costs of issuance of the Notes. Certain of the amounts deposited into the Acquisition Fund will be used to acquire the pool of Student Loans as described under the caption (and as may be modified as described under the caption) "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," which will be acquired from the Existing Resolution in connection with the redemption or purchase of certain Existing Bonds issued thereunder. All Student Loans acquired by the Corporation will be deposited into the Acquisition Fund. The Corporation expects to purchase or acquire the majority of the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" on the Issue Date, but is permitted to acquire such Student Loans at any time during the Acquisition Period. During the Acquisition Period, any available funds on deposit in the Acquisition Fund may be used to acquire or purchase the pool of Student Loans described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," and, any remaining available amounts may be used to acquire or purchase additional Student Loans not described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" but that otherwise satisfy the eligibility criteria described under the caption "THE FINANCED STUDENT LOANS—Student Loan Eligibility Criteria" herein. Any Student Loans acquired with funds in the Acquisition Fund shall be acquired at a price of no greater than 100% of the outstanding principal balance of such Student Loans, plus accrued interest thereon. All funds remaining on deposit in the Acquisition Fund, including funds on deposit in the Temporary Costs of Issuance Account, at the end of the Acquisition Period will be transferred to the Collection Fund on the first Business Day following the end of the Acquisition Period and shall constitute Available Funds on the next Distribution Date. Student Loans deposited in or acquired with funds deposited in the Acquisition Fund that are pledged to the Trust Estate created under the Indenture will be held by the Trustee or its agent or bailee and accounted for as a part of the Acquisition Fund. Except for (a) the acquisition or purchase of the pool of Student Loans described above, (b) any substitutions of Financed Student Loans to be made by the Corporation as described under "THE FINANCED STUDENT LOANS—Rights and Remedies Relating to Acquisition or Purchase; Limitations" or (c) any acquisition of student loans that were previously Financed Student Loans repurchased from the Guaranty Agency, or a Servicer, there will be no subsequent acquisitions of or recycling of student loans into the Trust Estate.

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 Corporation (who will forward the same to the Trustee) or directly to the Trustee, as applicable under each respective Servicing Agreement or the Indenture. The Trustee will deposit into the Collection Fund daily, in addition to all loan revenues with respect to the Financed Student Loans, all moneys received by or on behalf of the Corporation as assets of, or with respect to, the Trust Estate, including, without limitation, all proceeds of any sale (or other release from the lien of the Indenture) of Financed Student Loans, all amounts received under any Joint Sharing Agreement; any amounts transferred from other Funds created under the Indenture, and any earnings on investment of moneys on deposit in Funds and accounts established under the Indenture as they are earned.

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

Flow of Funds

Moneys on deposit in the Collection Fund will be transferred or distributed by the Trustee on each Distribution Date in the priority described below.

Distribution Dates. On each Distribution Date prior to the occurrence of certain Events of Default under the Indenture that result in an acceleration of the maturity of the Notes, Available Funds on deposit in the Collection Fund (including any amounts transferred from the Debt Service Reserve Fund), as of the end of the related Collection Period, will be used to make the following deposits and distributions, to the extent funds are available, as follows (as set forth on the Distribution Date Certificate):

(i) ***First***, to the Department Reserve Fund, the Department Reserve Fund Requirement and any other required payments to the Department with respect to the Financed Student Loans to the extent remaining unpaid from prior periods.

(ii) ***Second***, to the Trustee, the Trustee Fee due with respect to such Distribution Date under the Indenture, and any Trustee Fee remaining unpaid from prior periods.

(iii) ***Third***, to the Corporation, the Servicing Fees due with respect to the preceding calendar month, together with Servicing Fees remaining unpaid from prior periods, out of which amount the Corporation shall pay to any third-party Servicer and the Back-up Servicer fees and expenses owed under the applicable Servicing Agreement up to the amount received by the Corporation.

(iv) ***Fourth***, to the Administrator, any Administration Fees due, together with Administration Fees remaining unpaid from prior periods.

(v) ***Fifth***, to the Class A Noteholders, the Interest Distribution Amount payable on the Class A Notes, 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) ***Sixth***, to the Class B Noteholders, the Interest Distribution Amount payable on the Class B Notes, pro rata if not sufficient to pay in full, based on amounts owed to each such party, without preference or priority of any kind.

(vii) ***Seventh***, 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.

(viii) ***Eighth***, to the Noteholders, all remaining amounts, sequentially in the following order:

(A) to the Class A Notes, on a pro rata basis, until the Class A Notes have been paid in full;

(B) to the Class B Notes, on a pro rata basis, until the Class B Notes have been paid in full;

(ix) ***Ninth***, to the Class B Noteholders, the Class B Carry-Over Amount.

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

Additionally, on December 28, 2012, except where an Event of Default has occurred that results in an acceleration of the maturity of the Notes, amounts then on deposit in the Collection Fund will be used to make the deposits and distributions specified in the first through fourth priorities shown above. If the amount on deposit in the Collection Fund is insufficient to pay any of these amounts, amounts on deposit in the Debt Service Reserve Fund will be withdrawn by the Trustee and deposited into the Collection Fund to cover such shortfalls, to the extent of funds on deposit therein.

To the extent that the amount on deposit in the Collection Fund is insufficient to pay any of the amounts specified in clauses (i), (ii), (iii), (iv), (v) and (vi) under "—Flow of Funds—Distribution Dates" above, then, after the required transfers from the Debt Service Reserve Fund, any funds on deposit in the Collection Fund collected for the following Collection Period but before the end of such Collection Period may be used to make the payments specified in clauses (i), (ii), (iii), (iv), (v) and (vi) under "—Flow of Funds—Distribution Dates" above.

Following an Event of Default. Generally, after the occurrence of certain Events of Default under the Indenture that result in an acceleration of the maturity of the Notes, the Trustee may, and, upon the occurrence and continuance of any Event of Default (other than a failure by the Corporation to satisfy certain covenants contained in the Indenture), at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of the Highest Priority Obligations Outstanding at the time or upon the occurrence and continuance of an Event of Default resulting from a failure by the Corporation to satisfy certain covenants contained in the Indenture, at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of each Class of Notes then Outstanding, the Trustee shall (after the payment of certain fees and expenses) make payments of interest and then principal to the Class A Notes until paid in full, and then payments of interest and then principal will be made on the Class B Notes until paid in full, in each case in accordance with the provisions of the Indenture. Any amounts remaining after all other payments required by the Indenture at such time have been made will be released to the Corporation. See "EXHIBIT C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies" hereto.

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 Corporation to pay amounts due to the Department related to the Financed Student Loans (including, without limitation, any Monthly Consolidation Loan Rebate Fees and Department Rebate Interest Amounts due on each Department Rebate Payment Date) or any payment then due and payable to a Guaranty Agency relating to its Guaranty of Financed Student Loans, or any such other payment then accrued to the Corporation, another entity or trust estate, if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate pursuant to any applicable Joint Sharing Agreement. The Department Reserve Fund will be funded as described above under "—Flow of Funds" in an amount necessary to bring the balance of the Department Reserve Fund up to the "Department Reserve Fund Requirement," which is an amount equal to the sum of: (a) the expected Department Rebate Interest Amount accrued through the last day of the related Collection Period; (b) any Monthly Consolidation Loan Rebate Fees accrued through the last day of the related Collection Period; (c) any other accrued payments that are payable to the Department as accrued through the last day of the related Collection Period; (d) any payment then due and payable to a Guaranty Agency relating to its Guaranty of Financed Student Loans; and (e) any other such payment then accrued to the Corporation, another entity or trust estate, if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate, pursuant to any Joint Sharing Agreement. Amounts in the Department Reserve Fund in excess of the Department Reserve Fund Requirement will be transferred to the Collection Fund. If amounts on deposit in the Department Reserve Fund are insufficient to make any required payments to the Department, the Corporation shall direct the Trustee in a Corporation Order to transfer funds equal to such deficiency from the Collection Fund to the Department Reserve Fund or to pay such amount to the Department directly from the Collection Fund.

The Debt Service Reserve Fund

The Debt Service Reserve Fund will be created with an initial deposit by the Corporation on the Issue Date of cash in an amount equal to the amount described under the caption "SOURCES AND USES" herein. The Debt Service Reserve Fund is subject to a minimum balance equal to the greater of 0.25% of the Pool Balance as of the last day of the related Collection Period or $1,176,783 (which is approximately 0.15% of the expected Pool Balance as of the Issue Date). We refer to such minimum amount as the "Debt Service Reserve Fund Requirement." If (i) on any Distribution Date, the amount of Available Funds on deposit in the Collection Fund is insufficient to pay any of the items specified in clauses (i), (ii), (iii), (iv), (v) and (vi) under "—Flow of Funds—Distribution Dates" above or (ii) on December 28, 2012, there are insufficient moneys on deposit in the Collection Fund to pay any of the amounts specified in the second to last paragraph under "—Flow of Funds—Distribution Dates" above, amounts

on deposit in the Debt Service Reserve Fund on such Distribution Date or December 28, 2012, as applicable, will be withdrawn by the Trustee and deposited into the Collection Fund 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—Distribution Dates" above. 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 in the priority set forth in clause (vii) under "—Flow of Funds—Distribution Dates" 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 and will be applied as described under "—Flow of Funds—Distribution Dates" above.

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 final Stated Maturity Date of a Class of 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 (excluding the Class B Carry-Over Amount) 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.

Compensation of Servicers

The Corporation will be entitled to receive the Servicing Fees as compensation for performing the functions as Servicer in accordance with the Indenture. On each Distribution Date, the Servicing Fees shall be paid to the Corporation in an amount equal to the greater of (i) the Servicing Fee Floor and (ii) one-twelfth of 0.75% of the Pool Balance as of the end of the related Collection Period plus, in the case of both clause (i) and (ii), no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement. The Servicing Fees payable on December 28, 2012 shall be equal to 0.75% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360). The Corporation shall pay out of the Servicing Fees received by it to any third-party Servicer (including the Back-up Servicer) the Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for servicing (or back-up servicing) in the amounts owed thereunder (up to the amounts actually received by the Corporation pursuant to the Indenture as Servicing Fees for that period). The Servicing Fees will be paid solely out of Available Funds and, if necessary, from amounts on deposit in the Debt Service Reserve Fund on that date. In addition, because certain of the fees are charged on a per borrower basis, it is expected that the Servicing Fees will increase over time (as the Pool Balance is reduced) as a percentage of the principal balance of the Financed Student Loans. If the servicing fees owed to the Servicers including the Back-up Servicer exceed the amount of the Servicing Fees payable to the Corporation out of the Trust Estate, the Corporation is not responsible for paying such amounts not payable out of the Trust Estate. See the caption "RISK FACTORS—Servicing Fees may increase over time in relation to the Pool Balance and Noteholders Will Bear the Risk of Any Such Increases" herein.

Compensation of Administrator

The Corporation as Administrator will be entitled to receive the Administration Fees as compensation for performing the functions as Administrator. The Administration Fees will be payable on each Distribution Date and will be paid solely out of Available Funds and, if necessary, from amounts on deposit in the Debt Service Reserve Fund on that date. The Corporation as Administrator shall pay out of the Administration Fees any fees or expenses reimbursable to any other Administrator that may be engaged by the Corporation. Certain Rating Agency fees will additionally be paid annually as part of the Administration Fees.

THE FINANCED STUDENT LOANS

Substantially all of the Student Loans expected to be pledged to the Trustee were and will be loans made to finance post- secondary education that are made under the Higher Education Act and that are Insured or Guaranteed (as described under "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Insurance and Guarantees") as of the date such Student Loan is pledged to the Trustee. The remaining small percentage of the Student Loans expected to be pledged to the Trustee were and will be HEAL loans that are insured by the Secretary Health and Human Services.

General

During the Acquisition Period, we will use amounts deposited into the Acquisition Fund, representing a portion of the net proceeds from the sale of the Notes (as described under "SOURCES AND USES"), to acquire from the Existing Resolution, Student Loans and will pledge and transfer such Financed Student Loans to the Trust Estate. Financed Student Loans may be purchased directly from funds on deposit in the Acquisition Fund or may be purchased directly from proceeds from the sale of the Notes and then such Financed Student Loans would be deposited into the Acquisition Fund.

All of the Student Loans described under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" to be pledged by the Corporation to the Trustee under the Indenture are currently pledged under the Existing Resolution and secure the Existing Bonds. The Existing Bonds are limited obligations of the Corporation payable solely from and secured solely by certain pledged assets held in the trust estate created under the Existing Resolution. Certain of the proceeds from the sale of the Notes are expected to be (a) transferred to and applied by the trustee under the Existing Resolution to pay the purchase price or redemption price, as applicable, of certain of the Existing Bonds on the Issue Date and (b) transferred to the Corporation to reimburse it for the purchase of certain of the Existing Bonds. Upon such purchase and redemption, any liens or security interests relating to the Student Loans described under "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" will be released from the lien of the Existing Resolution and the Corporation will then pledge them to the Trustee as part of the Trust Estate. Before the end of the Acquisition Period and after giving effect to the acquisition of the Student Loans from the Existing Resolution, as described under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO," any remaining available amounts in the Acquisition Fund may be used to acquire from the Existing Resolution additional Student Loans not described herein.

The Acquisition Period will begin on the Issue Date and will end thirty (30) calendar days thereafter. Any amounts remaining in the Acquisition Fund at the end of the Acquisition Period will be transferred on the first Business Day after the end of the Acquisition Period to the Collection Fund.

Student Loan Eligibility Criteria

The Student Loans pledged to the Trustee under the Indenture must satisfy certain criteria as of the date of such pledge. A Student Loan that meet these criteria is referred to as an "Eligible Loan." Eligible Loan is defined in "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto. Some of the criteria required for a Student Loan to be an Eligible Loan include that such Student Loan:

- for FFELP loans, is insured by the Secretary or is guaranteed as to principal and interest by a Guaranty Agency under a Guaranty Agreement and the Guaranty Agency is reinsured by the Department in accordance with the FFELP;

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

- for FFELP loans, qualifies the holder thereof to receive, as applicable, Special Allowance Payments and Interest Subsidy Payments;

- for HEAL loans, is insured as to principal and interest by the Secretary of Health and Human Services and is permitted under the State Act;

- for HEAL loans, contains terms in accordance with those required under the Public Health Service Act; and

- is not a private student loan.

Rights and Remedies Relating to Acquisition or Purchase; Limitations

Substantially all of the Student Loans expected to be pledged to the Trustee under the Indenture were originated, serviced and guaranteed by the Corporation since origination. The Corporation does not expect that any of the Financed Student Loans will be subject to repurchase obligations from third-party sellers.

Under some circumstances, the Corporation may be required to purchase or otherwise release from the lien of the Indenture or provide a substitute for a Financed Student Loan, which right against the Corporation arises generally if a Financed Student Loan that is a FFELP loan ceases to be Guaranteed or Insured (and a guarantee or insurance claim is not paid by a Guaranty Agency or by the United States), if a HEAL loan ceases to be insured by the Secretary of Health and Human Services, or if any Financed Student Loan is determined to be encumbered by a lien other than the lien of the Indenture and if the same is not cured within the applicable cure period. The Corporation may also have the right to require a Servicer to so purchase a Financed Student Loan, which right generally arises generally as the result of a breach of certain covenants with respect to the servicing of such Student Loan. The Corporation is also expected to be the Guaranty Agency with respect to all of the Financed Student Loans that are FFELP loans and the Servicer with respect to substantially all of the Financed Student Loans.

CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO

The Financed Student Loans to be acquired with a portion of the proceeds of the sale 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. The Statistical Cut-off Date is August 31, 2012 with respect to the pool of Student Loans described below. All loan cash flow received with respect to such Financed Student Loan portfolio starting on the applicable cut-off date (the date such Financed Student Loan is pledged to the Trustee under the Indenture), will be deposited in the Collection Fund. 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.

In the event that the principal amount of Student Loans required to provide collateral for the Notes varies from the amounts anticipated herein, whether by reason of a change in the collateral requirement necessary to obtain the ratings on the Notes described on the cover page of this Offering Memorandum, the rate of amortization or prepayment on the portfolio of Student Loans from the Statistical Cut-off Date to the Issue Date varying from the rates that were anticipated, or otherwise, the portfolio of Student Loans to be pledged to the Trustee may consist of a subset of the pool of Student Loans described herein or may include additional Student Loans not described below.

The pool of Student Loans described below is the pool that the Corporation expects to pledge to the Trustee on the Issue Date, but that may be pledged at any time prior to the end of the Acquisition Period. Before the end of the Acquisition Period and after giving effect to the acquisition from the Existing Resolution of the Student Loans described below, any remaining available amounts in the Acquisition Fund may be used to acquire or purchase additional Student Loans from the Existing Resolution not described herein.

The aggregate characteristics of the entire pool of Student Loans, including the composition of the Student Loans and the related borrowers, the related guarantors, the distribution by student loan type, the distribution by

interest rate, the distribution by principal balance and the distribution by remaining term to scheduled maturity, may vary from the information presented herein, since the information presented herein is as of the Statistical Cut-off Date, and the date that the Financed Student Loans will be pledged to the Trustee under the Indenture will occur after that date. The aggregate characteristics may also vary as a result of the inclusion of Student Loans not described herein or the exclusion of Student Loans that are described herein, in each case for the reasons described in the preceding paragraph.

The Corporation believes that the information set forth in this Offering Memorandum with respect to the pool of Student Loans as of the Statistical Cut-off Date is materially representative of the characteristics of the pool of Student Loans as they will exist as of the end of the Acquisition Period. During the Acquisition Period, any available funds on deposit in the Acquisition Fund may be used to acquire or purchase the pool of Student Loans described below or other Student Loans not described below. All funds remaining on deposit in the Acquisition Fund, including any remaining amounts on deposit in the Temporary Costs of Issuance Account, at the end of the Acquisition Period will be transferred to the Collection Fund and applied as Available Funds on the first Business Day following the end of the Acquisition Period. You should consider potential variances when making your investment decision concerning the Notes.

Vermont Student Assistance Corporation
Identified Student Loans Portfolio to be Financed into Trust Estate

Composition of the Financed Student Loans as of the Statistical Cut-off Date

Outstanding Principal Balance	$789,116,939
Aggregate Accrued Interest	$13,251,520
Aggregate Accrued Interest Expected to be Capitalized	$8,288,970
Outstanding Principal Balance and Interest Expected to be Capitalized ("Aggregate Outstanding Balance")	$797,405,909
Number of Borrowers	53,972
Average Aggregate Outstanding Principal Balance and Interest per Borrower	$14,774
Number of Loans	109,503
Average Aggregate Outstanding Balance and Interest per Loan	$7,282
Weighted Average Annual Borrower Interest Rate[(1)]	5.279%
Weighted Average Remaining Term to Scheduled Maturity (months)	178
Weighted Average Original Term to Scheduled Maturity (months)	229
Weighted Average Active Margin (91-day Treasury Loans)	2.276%
Weighted Average Active Margin (1 year Constant Maturity Treasury (CMT) Loans)	3.118%
Weighted Average SAP Margin (LIBOR)[(2)]	2.487%
Weighted Average SAP Margin (91-day Treasury bill) [(2)]	3.093%

[(1)] Determined using the interest rates applicable to the Student Loans as of August 31, 2012. 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 A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto.

[(2)] The Weighted Average SAP Margin (LIBOR) and the Weighted Average SAP Margin (91-day Treasury bill) 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 one-month LIBOR index or the 91-day US Treasury bill rate index, respectively. The Corporation elected to change the index for Special Allowance Payment calculations on the Financed Student Loans disbursed after January 1, 2000 from the three-month commercial paper rate to the one-month LIBOR index beginning on April 1, 2012. See "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Special Allowance Payments" hereto. The margin has not been reduced to take into account any interest rate reductions as a result of the repayment incentives described under the caption "THE BORROWER—Origination and Acquisition of Loans—Borrower Benefits" and the last two tables included under this caption.

Distribution of the Financed Student Loans by Loan Type as of the Statistical Cut-off Date

Loan Type	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
Unsubsidized Consolidation	21,699	19.8%	$323,815,959	40.6%
Subsidized Consolidation	19,480	17.8	203,882,031	25.6
Unsubsidized Stafford	34,153	31.2	137,622,836	17.3
Subsidized Stafford	24,802	22.6	61,540,331	7.7
PLUS	7,431	6.8	49,980,862	6.3
Graduate PLUS	1,392	1.3	15,708,453	2.0
HEAL	534	0.5	4,819,279	0.6
SLS	12	0.0*	36,158	0.0*
Total	109,503	100.0%	$797,405,909	100.0%

*Greater than 0.00% but less than 0.05%.

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

Borrower Payment Status	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
In School	2,561	2.3%	$ 10,517,268	1.3%
Grace	2,254	2.1	10,430,182	1.3
Deferment	14,974	13.7	92,573,448	11.6
Forbearance	3,456	3.2	40,691,119	5.1
Repayment				
First year in repayment	9,631	8.8	55,265,471	6.9
Second year in repayment	10,494	9.6	64,596,031	8.1
Third year in repayment	11,205	10.2	70,521,551	8.8
Fourth year and greater in repayment	54,928	50.2	452,810,838	56.8
Total	109,503	100.0%	$797,405,909	100.0%

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

Current Status of Account	In-School WAM	Grace WAM	Deferment WAM	Forbearance WAM	Repayment WAM	Total Term
In-School	21.2	6.0	–	–	120.0	147.2
Grace	–	3.4	–	–	120.0	123.4
Deferment	–	–	13.6	–	173.3	186.9
Forbearance	–	–	–	4.8	205.5	210.2
Repayment	–	–	–	–	178.3	178.3
Total	21.2	4.7	13.6	4.8	177.9	180.0

Current borrower payment status refers to the status of the borrower of each initial Financed Student Loan as of the Statistical Cut-off Date. The borrower:

- may still be attending school – in-school;

- may be in a grace period after completing school and prior to repayment commencing – grace;
- may have temporarily ceased repaying the loan through a deferment or a forbearance period; or
- may be currently required to repay the loan – repayment.

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

Each of the Financed Student Loans provides or will provide for the amortization of its outstanding principal balance over a series of regular payments. Except as described below, each regular payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the Financed Student Loan. The amount received is applied first to interest accrued to the date of payment and the balance of the payment, if any, is applied to reduce the unpaid principal balance. Accordingly, if a borrower pays a regular installment before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. Conversely, if a borrower pays a monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly less. In addition, if a borrower pays a monthly installment after its scheduled due date, the borrower may owe a fee on that late payment. If a late fee is applied, that payment will be applied first to the applicable late fee, second to interest and third to principal. As a result, the portion of the payment applied to reduce the unpaid principal balance may be less than it would have been had the payment been made as scheduled. In either case, subject to any applicable deferment periods or forbearance periods, and except as provided below, the borrower pays a regular installment until the final scheduled payment date, at which time the amount of the final installment is increased or decreased as necessary to repay the then outstanding principal balance of that Financed Student Loan.

In accordance with the terms of the FFELP and the terms of its loan program, the Corporation makes available, to borrowers of the Financed Student Loans that are FFELP loans, payment terms that may result in the lengthening of the remaining term of the Financed Student Loans. For example, not all of the Financed Student Loans that are FFELP loans provide for level payments throughout the repayment term of such Financed Student Loans. Some Financed Student Loans that are FFELP loans provide for interest only payments to be made for a designated portion of the term of the Financed Student Loans, with amortization of the principal of the loans occurring only when payments increase in the latter stage of the term of the Financed Student Loans. Other Financed Student Loans that are FFELP loans provide for a graduated phase in of the amortization of principal with a greater portion of principal amortization being required in the latter stages than would be the case if amortization were on a level payment basis. Some of the Financed Student Loans that are FFELP loans are or may be subject to an income-sensitive repayment plan, under which repayments are based on the borrower's income. Under that plan, ultimate repayment may be delayed up to five years. See "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto.

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

Date of Disbursement	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
Prior to October 1, 1993	352	0.3%	$ 1,779,200	0.2%
October 1, 1993 to March 31, 2006	49,809	45.5	386,209,928	48.4
April 1, 2006 to September 30, 2007	38,464	35.1	264,574,880	33.2
October 1, 2007 to Present	20,878	19.1	144,841,900	18.2
Total	109,503	100.0%	$797,405,909	100.0%

Distribution of the Financed Student Loans by Percent Guaranteed as of the Statistical Cut-off Date

Percent Guaranteed[1]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
100%	220	0.2%	$ 971,335	0.1%
98%	52,352	47.8	415,234,459	52.1
97%	56,931	52.0	381,200,115	47.8
Total	109,503	100.0%	$797,405,909	100.0%

[1] The percent guaranteed refers to the percentage of the principal of and accrued interest on a Financed Student Loan that would be payable on a default claim under FFELP or an insurance claim with the Secretary of Health and Human Services for HEAL loans (which generally insures up to 98% of loss on unpaid principal). See "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto.

Distribution of the Financed Student Loans by Guaranty Agency or Insurance as of the Statistical Cut-off Date

Guaranty Agency	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
The Corporation	108,969	99.5%	$792,586,630	99.4%
Other[1]	534	0.5	4,819,279	0.6
Total	109,503	100.0%	$797,405,909	100.0%

[1] These Financed Student Loans are HEAL loans that are insured by the Secretary of Health and Human Services.

Distribution of the Financed Student Loans by SAP Interest Rate Index as of the Statistical Cut-off Date[1]

SAP Interest Rate Index + Repayment Margin	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
One-Month LIBOR + 2.64%	42,563	38.9%	$490,476,102	61.5%
One-Month LIBOR + 2.34%	41,585	38.0	131,221,138	16.5
One-Month LIBOR + 1.94%	17,088	15.6	74,186,475	9.3
One-Month LIBOR + 2.24%	3,790	3.5	70,655,425	8.9
Three-Month T-Bill + 3.10%	3,129	2.9	24,688,920	3.1
HEAL, No SAP	534	0.5	4,819,279	0.6
Three-Month T-Bill + 2.80%	663	0.6	894,287	0.1
Three-Month T-Bill + 3.25%	112	0.1	434,346	0.1
Three-Month T-Bill + 3.50%	39	0.0*	29,936	0.0*
Total	109,503	100.0%	$797,405,909	100.0%

[1] The Corporation elected to change the index for Special Allowance Payment calculations on the Financed Student Loans disbursed after January 1, 2000 from the three-month commercial paper rate to the one-month LIBOR index beginning on April 1, 2012. See "EXHIBIT A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM—Special Allowance Payments" hereto. The margin has not been reduced to take into account any interest rate reductions as a result of the repayment incentives described under the caption "THE BORROWER—Origination and Acquisition of Loans—Borrower Benefits" and the last two tables included under this caption.
*Greater than 0.00% but less than 0.05%.

Distribution of the Financed Student Loans
by Current Borrower Interest Rate as of the Statistical Cut-off Date

Current Borrower Interest Rate	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
1.01% - 1.50%	219	0.2%	$ 1,942,610	0.2%
1.51% - 2.00%	3,998	3.7	12,343,943	1.5
2.01% - 2.50%	14,724	13.4	30,096,846	3.8
2.51% - 3.00%	8,152	7.4	79,844,595	10.0
3.01% - 3.50%	8,786	8.0	76,398,559	9.6
3.51% - 4.00%	5,069	4.6	61,963,339	7.8
4.01% - 4.50%	4,976	4.5	63,531,586	8.0
4.51% - 5.00%	4,368	4.0	59,979,844	7.5
5.01% - 5.50%	2,522	2.3	37,121,173	4.7
5.51% - 6.00%	2,306	2.1	35,062,751	4.4
6.01% - 6.50%	1,863	1.7	32,233,017	4.0
6.51% - 7.00%	41,840	38.2	190,497,377	23.9
7.01% - 7.50%	1,319	1.2	21,077,117	2.6
7.51% - 8.00%	1,329	1.2	19,569,373	2.5
8.01% - 8.50%	7,892	7.2	73,572,670	9.2
8.51% and above	140	0.1	2,171,108	0.3
Total	109,503	100.0%	$797,405,909	100.0%

Distribution of the Financed Student Loans by Range of
Outstanding Principal Balances as of the Statistical Cut-off Date

Outstanding Balances	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
$0.00 - $4,999.99	68,151	62.2%	$151,216,223	19.0%
$5,000.00 - $9,999.99	19,867	18.1	141,833,145	17.8
$10,000.00 - $14,999.99	8,715	8.0	108,245,444	13.6
$15,000.00 - $19,999.99	4,338	4.0	75,214,514	9.4
$20,000.00 - $24,999.99	2,601	2.4	58,559,423	7.3
$25,000.00 - $29,999.99	1,644	1.5	45,270,066	5.7
$30,000.00 - $34,999.99	1,092	1.0	35,508,690	4.5
$35,000.00 - $39,999.99	784	0.7	29,646,195	3.7
$40,000.00 - $44,999.99	599	0.5	25,583,202	3.2
$45,000.00 - $49,999.99	391	0.4	18,670,291	2.3
$50,000.00 - $54,999.99	256	0.2	13,410,762	1.7
$55,000.00 - $59,999.99	171	0.2	9,841,807	1.2
$60,000.00 - $64,999.99	141	0.1	8,869,882	1.1
$65,000.00 - $69,999.99	122	0.1	8,306,063	1.0
$70,000.00 - $74,999.99	97	0.1	7,064,776	0.9
$75,000.00 - $79,999.99	67	0.1	5,208,202	0.7
$80,000.00 - $84,999.99	61	0.1	5,081,497	0.6
$85,000.00 - $89,999.99	46	0.0*	4,022,329	0.5
$90,000.00 - $94,999.99	43	0.0*	4,003,760	0.5
$95,000.00 - $99,999.99	35	0.0*	3,440,137	0.4
$100,000.00 +	282	0.3	38,409,502	4.8
Total	109,503	100.0%	$797,405,909	100.0%

*Greater than 0.00% but less than 0.05%.

Distribution of the Financed Student Loans by Delinquency Status as of the Statistical Cut-off Date

Days Delinquent	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
Current	94,003	85.8%	$670,398,697	84.1%
Less than 30 Days	4,309	3.9	45,003,317	5.6
30 to 59 Days	3,638	3.3	29,017,539	3.6
60 to 89 Days	1,938	1.8	15,174,272	1.9
90 to 119 Days	1,248	1.1	8,953,420	1.1
120 to 149 Days	961	0.9	7,188,391	0.9
150 to 179 Days	870	0.8	5,456,060	0.7
180 + Days	2,536	2.3	16,214,213	2.0
Total	109,503	100.0%	$797,405,909	100.0%

Distribution of the Financed Student Loans by Remaining Months to Scheduled Maturity as of the Statistical Cut-off Date

Remaining Months to Scheduled Maturity	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
0 – 3	24	0.0* %	$ 14,468	0.0*%
4 – 12	664	0.6	358,072	0.0
13 – 24	2,306	2.1	2,313,695	0.3
25 – 36	3,050	2.8	5,821,560	0.7
37 – 48	4,489	4.1	12,937,316	1.6
49 – 60	5,893	5.4	19,795,316	2.5
61 – 72	8,633	7.9	32,833,627	4.1
73 – 84	9,826	9.0	33,616,061	4.2
85 – 96	11,974	10.9	48,137,736	6.0
97 – 108	13,213	12.1	59,150,684	7.4
109 – 120	23,441	21.4	116,211,233	14.6
121 – 132	2,298	2.1	20,773,775	2.6
133 – 144	2,066	1.9	20,789,191	2.6
145 – 156	1,842	1.7	21,020,470	2.6
157 – 168	2,181	2.0	27,053,894	3.4
169 – 180	1,761	1.6	23,208,007	2.9
181 – 192	1,545	1.4	23,077,122	2.9
193 – 204	1,405	1.3	22,952,933	2.9
205 – 216	1,070	1.0	19,466,477	2.4
217 – 228	1,138	1.0	23,883,624	3.0
229 – 240	1,196	1.1	24,057,981	3.0
241 – 252	1,288	1.2	27,496,588	3.4
253 – 264	1,517	1.4	26,683,466	3.3
265 – 276	1,867	1.7	31,915,469	4.0
277 – 288	1,887	1.7	36,464,291	4.6
289 – 300	1,244	1.1	29,651,602	3.7
301 – 312	471	0.4	23,632,351	3.0
313 – 324	368	0.3	18,012,621	2.3
325 – 336	313	0.3	16,392,009	2.1
337 – 348	253	0.2	13,456,077	1.7
349 – 360	280	0.3	16,228,192	2.0
Total	109,503	100.0%	$797,405,909	100.0%

*Greater than 0.00% but less than 0.05%.

Distribution of the Financed Student Loans
by State of Borrower's Address as of the Statistical Cut-off Date

State Distribution[(1)]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
Alabama	148	0.1%	$ 1,228,867	0.2%
Alaska	285	0.3	2,593,382	0.3
Arizona	658	0.6	5,503,194	0.7
Arkansas	152	0.1	1,338,624	0.2
California	3,837	3.5	38,441,471	4.8
Colorado	1,476	1.3	13,573,399	1.7
Connecticut	3,968	3.6	28,819,773	3.6
Delaware	168	0.2	1,397,732	0.2
District of Columbia	715	0.7	6,350,051	0.8
Florida	2,184	2.0	18,997,575	2.4
Georgia	830	0.8	7,994,213	1.0
Hawaii	264	0.2	2,078,325	0.3
Idaho	142	0.1	1,234,668	0.2
Illinois	929	0.8	9,365,795	1.2
Indiana	242	0.2	2,486,360	0.3
Iowa	149	0.1	1,729,107	0.2
Kansas	179	0.2	1,593,230	0.2
Kentucky	181	0.2	1,424,482	0.2
Louisiana	186	0.2	1,284,357	0.2
Maine	2,739	2.5	23,444,772	2.9
Maryland	1,627	1.5	15,522,687	1.9
Massachusetts	10,244	9.4	74,435,767	9.3
Michigan	628	0.6	6,024,193	0.8
Minnesota	548	0.5	4,784,092	0.6
Mississippi	74	0.1	853,616	0.1
Missouri	267	0.2	1,902,072	0.2
Montana	287	0.3	2,219,000	0.3
Nebraska	59	0.1	1,081,299	0.1
Nevada	179	0.2	1,551,266	0.2
New Hampshire	4,621	4.2	29,927,021	3.8
New Jersey	2,710	2.5	21,699,632	2.7
New Mexico	299	0.3	2,934,019	0.4
New York	7,011	6.4	54,148,966	6.8
North Carolina	1,598	1.5	13,252,804	1.7
North Dakota	44	0.0*	392,683	0.0*
Ohio	843	0.8	6,883,243	0.9
Oklahoma	133	0.1	975,178	0.1
Oregon	984	0.9	9,676,031	1.2
Pennsylvania	2,217	2.0	20,181,888	2.5
Rhode Island	952	0.9	7,078,092	0.9
South Carolina	550	0.5	4,877,523	0.6
South Dakota	56	0.1	542,018	0.1
Tennessee	496	0.5	4,447,519	0.6
Texas	1,347	1.2	12,194,610	1.5
Utah	339	0.3	3,436,027	0.4
Vermont	47,291	43.2	283,589,544	35.6
Virginia	1,965	1.8	17,356,838	2.2
Washington	1,139	1.0	10,221,601	1.3
West Virginia	139	0.1	1,037,378	0.1
Wisconsin	380	0.3	3,937,445	0.5
Wyoming	132	0.1	759,995	0.1
Other/Unknown	912	0.8	8,602,485	1.1
Total	109,503	100.0%	$797,405,909	100.0%

(1) Based on the billing addresses of the borrowers of the Financed Student Loans shown on the Servicers' records. Because nearly 1% (by outstanding balance) of the Financed Student 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.

*Greater than 0.00% but less than 0.05%.

Distribution of the Financed Student Loans by Servicer as of the Statistical Cut-off Date

Servicer	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
The Corporation	109,503	100.0%	$797,405,909	100.0%
Total	109,503	100.0%	$797,405,909	100.0%

Distribution of the Financed Student Loans by School Type as of the Statistical Cut-off Date

School Type	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
4-Year University/Grad	78,777	71.9%	$568,361,688	71.3%
2-Year University	13,639	12.5	47,865,021	6.0
Vocational	2,756	2.5	23,401,912	2.9
Proprietary	3,181	2.9	16,017,631	2.0
Foreign	774	0.7	9,324,075	1.2
Other/Unknown	10,376	9.5	132,435,581	16.6
Total	109,503	100.0%	$797,405,909	100.0%

Distribution of the Financed Student Loans by ACH Loan Reduction as of the Statistical Cut-off Date

Loan Reduction (ACH)[1]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
None[2]	92,221	84.2%	$679,876,002	85.3%
0.25% interest rate reduction (receiving)[3]	6,955	6.4	73,152,605	9.2
0.25% interest rate reduction (eligible)[4]	10,327	9.4	44,377,302	5.6
Total	109,503	100.0%	$797,405,909	100.0%

[1] This borrower benefit and the eligibility requirements therefor is described under the caption "THE CORPORATION—Origination and Acquisition of Loans—Borrower Benefits" herein.
[2] Not eligible for this borrower benefit.
[3] Receiving this borrower benefit as of the Statistical Cut-off Date.
[4] Eligible for but not receiving this borrower benefit as of the Statistical Cut-off Date.

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Distribution of the Financed Student Loans by Rebate/Interest Reduction as of the Statistical Cut-off Date

Rebate/Interest Reduction Description[1]	Number of Loans	Percent of Loans	Aggregate Outstanding Balance	Percent of Loans by Aggregate Outstanding Balance
None[2]	44,568	40.7%	$465,117,541	58.3%
1% interest rebate annually	57,146	52.2	221,898,419	27.8
1% interest rebate after 36 months (receiving)[3]	3,907	3.6	53,444,462	6.7
Other interest rebates [4]	3,882	3.5	56,945,487	7.1
Total	109,503	100.0%	$797,405,909	100.0%

[1] All of the borrower benefits in this table and the eligibility requirements therefor are described under the caption "THE CORPORATION—Origination and Acquisition of Loans—Borrower Benefits" herein.
[2] Not eligible or benefits that have already been paid or expired.
[3] Receiving this borrower benefit as of the Statistical Cut-off Date.
[4] Includes annual interest rebates ranging from 0.75% - 4.3% annually, some of which step-down after the first year in repayment. Some of the Financed Student Loans are eligible for but are not receiving these borrower benefits as of the Statistical Cut-off Date.

THE CORPORATION

General

The Corporation, a public nonprofit corporation, was created as an instrumentality of the State of Vermont in 1965 and exists under the State Act for the purpose of ensuring that Vermont students and parents have the necessary information and financial resources to pursue their education goals beyond high school. The Corporation has carried out its mandate by guaranteeing, making, acquiring, financing and servicing loans to borrowers qualifying under the State Act and, where applicable, the Higher Education Act and the Public Health Service Act. The Corporation also administers financial aid services, a program of grants and scholarships, a Section 529 savings plan (designated as the Vermont Higher Education Investment Plan) and work study, informational and career counseling services to students and adults seeking further education, and related services to parents of such students.

To finance the conduct of certain of its affairs, the Corporation receives appropriations from the Vermont General Assembly and is authorized to incur liabilities, to borrow money, and to issue and have outstanding its notes, bonds or other obligations having such maturities, bearing such rate or rates of interest and secured by such lawful means as may in each case be determined by the Corporation. Obligations issued to finance the Corporation's loan programs, including the Notes, are not effective until the actions of the Corporation's Board of Directors authorizing the issuance of such obligations are approved in writing by the Governor of the State of Vermont. The actions of the Corporation's Board of Directors authorizing the issuance of the Notes were approved by the Governor on October 31, 2012.

An eleven-member Board of Directors (the "Board") governs the Corporation. Board membership is comprised of the following persons: five appointed by the Governor, one State Senator, one State Representative, the State Treasurer and three members elected by the Board. The present Directors' names and principal occupations or affiliations are as follows:

DIRECTORS	PRINCIPAL OCCUPATIONS OR AFFILIATIONS
Dorothy R. Mitchell Chair	Higher Education and Community Volunteer Worcester, Vermont
Representative Martha P. Heath Vice-Chair	Vermont House of Representatives Westford, Vermont
David Larsen Secretary	Middle School Educator (Retired) Wilmington, Vermont

Michael K. Smith	President, Fair Point Communications of Vermont South Burlington, Vermont
Katherine B. Hutchinson	Director of Guidance, Bellows Free Academy St. Albans, Vermont
Senator Ann E. Cummings	Vermont State Senator Montpelier, Vermont
Elizabeth Pearce *Ex-officio*	Treasurer, State of Vermont Montpelier, Vermont
G. Dennis O'Brien	President Emeritus, University of Rochester Middlebury, Vermont
Pamela A. Chisholm	Associate Dean for Enrollment Services Community College of Vermont Montpelier, Vermont
Virginia Cole-Levesque	Educator (Retired), Bethel, Vermont
David Coates	Retired Managing Partner of the Burlington, Vermont KPMG office Colchester, Vermont

The Corporation's telephone number is 802-654-3770, and its address is 10 East Allen Street, P.O. Box 2000; Winooski, Vermont 05404. The Corporation's web site address is www.vsac.org; provided, however, web site information is not being incorporated herein by reference.

The following persons are the officers of the Corporation and its Board of Directors:

NAME	POSITION
Dorothy R. Mitchell	Chair
Martha P. Heath	Vice Chair
David Larsen	Secretary
Donald R. Vickers	President-CEO
Michael R. Stuart	Vice President and CFO and Assistant Secretary
Scott A. Giles	Vice President of Operations, Social Marketing & Strategy and Assistant Secretary
Thomas A. Little	Vice President, General Counsel and Assistant Secretary

Mrs. Dorothy R. Mitchell, Chair of the Board of Directors, has served as a Board member since 2001.

Ms. Martha P. Heath, Vice Chair of the Board of Directors, has served as a Board member since 1997.

Mr. David Larsen, Secretary of the Board of Directors, has served as a Board member since 2003.

Management

The following is a brief description of the senior management of the Corporation.

Mr. Donald R. Vickers, President - CEO of the Corporation, has served the Corporation since 1971. Mr. Vickers was appointed President and CEO of the Corporation in 1990. Mr. Vickers previously served as Director of Financial Aid and Placement at Johnson State College, Johnson, Vermont, where he obtained his B.A. Mr. Vickers is a member of a number of regional and national higher education organizations, including the Vermont Higher Education Council, the Vermont Commission on Higher Education Funding, the Education Finance Council (EFC) - Board member 2000¬2003, the National Council of Higher Education Loan Programs (NCHELP) - Chairman 2003 — 2004, and the National Student Loan Clearing House — Board member 2006 - present. From 1999 to 2002, Mr. Vickers served on the Advisory Committee on Student Financial Assistance, which makes

recommendations to Congress on federal student aid programs. Mr. Vickers has announced to the Board his intention to retire June 30, 2013; the Board is engaged in a national search for his replacement.

Mr. Michael R. Stuart, Vice President and CFO and Assistant Secretary of the Corporation, joined the Corporation in 1994. Mr. Stuart held positions in Default Collections and Loan Compliance before moving to Finance and Treasury in 1999. Mr. Stuart received a B.A. degree in History from St. Lawrence University in 1988, a Master of Science in Administration from St. Michael's College in 1999, and a Professional Certificate in Financial Accounting from Champlain College in 2006.

Mr. Scott A. Giles, Vice President of Operations, Social Marketing and Strategy and Assistant Secretary of the Corporation joined the Corporation in 2003. Mr. Giles previously served as Deputy Chief of Staff of the Committee on Science of the U.S. House of Representatives and as senior professional staff member on the U.S. Senate Committee on Health, Education, Labor and Pensions where he authored the student loan provisions of the Higher Education Act of 1998. He was appointed by the Secretary of Education to serve on the Federal Advisory Committee on Student Financial Assistance and was elected Chair. A national expert in higher education policy, regulation and servicing, he has been designated by Secretary Spellings and Secretary Duncan to represent the non-profit student lenders and servicers in the past three rounds of negotiated rulemaking. Mr. Giles has a B.A. from St. Lawrence University and an M.A. from the University of Virginia as well as certificates in finance and management from the Harvard Business School and the Kennedy School of Government.

Mr. Thomas A. Little, Vice President, General Counsel and Assistant Secretary of the Corporation, joined the Corporation in January 2003. Mr. Little served as the Corporation's outside legal counsel from 1983 to 2003 as a member of the law firm Little, Cicchetti & Conard, P.C., Burlington, Vermont. Mr. Little was a member of the Vermont House of Representatives from 1992 to 2002. He is past Chair of the Lawyer's Caucus of the National Council of Higher Education Loan Programs. As Vice President, Mr. Little oversees the Corporation's risk management, internal audit, compliance and development programs. Mr. Little received his B.A. from Bowdoin College in 1976, and his J.D. from Cornell University in 1979.

Origination and Acquisition of Loans

The Corporation originates education loans to increase the availability of funds to assist students in obtaining further education. Starting in the late 1990's, the Corporation's education loan acquisitions have occurred almost exclusively through loans originated directly by the Corporation with capital raised in the public credit markets. While the Corporation has not originated education loans on behalf of or purchased education loans from other financial institutions since the mid-1980's, the Corporation retains the authority and ability to enter into loan origination agreements or purchase agreements with financial institutions and, pursuant to such agreements, originate and purchase education loans, including Eligible Loans.

Borrower Benefits. Certain Financed Student Loans are eligible for the Corporation's Vermont Value Program. Under the Vermont Value Program, a program that was established by the Corporation on July 1, 1994, students or parents with qualified loans held by the Corporation are eligible for borrower benefits in the form of certain reductions in interest rate or interest rate rebates on any such loan. The Vermont Value Program is subject to the availability of funds and modification (reduction) by the Corporation in its discretion. The Vermont Value Program may be modified, discontinued, or terminated by the Corporation in its discretion at any time. The Program reduces the borrower's repayment cost by providing for rebates of interest, reductions in interest rates, or fees paid on the borrower's behalf as outlined below. See the last two tables under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOANS" herein.

Rebate of Interest. The rebate amounts described below are available for applicable FFELP loans that do not have a payment that was more than 180 days delinquent the day the rebates were processed. Any such rebate amount reduces the principal amount of such loan, is usually determined the second weekend of June in each year, and is determined on a year by year basis; thus a loan is not disqualified from a future benefit even if it failed to qualify in any prior year (unless such loan becomes a defaulted loan).

(a) A rebate of interest equivalent to one percent of the principal balance of the loan annually for qualified FFELP loans (except for consolidation loans funded on or after July 1, 2001 and Stafford loans applications received after May 15, 2006); or

(b) For Stafford loan applications received May 16, 2006 through June 30, 2008, a rebate of interest equivalent to one percent (1.0%) of the principal balance of the loan annually while in repayment; or

(c) For PLUS loans issued to graduate students June 30, 2006 through June 30, 2008, a rebate of interest equivalent to four and three tenths of one percent (4.3%) of the principal balance of the loan its first year in repayment and one and three tenths percent (1.3%) of the principal balance of the loan annually all other years in repayment; or

(d) For students attending a Corporation approved medical or law school whose application is received before May 15, 2006, a rebate of interest equivalent to one and one-half percent (1.5%) of the principal balance of the loan annually for qualified FFELP loans; or

(e) For students attending a Corporation approved medical or law schools AND the application is received May 16, 2006 through June 30, 2008, a rebate of interest equivalent to one and three tenths percent (1.3%) of the principal balance of the loan annually in repayment for qualified FFELP loans; or

(f) For students who attended a Corporation-approved medical or law school, on their FFELP consolidation loans application is received before June 30, 2008, a rebate of interest equivalent to three-quarters of one percent (.75%) of the principal balance of the loan annually.

Interest Rate Reductions.

(a) For FFELP consolidation loan applications received July 1, 2005 through June 30, 2008, a one percent interest rate reduction after 36 consecutive on-time payments are made.

(b) For borrowers who elected to make payments with an automatic electronic deduction (ACH), a one-quarter percent (.25%) reduction in their loan interest rate. This reduction was available to all FFELP loans who made such election before March 2007, and for Stafford and PLUS loans first disbursed after July 1, 2008.

Servicing of Education Loans

The Corporation provides the personnel necessary to perform all origination and servicing of education loans (including all FFELP loans, HEAL loans and the loans originated under the Corporation's credit-based, fixed rate private education loan program ("Program loans")). The Financed Student Loans will not include any Program loans. The Corporation uses third-party collection agencies to assist it in the collection of certain education loans. In November 1996, the Corporation entered into a license agreement with Idaho Financial Associates, Inc., of Boise, Idaho ("IFA"), for the licensing and use of certain education loan servicing software systems. IFA is a wholly-owned subsidiary of Nelnet, Inc. The Corporation converted its loan servicing operations to the IFA system on July 1, 1997. The Corporation has entered into a separate servicing software maintenance agreement with IFA for the IFA software systems. The Corporation currently originates education loans with software licensed from Nelnet, Inc.

The Corporation reserves the right to outsource certain loan servicing functions in the future to achieve efficiencies and improvements in its loan servicing activities.

FFELP Default Claims Filed and Net Reject Rates

The net reject rate with respect to FFELP loans is the amount of claims submitted for payment that are rejected by the guaranty agency and are subsequently unable to be cured. The net reject rate of FFELP loans owned and serviced by the Corporation for the last five fiscal years of the Corporation is as follows:

Fiscal Year (ending June 30)	Number of Claims Filed	Number of Claims Rejected	Number of Cured Loans	Net Rejects	Net Rejects ($)	Net Rejects (Percentage)[1]
2012	4,416	0	0	0	$ 0	0.000%
2011	3,814	2	2	0	0	0.000
2010	3,891	15	7	8	63,854	0.021
2009	4,059	15	4	11	91,791	0.027
2008	3,159	18	2	16	114,688	0.051
2007	3,026	10	4	6	38,188	0.020

[1] Net rejects (claims rejected less the number of cured loans) divided by the total number of claims filed.

Role in Federal Programs

Upon original enactment of the State Act, the Corporation was authorized to establish a student loan insurance program that would guarantee loans for qualified borrowers and would meet the federal and state statutory requirements for state loan insurance programs. In 1965, the Corporation established its guarantee program under the Guaranteed Student Loan Program (now referred to as the "Federal Family Education Loan Program" or "FFEL Program") to help students borrow money for their education beyond the high school level.

The role of the Corporation as a Guaranty Agency under the FFEL Program is described herein under the caption "GUARANTY AGENCIES—Information Concerning the Guaranty Agencies; the Corporation as Guaranty Agency" herein.

Provisions of the Reconciliation Act provide that (1) eligible nonprofit organizations may apply to the Department of Education for authority to service Direct Loans originated after July 1, 2012 by the Department under the Direct Loan Program, and (2) eligible nonprofit organizations with the ability to service such Direct Loans are to be given a minimum of 100,000 Direct Loan accounts to service. As an eligible nonprofit, the Corporation has determined to seek such authority, in order to participate in the Direct Loan Program as a servicer of Direct Loans and to earn and receive the revenues associated with such servicing. The Corporation has entered into a Memorandum of Understanding for Direct Loan Servicing with the Department to pursue an Authorization to Operate. The Corporation was awarded an Authorization to Operate on October 5, 2012 and expects to receive a servicing contract prior to November 1, 2012 to become a qualified nonprofit servicer to service Direct Student Loans, which servicing is expected to commence as early as the first week in November 2012. There can be no assurance that the Corporation will obtain a contract to service such Direct Loans or, if such contract is obtained, what impact the associated revenues will have on the Corporation's financial condition. Likewise, the financial impact on the Corporation of failure to obtain such contract is not possible to ascertain at this time.

Outstanding Debt of the Corporation

The Corporation has previously issued revenue indebtedness in the form of bonds and notes in order to finance its existing student loan programs, and also has issued its general obligation bonds to finance its headquarters and principal office.

The revenue debt of the Corporation presently outstanding, proceeds of which have been issued to finance education loans, has been issued under and is secured by four separate trust instruments. All such indebtedness constitutes special, limited obligations of the Corporation payable solely from revenues derived from the student loans financed under such instruments and other assets specifically pledged therefor, do not constitute a general obligation of the Corporation and are not subject to the lien of the Indenture under which the Notes will be issued. The total amount of such indebtedness outstanding as of August 31, 2012 was approximately $1.8 billion, of which $1.18 billion are expected to be purchased and cancelled or redeemed with certain of the proceeds from the sale of the Notes. The Notes are not payable from any of the loans or other assets that are pledged under such separate trust

documents and the Student Loans and other assets pledged under the Indenture to secure the Notes are not available to pay any such separately secured indebtedness. There are no prior payment defaults on any debt securities issued by the Corporation.

In 2003, the Corporation issued its General Obligation Bonds, Series 2003 to finance the building which serves as its headquarters and principal office. Such Series 2003 Bonds are currently outstanding in the principal amount as of August 31, 2012 of $17,120,000. The Series 2003 Bonds are payable from any moneys of the Corporation held in any unencumbered or unrestricted fund or any other funds otherwise legally available for the payment thereof, but not from any other funds of the Corporation, including without limitation any part of the Trust Estate under the Indenture, nor by a lien on the building financed.

Ongoing IRS Audit

The Corporation has received a binding commitment from the Internal Revenue Service to settle on terms acceptable to the Corporation an audit by the IRS with respect to the Corporation's Education Loan Revenue Bonds, Senior Series 1998K through 1998N and Subordinate Series 1998O and other additional bonds issued by the Corporation under the same resolution. See "RISK FACTORS—Litigation and Other Matters Potentially Affecting the Corporation" and "LITIGATION—IRS Audit of Certain Separately Secured Bonds of the Corporation" herein.

Permissible Activities; Limitations

The Corporation was not formed as a "special purpose" entity and is legally authorized to and does operate as an active student loan lender and servicer and in related activities. The Corporation does not generally have any significant restrictions on its activities to serve as a student loan lender and servicer under the Authorizing Act, including with respect to issuing or investing in additional securities, borrowing money or making loans to other persons. 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.

Administration

The Corporation as Administrator under the Indenture is required to take all actions and do all things reasonably necessary to administer the Trust Estate and the duties of the Corporation and Administrator thereunder. The Corporation may also enter into an Administration Agreement with any sub-administrator it shall retain. The Corporation is responsible as Administrator under the Indenture for, among other things causing the preparation of all reports, filings, instruments, certificates and opinions required by the Basic Documents, performing all duties with respect to the administration and collection of the Financed Student Loans and enforcement of the Servicing Agreements and monitoring the performance of the duties and obligations of the Servicers and the Trustee under the Servicing Agreements and the Indenture, respectively. If an Administrator Default (as defined in "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto) has occurred and is continuing with respect to the Corporation as the Administrator (after giving effect to any applicable cure period specified in the definition thereof), the Corporation shall, within 60 days after the occurrence of such Administrator Default and the running of the applicable cure period appoint a successor Administrator who shall enter into an Administration Agreement to perform the duties enumerated above, and shall provide all notices to the Rating Agencies that are required to be delivered pursuant to the terms of the Indenture (and if such action is not taken by the Corporation within such time period, at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of the Highest Priority Obligations, the Trustee shall take all such actions). Under the Indenture, the Administrator will be paid an Administration Fee. The Administration Fee is equal to (i) for each Distribution Date, a monthly fee equal to $1/12^{th}$ of 0.10% of the Pool Balance as of the last day of the related Collection Period, (ii) for December 28, 2012, a fee equal to 0.10% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360), and (iii) no more than $16,000 annually for certain Rating Agency surveillance fees.

STUDENT LOAN SERVICING

General

Substantially all of the Financed Student Loans are expected to be serviced by the Corporation. The Corporation will act as Servicer pursuant to the servicing provisions contained in the Indenture. The Corporation reserves 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 Indenture contains provisions relating to the servicing of the Financed Student Loans, including provisions regarding recordkeeping, reporting, collection of loans and processing loan payments, making insurance or guarantee claims and maintaining promissory notes and related loan documentation. In addition, the Corporation under the Indenture has agreed to comply with the procedures manual or guidelines established by a Guaranty Agency. The Corporation or the Trustee may require a Servicer to change their procedures under the Indenture 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 or, as applicable, similar changes with respect to the Public Health Service Act and any procedures, rules or regulations promulgated by the Secretary of Health and Human Services.

The Corporation has entered into a Back-up Servicing Agreement with Nelnet Servicing, LLC. See the caption "—Description of the Back-up Servicing Agreement" below. The Back-up Servicing Agreement govern the appointment and acceptance of Nelnet Servicing, LLC as successor servicer with respect to the Financed Student Loans after the occurrence of certain Conversion Events (as hereafter defined) specified therein and the removal of the Corporation 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 Public Health Service Act, the Department, the Secretary of Health and Human Services, 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 FFELP loans and that a Guaranty Agency exercise due diligence in collecting FFELP 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.

If at any time the Corporation fails to perform its obligations as a Servicer under the Indenture or under the Higher Education Act or the Public Health Service Act, or if any other Servicer fails in any material respect to perform its obligations under its Servicing Agreement, the Higher Education Act or under the Public Health Service Act, including without limitation the failure of the Corporation or Servicer to comply with the due diligence requirements of the Higher Education Act or the Public Health Service Act, or if any servicing audit shows any material deficiency in the servicing of Financed Student Loans by the Corporation or any other Servicer, pursuant to the Indenture, the Corporation will, or will cause the Servicer to cure the failure to perform or the material deficiency or remove such Servicer and appoint another Servicer. Any such failure is a Conversion Event under the Back-up Servicing Agreement. See the caption "—Description of the Back-up Servicing Agreement" herein.

The Corporation as Servicer

For a description of the Servicer, see the caption "THE CORPORATION" herein.

Nelnet Servicing, LLC, Back-up Servicer

Nelnet Servicing, LLC is a wholly-owned subsidiary of Nelnet, Inc. Nelnet, Inc. began its education loan servicing operations on January 1, 1978, and Nelnet, Inc. and its subsidiary servicers provides student loan servicing that includes application processing, underwriting, fund disbursement, customer service, account maintenance,

federal reporting and billing collections, payment processing, default aversion, claim filing and recovery/collection services. These activities are performed internally for Nelnet, Inc.'s and its affiliates' portfolios and for third-party clients. Nelnet, Inc. and its subsidiary servicers have offices located in, among other cities, Aurora, Colorado, and Lincoln, Nebraska, and as of December 31, 2011 employed approximately 2400 employees. As of June 30, 2012, Nelnet, Inc. and its subsidiary servicers serviced approximately $85.5 billion in FFELP and private student loans.

Nelnet Inc.'s and its subsidiary servicers' due diligence schedules are conducted through automated letter generation. Telephone calls are made by an auto-dialer system. All functions are monitored by an internal quality control system to ensure their performance. Compliance training is provided on both centralized and unit level basis. In addition, Nelnet Inc. and its subsidiary servicers have distinct compliance and internal auditing departments whose functions are to advise and coordinate compliance issues.

Description of the Back-up Servicing Agreement

General. Each of the parties to the Back-up Servicing Agreement will undertake the necessary actions to enable a Portfolio Conversion (as hereafter defined) from Servicer's loan servicing system to the servicing system of the Back-up Servicer upon the occurrence of a Conversion Event. A "Conversion Event" is defined under the Back-up Servicing Agreement to include any one of the following events:

(a) the Servicer defaults in the performance of any of its duties under the Indenture in connection with its servicing of the Financed Student Loans and, after written notice of such default, shall not cure such default within 90 days (or, if such default cannot be cured in such time, shall not give within 90 days such assurance of cure as shall be reasonably satisfactory to the Trustee);

(b) to the extent permitted by applicable law, a court having jurisdiction in the premises shall enter a decree or order for relief, and such decree or order shall not have been vacated within 90 days, in respect of the Servicer in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Servicer or any substantial part of its property or order the winding-up or liquidation of its affairs;

(c) to the extent permitted by applicable law, the Servicer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Servicer or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due;

(d) the Servicer determines that it will no longer service any Financed Eligible Loans and provides 90 days' written notice to the Back-up Servicer and the Trustee of such determination; or

(e) the Corporation, as Servicer, has breached any representations or warranties made in the Indenture with respect to the Financed Student Loans, the result of which would have a material adverse effect on the Trust Estate.

During the term of the Back-up Servicing Agreement, the Back-up Servicer will be the exclusive back-up servicer to Servicer with respect to the Financed Student Loans and agrees to stand ready to service the Financed Student Loans currently being serviced by Servicer following a Portfolio Conversion (and the agreement to stand ready to service such Financed Student Loans is the Back-up Servicer's sole obligation prior to a Portfolio Conversion). "Portfolio Conversion" means the conversion of all Financed Student Loans being serviced by the Servicer to the Back-up Servicer's servicing system upon written notice from the Servicer, the Corporation or the Trustee and following the occurrence of a Conversion Event.

Term and Termination. The Back-up Servicing Agreement has an initial term of three (3) years from its effective date, unless sooner terminated pursuant to the terms thereof. Thereafter, the Back-up Servicing Agreement will be extended for successive one (1) year periods, unless, prior to any Portfolio Conversion having occurred, any party thereto notifies the other parties by written notice of its intent to terminate the Back-up Servicing Agreement,

such notice to be delivered to the other parties at least ninety (90) days prior to the end of the then-current term. Notwithstanding the foregoing, however, in the event of one or more Portfolio Conversions, the term of the Back-up Servicing Agreement will continue without any further act of the parties, until the payment in full of all the Financed Student Loans.

The Back-up Servicing Agreement may be terminated at the option of the Corporation without charge, upon (i) the Back-up Servicer's failure to perform or observe any of the material provisions or covenants of the Back-up Servicing Agreement which materially and adversely affects Servicer's ability to perform its obligations under the Back-up Servicing Agreement (subject to cure rights); (ii) the Back-up Servicer (A) discontinuing its business, or (B) generally not paying its debts as such debts become due, or (C) making a general assignment for the benefit of creditors, or (D) admitting by answer, default or otherwise the material allegations of petitions filed against it in any bankruptcy, reorganization, insolvency or other proceedings (whether federal or state) relating to relief of debtors, or (E) suffering or permitting to continue unstayed and in effect for thirty (30) consecutive days, any judgment, decree or order, entered by a court of competent jurisdiction, which approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator for itself or all or a substantial part of its assets, or take or omit any action in order thereby to affect any of the foregoing; (iii) the occurrence of an event or a change in circumstances that would have a material adverse effect on the ability of Back-up Servicer to perform its obligations under the Back-up Servicing Agreement (subject to cure rights); (iv) the Back-up Servicer failing to remain eligible to service Higher Education Act Loans under the Higher Education Act, the Regulations, any applicable state and federal law and the terms and conditions of the Back-up Servicing Agreement; or (v) providing the notice described in the first paragraph of this caption. Upon a termination of the Back-up Servicing Agreement as a result of any of the foregoing, the Corporation has the right, in its discretion, to direct the Back-up Servicer to convert the Financed Student Loans to another back-up servicer's system in a commercially reasonable manner. The cost of this conversion shall be borne by the Corporation, provided, the Back-up Servicer shall absorb its internal costs associated with the removal of the Financed Student Loans from its servicing system. If the Back-up Servicing Agreement is terminated by Corporation for any reason not identified above, then in addition to all servicing fees then due, all remaining annual maintenance fees for the term of the Back-up Servicing Agreement shall be immediately due and payable to Back-up Servicer.

The Back-up Servicing Agreement may be terminated at the option of Back-up Servicer upon (i) the Servicer's failure to perform or observe any of the material provisions or covenants of the Back-up Servicing Agreement which materially and adversely affects Back-up Servicer's ability to perform its obligations under the Back-up Servicing Agreement (subject to cure rights); (ii) the Back-up Servicer determining that it is no longer able to perform its obligations as a back-up third party servicer, upon one hundred eighty (180) days written notice to the Corporation, the Servicer and the Trustee; (iii) the Servicer discontinues utilizing the SLSS or another reasonably compatible system, a list of which will be provided by the Back-up Servicer to the Servicer upon request; (iv) providing the notice described in the first paragraph of this caption; or (v) upon nonpayment of fees to the Back-up Servicer (subject to cure rights). Upon a termination of the Back-up Servicing Agreement by the Back-up Servicer, the Corporation has the right, in its discretion, to direct the Back-up Servicer to convert the Financed Student Loans to another back-up servicer's system in a commercially reasonable manner. The cost of this conversion shall be borne by the Corporation.

Fees. The Back-up Servicer's fees for acting as back-up servicer is a fixed annual fee and, after a Portfolio Conversion, its fees for acting as servicer are set for in a fee schedule to the Back-up Servicing Agreement, which are based upon the number of accounts and the delinquency status of the each account. The servicing fees and other fees set forth in the Back-up Servicing Agreement may not be modified during the initial term, unless a Portfolio Conversion shall have occurred, in which case, at any time after the first twelve (12) months following the Portfolio Conversion (or at any time after the initial term), and on not less than thirty (30) days' advance written notice to Corporation and Servicer, the Back-up Servicer may increase the fees, provided, no such increase shall result in a percentage increase for any twelve month period that will exceed the greater of either (i) the percentage increase in the U. S. Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average (1982-84=100) (the "CPI") for the most recent twelve (12)-month period available at the time of each annual adjustment, or (ii) three percent (3%) per annum. In addition, the Back-up Servicer may increase fees in the amount of any increase in rates charged by the United States Postal Service to Back-up Servicer.

Further, if the Back-up Servicer is required to make material changes to its services or its servicing system due to changes to Applicable Requirements (as defined in the Back-up Servicing Agreement), or other changes or increased costs beyond Back-up Servicer's reasonable control, including changes in the business environment, Back-up Servicer may renegotiate the fees with the Corporation and the Servicer to reasonably reflect those increased costs.

Conversion. The Servicer agrees that it will maintain all relevant computer and information systems to be reasonably consistent and compatible with Back-up Servicer's electronic conversion processes or exchange file formats in anticipation of a Portfolio Conversion. Within one-hundred fifty (150) days of the Back-up Servicer's receipt of notice of a Conversion Event and in accordance with the schedule provided by Back-up Servicer, Servicer is required to transmit the necessary electronic files, copies and/or records (or such other format acceptable to Back-up Servicer) to the Back-up Servicer to enable the Back-up Servicer to convert each Financed Student Loan currently serviced by Servicer to the Back-up Servicer's system for Servicing. The Servicer shall be responsible for the continued servicing of the Financed Student Loans until such Portfolio Conversion is completed. Prior to such Portfolio Conversion, the Servicer is responsible for the payment of the Federal default fee required to be collected by the Guaranty Agency and deposited into the Federal Student Loan Reserve Fund for said Guaranty Agency pursuant to the Higher Education Act, and the Back-up Servicer has no liability if a Financed Student Loan loses its guaranty due to the nonpayment of this Federal default fee.

Indemnification. The Back-up Servicer shall have no liability whatsoever for, and the Servicer agrees to hold Back-up Servicer harmless from and against, any and all errors with respect to the origination, disbursement or servicing of Financed Student Loans at all times prior to a Portfolio Conversion of such Financed Student Loans pursuant to the Back-up Servicing Agreement.

If the Back-up Servicer takes or fails to take any action in connection with servicing (whether or not such action or inaction amounts to negligence) which causes any Financed Student Loan to be denied the benefit of any applicable Interest Subsidy Payment, Special Allowance Payment or Guaranty, the Back-up Servicer shall have a reasonable time to cause such benefits to be reinstated. If such benefits are not reinstated within twelve (12) months of denial by the Guaranty Agency or the Secretary, the Back-up Servicer will purchase or arrange for the purchase of the applicable Financed Student Loan(s) at an amount equal to the amount the Guaranty Agency would otherwise have paid but for Back-up Servicer's error or omission.

The foregoing is the Corporation's sole remedy for servicing errors by Back-up Servicer, and notwithstanding the foregoing remedy, in no event shall Back-up Servicer liability of any kind under the Back-up Servicing Agreement exceed the servicing fees paid to Back-up Servicer thereunder during the twelve (12) months immediately preceding the event giving rise to such liability. In no event will the Back-up Servicer be liable under any theory of tort, contract, strict liability or other legal or equitable theory for any lost profits or exemplary, punitive, special, incidental, indirect or consequential. Any action for the breach of any provisions of the Back-up Servicing Agreement are required to be commenced within one (1) year after the Financed Student Loan leaves the Backup Servicer's servicing system.

In the Indenture, the Corporation covenants that the Financed Student Loans not serviced by one of the Department's Title IV Additional Servicers (currently those Financed Student Loans serviced by the Corporation) will always be covered by a Back-up Servicing Agreement with a servicer that is one of the Department's Title IV Additional Servicers. Pursuant to the Indenture, the definition of Conversion Event included in the Back-up Servicing Agreement as of the Issue Date is not permitted to be amended unless the requirements of a Rating Notification (as defined in "EXHIBIT B—GLOSSARY OF CERTAIN DEFINED TERMS" hereto) have been satisfied.

GUARANTY AGENCIES

General

Substantially 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. A small percentage of the Financed Student Loans held under the Indenture will be HEAL loans that are insured by the Secretary of Health and Human Services. HEAL loans are generally insured up to 98% of the lender's losses on both unpaid principal and interest except to the extent a borrower may have a defense on the loans. The following discussion of Guaranty Agencies is inapplicable to HEAL loans.

If a Student Loan is guaranteed by a Guaranty Agency in accordance with the provisions of the Higher Education Act, the eligible lender is reimbursed by the Guaranty Agency for 98% for Student Loans first disbursed on or after November 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 defaulted Student Loan so long as the eligible lender has properly originated and serviced such Student Loan for (i) Student Loans first disbursed before November 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 Department or for other reasons, and to the extent the Department 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 Department, 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 other 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 A—SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" hereto.

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 November 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 Guaranty 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 Corporation may have recourse under the applicable Servicing Agreement or may be required to repurchase such loan under the Indenture as described under the caption "FINANCED STUDENT LOANS—Rights and Remedies Relating to Acquisition or Purchase; Limitations" herein.

Information Concerning the Guaranty Agencies; the Corporation as Guaranty Agency

The Corporation serves as the Guaranty Agency for substantially all of the Financed Student Loans that are FFELP loans and that are expected to be included in the Trust Estate as of the Statistical Cut-off Date. There are no other entities that are expected to initially serve as Guaranty Agencies for the Financed Student Loans expected to be included in the Trust Estate.

General. Upon original enactment of the State Act, the Corporation was authorized to establish a student loan insurance program that would guarantee loans for qualified borrowers and would meet the federal and state statutory requirements for state loan insurance programs. In 1965, the Corporation established its guarantee program under the Guaranteed Student Loan Program (now referred to as the Federal Family Education Loan Program or the FFEL Program) to help students borrow money for their education beyond the high school level.

In order to effectively administer these programs, the Corporation's duties as Guaranty Agency include processing loans submitted for guarantee, issuing loan guarantees, providing collections assistance to lenders for delinquent loans, paying lender claims for loans in default, collecting loans on which default claims have been paid and making appropriate reports to the Secretary. The Corporation is also responsible for initiating policy, conducting activities to keep lenders informed with respect to Stafford Loans and PLUS/SLS Programs, encouraging lender participation and performing lender/school compliance activities.

In accordance with the provisions of Section 2864 of Title 16 of the Vermont Statutes Annotated and with the terms of its agreements with lenders (including with itself in its capacity as an originator of Eligible Loans) for the guarantee of loans, the Corporation has established a fund (the "Guarantee Reserve Fund") for the purpose of providing for the payment of any defaulted notes under the FFEL Program. The Guarantee Reserve Fund also serves as the Corporation's Federal Loan Reserve Fund under the Act. The Corporation is obligated to make payments with respect to such guaranteed loans solely from the revenues or other funds of the Guarantee Reserve Fund, and neither the State nor any political subdivision thereof is obligated to make such payments. Neither the faith and credit nor the taxing power of the State of Vermont or of any of its political subdivisions is pledged to any such payments required to be made. The State Act requires the Corporation to establish and maintain the Guarantee Reserve Fund at a level using historical loan delinquency and default rates and other relevant information. As of August 31, 2012, the Guarantee Reserve Fund was funded based on the requirements of the State Act, and as of such date the Corporation's Federal Loan Reserve Fund complied with the requirements of the Higher Education Act.

The Corporation, in its capacity as Guaranty Agency, currently receives funding from several sources, including reimbursement from the Secretary in the form of default aversion assistance pursuant to Section 428(l)(2) of the Higher Education Act, federal advances and other federal payments, including account maintenance fees authorized pursuant to Section 458(b) of the Higher Education Act. The Higher Education Act, as amended,

requires that any guaranty agency, including the Corporation, in its capacity as a Guaranty Agency, return certain advances and not accumulate cash reserves in excess of an amount determined by the Secretary.

Guaranty Volume. The following table sets forth the approximate aggregate principal amount of FFELP loans (including PLUS Loans but excluding Consolidation Loans) that have first become guaranteed by the Corporation as Guaranty Agency in the five federal fiscal years indicated:

Fiscal Year	FFELP Loan Volume (Dollars in millions)
2011	$ 0.00
2010	$ 0.00
2009	$42.5
2008	$ 322
2007	$ 310

Reserve Ratio. The Corporation's reserve ratio is determined by dividing (a) cash and investments held in or credited to the Guarantee Reserve Fund by (b) the total original principal amount of all loans guaranteed by the Corporation that have a balance outstanding. The table below sets forth the Corporation's reserve ratios as of the end of the five federal fiscal years indicated:

Fiscal Year	Reserve Ratio
2011	.811%
2010	.802%
2009	.647%
2008	.642%
2007	.620%

Default Trigger Claims Rates. For the most recent five federal fiscal years, the default trigger claims rates for the Corporation listed below did not exceed 5%, and as a result, all claims of the Corporation have been fully reimbursed at the maximum allowable level by the Department of Education. The following table sets forth the Corporation's claims rates for the federal fiscal years indicated:

Fiscal Year	Default Trigger Claims Rate
2011	.98%
2010	1.05%
2009	1.46%
2008	.89%
2007	.81%

Recovery Rates. The State Guaranty Agency'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 by dividing the amount recovered from borrowers during a federal fiscal year by the guarantee agency's outstanding default loan portfolio at the end of the prior federal fiscal year. The table below sets forth the State Guaranty Agency's recovery rates for the five federal fiscal years indicated:

Fiscal Year	Recovery Rate
2011	25.95%*
2010	30.46%
2009	27.57%
2008	30.29%
2007	22.99%

*Through August 2012

Loan by School Type. The following table sets forth, by school type, the percentage of loans (based upon actual loan balances) guaranteed by the Corporation as of August 31, 2012.

School Type	Outstanding Principal	Percentage of Guaranteed Loans Outstanding (as of August 31, 2012)
Four-Year	$ 933,917,268.84	72.63%
Two-Year	87, 555,761.15	6.81%
Proprietary	80,138,199.24	6.23%
Other[(1)]	184,211,531.69	14.33%
Total	$1,285,822,760.92	

[(1)]This category includes primarily Consolidation Loans. A breakdown of school types within this category is not available to the Corporation.

THE TRUSTEE

The Bank of New York Mellon Trust Company, National Association ("BNYMTC") will be appointed as Trustee, Registrar and Paying Agent for the Notes. BNYMTC is a national banking association organized under the laws of the United States. It maintains a trust address at 10161 Centurion Parkway, Jacksonville, Florida 32256. BNYMTC is one of the largest corporate trust providers of trust services in transactions secured by student loans. BNYMTC has provided the information in this paragraph. Other than this paragraph, BNYMTC has not participated in the preparation of, and is not responsible for, any other information contained in this Offering Memorandum.

REPORTS TO NOTEHOLDERS

Not later than four Business Days prior to the Interest Rate Determination Date preceding each Distribution Date, the Corporation will prepare and deliver to the Trustee a 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 Corporation, the Trustee will prepare a certificate 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 Corporation, with no further duty to know, determine or examine such reports. Once completed, and in any case, on the Interest Rate Determination Date, the Trustee will provide the Distribution Date Information Form to the Corporation. Upon receiving the completed Distribution Date Information Form from the Trustee, the Corporation will post and provide electronic access to the form on the Corporation's website at www.vsac.org. The website is not incorporated into and shall not be deemed to be a part of this Offering Memorandum. Any Noteholder requesting a copy of the Distribution Date Information Form from the Trustee will be directed to the electronic form posted on the Corporation's website 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 Corporation has authorized the execution, delivery and distribution of this Offering Memorandum in connection with the offering and sale of the Notes.

The Distribution Date Information Form prepared by the Trustee and posted by the Corporation on its website will include the following information:

- the amount of the distribution allocable to interest on each Class of the Notes with respect to such Distribution Date;

- the amount of the distribution allocable to principal of each Class of the Notes with respect to such Distribution Date;

- the amount of Available Funds from the related 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 related Collection Period;

- the Class A Parity Ratio and the Class B Parity Ratio with respect to such Distribution Date;

- the amount of the Servicing Fees paid to the Corporation with respect to such Distribution Date and the amount of any unpaid Servicing Fees from prior Distribution Dates (including the amounts paid by the Corporation out of the Servicing Fees to any third-party Servicer including the Back-up Servicer);

- 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 Distribution Dates;

- the amount of the Trustee Fee to be paid to the Trustee with respect to such Distribution Date and the amount of any unpaid Trustee Fee from prior Distribution Dates;

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

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

- the Class B Interest Cap for such Distribution Date and the calculation thereof; and

- the Class B Carry-Over Amount.

In the event the Corporation no longer maintains, or is no longer able to maintain, its website for this purpose, the Trustee will post and provide electronic access to the Distribution Date Information Form on a website, currently https://gctinvestorreporting.bnymellon.com/Home.jsp. The website is not incorporated into and shall not be deemed to be part of this Offering Memorandum.

In addition, promptly after each Distribution Date, the Corporation shall or shall cause the Servicer to furnish to the Trustee and each Rating Agency then maintaining a Rating on any Outstanding Notes, a report containing substantially the same information as set forth in an exhibit to the Indenture.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material federal income tax consequences of the purchase, ownership and disposition of Notes for the investors described below and is based on the advice of Kutak Rock, LLP, as tax counsel to the Corporation. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of whom may be subject to special rules. In addition, this summary is generally limited to investors who will hold the Notes as "capital assets" (generally, property held for investment) within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"). **Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Notes.** Prospective investors should Note that no rulings have been or will be sought from the Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

Characterization of the Trust

Based upon certain assumptions and certain representations of the Corporation, Kutak Rock LLP will render its opinion, with respect to the Notes to the effect that the Class A Notes will be treated as debt of the Corporation, rather than as an interest in the Financed Student Loans, and that the trust created under the Indenture (for purposes of this section of the Offering Memorandum, the "Trust") will not be characterized for federal income tax purposes as creating an association or publicly traded partnership taxable as a corporation. The Class B Notes will be initially retained by the Corporation, and therefore Kutak Rock LLP's opinion will solely address the Class A Notes. Before the Class B Notes retained by the Corporation may be sold to a non-affiliate of the Corporation, the Indenture requires that the Corporation obtain an opinion that the Class B Notes will be treated as the Corporation's indebtedness for federal income tax purposes. Unlike a ruling from the Service, such opinion is not binding on the courts or the Service. Therefore, it is possible that the Service could assert that, for purposes of the Code, the transaction contemplated by this Offering Memorandum constitutes a sale of the Financed Student Loans (or an interest therein) to the owners of the Notes (solely for purposes of this section of the Offering Memorandum, the "registered owners") or that the relationship which will result from this transaction is that of a partnership, or an association taxable as a corporation.

If, instead of treating the transaction as creating secured debt of the Corporation, the transaction were treated as creating a partnership among the registered owners and the Corporation, the resulting partnership would not be subject to federal income tax. Rather, the Corporation and each registered owner would be taxed individually on their respective distributive shares of the partnership's income, gain, loss, deductions and credits generated by the trust estate created under the Indenture. In such case, the amount and timing of items of income and deduction of the registered owner would differ from the anticipated treatment of the Notes as debt instruments.

If, alternatively, it were determined that the Trust is an entity classified as a corporation or a publicly traded partnership taxable as a corporation and treated as having purchased the Financed Student Loans, the Trust would be subject to federal income tax at corporate income tax rates on the income it derives from the Financed Student Loans, which would reduce the amounts available for payment to the registered owners. Cash payments to the registered owners generally would be treated as dividends for tax purposes to the extent of such corporation's accumulated and current earnings and profits.

Characterization of the Notes as Indebtedness

The Corporation and the registered owners will express in the Indenture their intent that, for federal income tax purposes, the Class A Notes, and the Class B Notes if they are held by a party other than the Corporation or any of its affiliates, will be indebtedness of the Corporation secured by the Financed Student Loans. The Corporation and the registered owners, by accepting the Notes, have agreed to treat the Class A Notes as indebtedness of the Corporation for federal income tax purposes. The Corporation intends to treat this transaction as a financing reflecting the Class A Notes as its indebtedness for tax and financial accounting purposes. Before the Class B Notes retained by the Corporation may be sold to a non-affiliate of the Corporation, the Indenture requires that the Corporation obtain an opinion that the Class B Notes will be treated as the Corporation's indebtedness for federal income tax purposes. The discussion below, insofar as it concerns the Class B Notes, applies only if the Class B Notes have been transferred to an unaffiliated third party and only if counsel has opined that such notes are debt for federal income tax purposes.

In general, the characterization of a transaction as a sale of property or 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 for state law or other purposes. While the 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 Corporation believes, based on the advice of counsel, that it has retained the preponderance of the primary benefits and burdens associated with ownership of the Financed Student Loans and should, thus, be treated as the owner of the Financed Student Loans for federal income tax purposes. If, however, the Service were successfully to assert that this transaction should be treated as a sale of the Financed Student Loans, the Service could further assert that the entity created pursuant to the Indenture, as the owner of the Financed Student Loans for federal income tax purposes, should be deemed engaged in a business and, therefore, characterized as a publicly traded partnership taxable as a corporation.

Original Issue Discount; Taxation of Interest Income of Registered Owners

Payments of interest with regard to the Notes will be includible as ordinary income when received or accrued by the registered owners in accordance with their respective methods of tax accounting and applicable provisions of the Code. If the Notes are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount (described below) using a constant yield method of accounting. Variable rate demand instruments under the Code, such as the Notes, will be treated as having been issued with original issue discount if the excess of such Note's "stated redemption price at maturity" (as defined below) over its issue price (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. The stated redemption price at maturity includes all payments with respect to an instrument other than interest unconditionally payable at a fixed rate or a qualified variable rate at fixed intervals of one year or less ("qualified stated interest"). The Corporation expects that the interest payable with respect to the Class A Notes will constitute qualified stated interest, and that the Class A Notes will not be issued with original issue discount. Calculation of original issue discount on variable rate demand instruments under the Code, which would include any Notes issued with original issue discount, are subject to special and complex rules under the Code. Prospective holders should consult their tax advisors regarding the calculation of original issue discount and the related tax consequences of acquiring, owning and disposing of Notes issued with original issue discount ("Discount Notes").

In general, the amount of original issue discount includible in income by the 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 pro rata portion of the aggregate original issue discount allocable to an accrual period. An accrual period may be of any length, and may vary in length over the term of a Discount 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.

In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's 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) to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the 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 instrument plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the instrument 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. The legislative history of the original issue discount provisions indicates that the calculation and accrual of original issue discount should be based on the prepayment assumptions used by the parties in pricing the transaction.

Holders may generally, upon election, include in gross income 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.

Payments of interest received with respect to the Notes may also constitute "investment income" for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential

registered owners or the beneficial owners should consult their own tax advisors concerning the treatment of interest payments with regard to the Notes.

A purchaser who buys a Note at a discount from its principal amount (or its adjusted issue price if it is a Discount Note) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Although the accrued market discount on debt instruments such as the Notes which are subject to prepayment based on the prepayment of other debt instruments is to be determined under regulations yet to be issued, the legislative history of these provisions of the Code indicates that the same prepayment assumption used to calculate original issue discount should be utilized. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Notes.

A purchaser who buys a Note at a premium—that is, an amount in excess of the amount payable at maturity—will be considered to have purchased the Note with "amortizable bond premium" equal to the amount of such excess. The purchaser may elect to amortize such bond premium as an offset to interest income and not as a separate deduction item as it accrues under a constant yield method, or other allowable method, over the remaining term of the Note. The purchaser's tax basis in the Note will be reduced by the amount of the amortized bond premium. Any such election shall apply to all debt instruments, other than instruments the interest on which is excludable from gross income, held by the purchaser at the beginning of the first taxable year for which the election applies or thereafter acquired and is irrevocable without the consent of the IRS. Bond premium on a Note held by a purchaser who does not elect to amortize the premium will decrease the gain or increase the loss otherwise recognized on the disposition of the Note. Special rules apply to determine the amount of premium on a "variable rate debt instrument" and certain other debt instruments. Prospective holders should consult their tax advisors regarding the amortization of bond premium.

The annual statement regularly furnished to registered owners for federal income tax purposes will include information regarding the accrual of payments of principal and interest with respect to the Notes. As noted above, the Corporation believes, based on the advice of counsel, that it will retain ownership of the Financed Student Loans for federal income tax purposes. If instead the Indenture is deemed to create a pass through entity as the owner of the Financed Student Loans for federal income tax purposes instead of the Corporation (assuming such entity is not, as a result, taxed as an association), the owners of the Notes could be required to accrue payments of interest more rapidly than otherwise would be required.

Sale or Exchange of Notes

If a holder sells a Note, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the holder's basis in such Note. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Note was acquired subsequent to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. In the event any of the Notes are issued as Discount Notes, which is expected with respect to the Notes as described under the caption "—Original Issue Discount; Taxation of Interest Income of Registered Owners" above, in certain circumstances a portion of the gain can be recharacterized as ordinary income.

If the term of a Note were 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 relate to the redemption provisions and, in the case of a nonrecourse obligation such as the Notes, those which involve the substitution of collateral. Each potential holder of a Note should consult its own tax advisor concerning the circumstances in which the Notes would be deemed reissued and the likely effects, if any, of such reissuance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Notes if the purchasers, upon issuance, fail to supply the Trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report

interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the Trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Service and to each purchaser setting forth the amount of interest paid with respect to the Notes and the amount of tax withheld thereon.

State, Local or Foreign Taxation

The Corporation makes no representations regarding the tax consequences of purchase, ownership or disposition of the Notes under the tax laws of any state, locality or foreign jurisdiction. Investors considering an investment in the Notes should consult their own tax advisors regarding such tax consequences.

Limitation on the Deductibility of Certain Expenses

Under Section 67 of the Code, an individual may deduct certain miscellaneous itemized deductions only to the extent that the sum of such deductions for the taxable year exceeds 2% of his or her adjusted gross income. None of such miscellaneous itemized deductions are deductible by individuals for purposes of the alternative minimum tax. If contrary to expectation, the Trust were treated as the owner of the student loans (and not as an association taxable as a corporation), then the Corporation believes that a substantial portion of the expenses to be generated by the Trust could be subject to the foregoing limitations. As a result, each potential holder should consult his or her personal tax advisor concerning the application of these limitations to an investment in the Notes.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose which forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. If, contrary to expectations, one or more of the Notes were considered equity for tax purposes and if one or more other Notes were considered debt for tax purposes, those Notes treated as equity likely would be subject to acquisition indebtedness and likely would generate unrelated business taxable income. However, as noted above, counsel has advised the Corporation that the Class A Notes will be characterized as debt for federal income tax purposes. Therefore, except to the extent any registered owner incurs acquisition indebtedness with respect to a Note, interest paid or accrued with respect to such Note may be excluded by each tax exempt registered owner from the calculation of unrelated business taxable income. Each potential tax exempt registered owner is urged to consult its own tax advisor regarding the application of these provisions.

Foreign Investors

A Noteholder which is not a U.S. person ("foreign holder") will not be subject to U.S. federal income or withholding tax in respect of interest income or gain on the Notes if certain conditions are satisfied, including: (1) the foreign holder provides an appropriate statement, signed under penalties of perjury, identifying the foreign holder as the beneficial owner and stating, among other things, that the foreign holder is not a U.S. person, (2) the foreign holder is not a "10 percent shareholder" or "related controlled foreign corporation" with respect to the Trust, and (3) the interest income is not effectively connected with a United States trade or business of the Noteholder. The foregoing exemption does not apply to contingent interest or market discount. To the extent these conditions are not met, a 30% withholding tax will apply to interest income on the Notes, unless an income tax treaty reduces or eliminates such tax or the interest is effectively connected with the conduct of a trade or business within the United States by such foreign holder. In the latter case, such foreign holder will be subject to U.S. federal income tax with respect to all income from the Notes at regular rates applicable to U.S. taxpayers, and may be subject to the branch profits tax if it is a corporation. A "U.S. person" is: (i) a citizen or resident of the United States, (ii) a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions.

Generally, a foreign holder will not be subject to federal income tax on any amount which constitutes capital gain upon the sale, exchange, retirement or other disposition of a Note unless such foreign holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met, or unless the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder. If the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder, such holder will generally be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. holders, as described above, and a foreign holder that is a corporation could be subject to a branch profits tax on such income as well.

STATE TAX CONSIDERATIONS

In addition to the federal income tax consequences described under "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein, potential holders of the Notes should consider the state income tax consequences of the acquisition, ownership, and disposition of the Notes. State income tax law may differ substantially from the corresponding federal law, and this discussion does not describe any aspect of the income tax laws of any state. We strongly encourage you to consult your own tax advisors with respect to the various state tax consequences of an investment in the Notes.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans"). Section 4975 of the Code imposes substantially similar prohibited transaction restrictions on certain employee benefit plans, including tax qualified retirement plans described in Section 401(a) of the Code ("Qualified Retirement Plans") and on individual retirement accounts and annuities described in Sections 408 (a) and (b) of the Code ("IRAs," collectively, with Qualified Retirement Plans, "Tax Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Non ERISA Plans"), are not subject to the requirements set forth in ERISA or the prohibited transaction restrictions under Section 4975 of the Code. Accordingly, the assets of such Non ERISA Plans may be invested in the Notes without regard to the ERISA or Code considerations described below, provided that such investment is not otherwise subject to the provisions of other applicable federal and state law ("Similar Laws"). Any governmental plan or church plan that is qualified under Section 401(a) and exempt from taxation under Section 501(a) of the Code is, nevertheless, subject to the prohibited transaction rules set forth in Section 503 of the Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that an ERISA Plan's investment of its assets be made in accordance with the documents governing such ERISA Plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax Favored Plans ("Plan" or collectively "Plans") and entities whose underlying assets include "plan assets" by reason of Plans investing in such entities with persons ("Parties in Interest" or "Disqualified Persons" as such terms are defined in ERISA and the Code, respectively) who have certain specified relationships to the Plans, unless a statutory, class or administrative exemption is available. Parties in Interest or Disqualified Persons that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA or Section 4975 of the Code unless a statutory, class or administrative exemption is available. Section 502(l) of ERISA requires the Secretary of the U.S. Department of Labor (the "DOL") to assess a civil penalty against a fiduciary who violates any fiduciary responsibility under ERISA or commits any other violation of part 4 of Title I of ERISA or any other person who knowingly participates in such breach or violation. If the investment constitutes a prohibited transaction under Section 408(e) of the Code, the IRA may lose its tax exempt status.

The investment in a security by a Plan may, in certain circumstances, be deemed to include an investment in the assets of the entity issuing such security, such as the Corporation. Certain transactions involving the purchase, holding or transfer of Notes may be deemed to constitute prohibited transactions if assets of the Corporation are deemed to be assets of a Plan. These concepts are discussed in greater detail below.

Plan Asset Regulation

The DOL has promulgated a regulation set forth at 29 C.F.R. § 2510.3-101 (the "Plan Asset Regulation") concerning whether or not the assets of an ERISA Plan would be deemed to include an interest in the underlying assets of an entity (such as the Corporation) for purposes of the general fiduciary responsibility provisions of ERISA and for the prohibited transaction provisions of ERISA and Section 4975 of the Code, when a Plan acquires an "equity interest" in such entity. ERISA Section 3(42) defines the term "plan assets." Depending upon a number of factors set forth in the Plan Asset Regulation, "plan assets" may be deemed to include either a Plan's interest in the assets of an entity (such as the Corporation) in which it holds an equity interest or merely to include its interest in the instrument evidencing such equity interest. For purposes of this section, the terms "plan assets" ("Plan Assets") and the "assets of a Plan" have the meaning specified in the Plan Asset Regulation and ERISA Section 3(42) and include an undivided interest in the underlying interest of an entity which holds Plan Assets by reason of a Plan's investment therein (a "Plan Asset Entity").

Under the Plan Asset Regulation, the assets of the Corporation would be treated as Plan Assets if a Plan acquires an equity interest in the Corporation and none of the exceptions contained in the Plan Asset Regulation is applicable. The Plan Asset Regulation provides an exemption from "plan asset" treatment for securities issued by an entity if such securities are debt securities under applicable state law with no "substantial equity features." If the Notes are treated as having substantial equity features, a Plan or a Plan Asset Entity that purchases Notes could be treated as having acquired a direct interest in the Corporation. In that event, the purchase, holding, transfer or resale of the Notes could result in a transaction that is prohibited under ERISA or the Code. While not free from doubt, on the basis of the Notes as described herein, it appears that the Notes should be treated as debt without substantial equity features for purposes of the Plan Asset Regulation.

In the event that the Notes cannot be treated as indebtedness for purposes of ERISA, under an exception to the Plan Asset 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 the Plan Asset Regulation and ERISA Section 3(42). Because the availability of this exception depends upon the identity of the Noteholders at any time, there can be no assurance that the Notes will qualify for this exception and that the Corporation'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 should acquire or hold Notes in reliance upon the availability of this exception under the Plan Asset Regulation.

Prohibited Transactions

The acquisition or holding of Notes by or on behalf of a Plan, whether or not the underlying assets are treated as Plan Assets, could give rise to a prohibited transaction if the Corporation is or becomes a Party in Interest or Disqualified Person with respect to such Plan, or in the event that a Note is purchased in the secondary market by a Plan from a Party in Interest or Disqualified Person with respect to such Plan. There can be no assurance that the Corporation will not be or become a Party in Interest or a Disqualified Person with respect to a Plan that acquires Notes. Any such prohibited transaction could be treated as exempt under ERISA and the Code if the Notes were acquired pursuant to and in accordance with one or more statutory exemptions, individual exemptions or "class exemptions" issued by the DOL. Such class exemptions include, for example, Prohibited Transaction Class Exemption ("PTCE") 75-1 (an exemption for certain transactions involving employee benefit plans and broker dealers, reporting dealers and banks), PTCE 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 95-60 (an exemption for certain transactions involving an insurance company's general account) and PTCE 96-23 (an exemption for certain transactions determined by a qualifying in house asset manager).

The Initial Purchaser, the Trustee, the Servicers or their affiliates may be the sponsor of, or investment advisor with respect to, one or more Plans. Because these parties may receive certain benefits in connection with the sale or holding Notes, the purchase of Notes using plan assets over which any of these parties or their affiliates has investment authority might be deemed to be a violation of a provision Title I of ERISA or Section 4975 of the Code.

Accordingly, Notes may not be purchased using the assets of any Plan if any of the Initial Purchaser, the Trustee, the Servicers or their affiliates has investment authority for those assets, or is an employer maintaining or contributing to the plan, unless an applicable prohibited transaction exemption is available and such prohibited transaction exemption covers such purchase.

Purchaser's/Transferee's Representations and Warranties

Each purchaser and each transferee of a Note (including a Plan's fiduciary, as applicable) shall be deemed to represent and warrant that (a) it is not a Plan and is not acquiring the Note directly or indirectly for, or on behalf of, a Plan or with Plan Assets, Plan Asset Entity or any entity whose underlying assets are deemed to be plan assets of such Plan; or (b) the acquisition and holding of the Notes by or on behalf of, or with Plan Assets of, any Plan, Plan Asset Entity or any entity whose underlying assets are deemed to be Plan Assets of such Plan is permissible under applicable law, will not result in any non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Law, and will not subject the Corporation or Underwriter to any obligation not affirmatively undertaken in writing.

Consultation With Counsel

Any Plan fiduciary or other investor of Plan Assets considering whether to acquire or hold Notes on behalf of or with Plan Assets of any Plan or Plan Asset Entity, and any insurance company that proposes to acquire or hold Notes, should consult with its counsel with respect to the potential applicability of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code with respect to the proposed investment and the availability of any prohibited transaction exemption. A fiduciary with respect to a Non ERISA Plan which is a Tax Favored Plan that proposes to acquire or hold Notes should consult with counsel with respect to the applicable federal, state and local laws.

AGREEMENT BY THE STATE

Under the State Act, the State of Vermont pledges and agrees with the holders of the bonds, notes and obligations of the Corporation, including the Notes, that the State of Vermont will not limit or restrict the rights thereby vested in the Corporation to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds, notes and obligations, including the Notes. Neither will the State of Vermont in any way impair the rights nor remedies of the holders until the bonds, notes and other obligations of the Corporation, including the Notes, together with interest on them and interest on any unpaid installments of interest, are fully met, paid and discharged. The State Act permits the Corporation to include such pledge and agreement of the State of Vermont in the Corporation's contracts with the holders of its bonds, notes and obligations and the Corporation has included such pledge and agreement in the Indenture for the benefit of the Registered Owners of the Notes.

LEGAL INVESTMENT

The State Act provides that, notwithstanding any other law, the State of Vermont and all public officers, governmental units and agencies of the State of Vermont, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, all credit unions, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control, in obligations of the Corporation issued under the State Act (including the Notes) and such obligations (including the Notes) are authorized security for any and all public deposits.

PLAN OF DISTRIBUTION

The Notes are being offered by Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. (the "Initial Purchasers") 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.

Subject to the terms and conditions set forth in a note purchase agreement (the "Note Purchase Agreement") between the Corporation and the Initial Purchasers, the Corporation will agree to sell the Class A Notes to the Initial Purchasers, and each Initial Purchaser will agree to purchase from the Corporation the principal amount of the Class A Notes set forth opposite its name, at the aggregate purchase price of $751,449,406.

	Class A Notes
Morgan Stanley & Co. LLC	$558,700,000
Citigroup Global Markets Inc.	$196,300,000
Total	$755,000,000

The Class B Notes will initially be retained by the Corporation and will not be purchased by the Initial Purchasers.

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 Purchasers have 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 Purchasers 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 Purchasers 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 Purchasers may effect such transactions by selling their Notes to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the Initial Purchasers for whom they act as agent.

The Note Purchase Agreement provides that the Corporation will indemnify, to the extent permitted by law, the Initial Purchasers, and that under limited circumstances the Initial Purchasers will indemnify the Corporation against certain civil liabilities under federal or state securities laws.

The Notes are a new class of securities with no established trading market. Although the Initial Purchasers have advised that they may from time to time make a market in the Notes, the Initial Purchasers are under no obligation to do so, a market may fail to develop despite some degree of market-making activities and the Initial Purchasers may discontinue market-marking activities at any time without prior notice. There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will continue or that the prices at which the Notes will sell in the market after this offering will not be lower or higher than the initial offering price. The primary source of ongoing information available to investors concerning the Notes will be the statements discussed under the caption "REPORTS TO NOTEHOLDERS" herein. There can be no assurance that any additional information regarding the Notes will be available through any other source. In addition, the Corporation 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 Purchasers and some of their respective affiliates have in the past engaged, and may in the future engage, in commercial or investment banking activities with the Corporation and may trade in their securities. In this regard, as of November 9, 2012, Morgan Stanley & Co. LLC and/or its affiliates collectively owned approximately $0 of the Existing Bonds and Citigroup Global Markets Inc. and/or its affiliates collectively owned approximately $309,200,000 of the Existing Bonds. The Corporation may, from time to time, invest the funds in the accounts in eligible investments acquired from the Initial Purchasers.

Morgan Stanley & Co. LLC may be contacted at its principal office at 1585 Broadway, New York, New York 10036, telephone (212) 761-1973, Attention: Managing Director, Securitized Products Group.

Citigroup Global Markets Inc. may be contacted at its principal office at 390 Greenwich Street, New York, New York 10013, telephone (212) 723-3713.

RATINGS

It is a condition to the issuance of the Notes that (i) the Class A Notes be rated "AA+ (sf)" by S&P and "AAAsf" by Fitch and (ii) the Class B Notes be rated "Asf" by Fitch. The rating on the Class B Notes will not address the payment of any Class B Carry-Over Amount. Commencing in December 2011, Fitch's Rating Outlook for all existing and new issuances of "AAA" rated tranches of FFELP securitizations is Negative, which reflects Fitch's Negative Rating Outlook on the long-term foreign and local currency issuer default ratings of the United States. The Corporation has furnished S&P and Fitch with certain information and materials concerning the Notes and the Corporation, some of which is not included in this Offering 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. None of the Corporation or the Initial Purchasers 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 Corporation by Kutak Rock LLP, certain other legal matters will be passed upon for the Corporation by its in-house General Counsel and certain legal matters will be passed upon for the Initial Purchasers by Stroock & Stroock & Lavan 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

General

There is no controversy or litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Notes, or in any way contesting or affecting the validity of the Notes, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any Financed Student Loans, moneys or other security provided for the payment of the Notes or the due existence or powers of the Corporation.

Federal False Claims Act Lawsuit

On September 28, 2009, the Corporation was served with a First Amended Complaint (the "Complaint") in a qui tam lawsuit filed against it and nine other student loan lenders. A qui tam lawsuit is a civil case brought by one or more individuals (a "Plaintiff") on behalf of the federal government for an alleged submission to the government of a false claim for payment. The Complaint alleged that the defendants knowingly presented and caused to be presented to the Department of Education false and fraudulent claims, records and statements in order to obtain illegal special allowance payments on FFELP loans in violation of the Federal False Claims Act. The Complaint alleged that from 2002 through 2006, defendants submitted claims to the Department of Education for special allowance payments on certain FFELP loans at a rate of 9.5% ("9.5% Loans"), which the Plaintiff alleged is

higher than that allowed under applicable law. The original Complaint was filed in the United States District Court for the Eastern District of Virginia on September 21, 2007 under seal. Following the government's decision not to intervene, the Complaint was unsealed on August 24, 2009. The Plaintiff thereafter pursued the case at his own expense on behalf of the government. The Complaint alleged that the Corporation unlawfully increased its balance of 9.5% Loans and submitted 9.5% special allowance payment claims on an unlawfully inflated balance in the amount of approximately $22.6 million. The Complaint alleges that while certain repayments were made, the repayments appeared to be inadequate. The Complaint seeks civil penalties and treble the amount of damages sustained by the federal government in connection with the alleged overbilling. The Corporation believes that it had fully complied with the Higher Education Act, the regulations promulgated thereunder and the guidance provided by the Department of Education in its billing for special allowance payments and is vigorously defending against the lawsuit; however, it cannot predict the ultimate outcome of this qui tam case or any liability that may result.

On December 1, 2009, the District Court granted motions to dismiss filed by the Corporation and three other state agencies on the basis that, as state agencies, they are not "persons" subject to suit under the False Claims Act. The plaintiff appealed this dismissal to the Federal Court of Appeals for the Fourth Circuit. On June 18, 2012, the Court of Appeals vacated the District Court's dismissal and remanded the case to the District Court for the District Court to apply a different legal analysis to the question whether the Corporation is amenable to suit under the False Claims Act. On September 20, 2012, the Corporation filed a renewed motion to dismiss; and on October 24, 2012, the District Court granted the Corporation's renewed motion to dismiss. The motion to dismiss could again be appealed by the Plaintiff. The Corporation denies any liability under the Complaint and if appealed will continue to vigorously defend against the case; however, it cannot predict the ultimate outcome of the case or any liability that may result. See the caption "RISK FACTORS—Litigation and Other Matters Potentially Affecting the Corporation" herein.

IRS Audit of Certain Separately Secured Bonds of the Corporation

In 2008, the Internal Revenue Service announced that it was beginning a program of randomly examining tax-exempt student loan bond transactions. Pursuant to this program, the Corporation's Education Loan Revenue Bonds, Senior Series 1998K through 1998N and Subordinate Series 1998O (the "1998 Bonds") were selected for examination. In connection with its examination, the Internal Revenue Service delivered to the Corporation its Form 5701-TEB, Notice of Proposed Issue. In that Notice, the Internal Revenue Service questions the Corporation's accounting treatment for student loans originated pursuant to FFEL and the Corporation's treatment of the federal consolidation loan rebate fee that is required to be paid under the Higher Education Act. In 2011, the Corporation received notices, dated June 28, 2011, from the Internal Revenue Service to the effect that it has selected additional bond issues of the Corporation for examination as a result of information developed in the course of the audit of the 1998 Bonds. The Corporation's treatment of the federal consolidation loan rebate fee is no longer at issue in the audit. In addition, the Corporation has not used the accounting treatment at issue in the audit since prior to 2008, although it believes that treatment was consistent with applicable law and regulations. The Corporation has received a binding commitment from the Internal Revenue Service to settle this audit on terms acceptable to the Corporation. Any settlement with the Internal Revenue Service requiring a payment in connection with the audit of the 1998 Bonds or other bonds of the Corporation under audit (which include all bonds issued under the Corporation's 1995 Resolution pursuant to which the 1998 Bonds were issued, but not any bonds issued in 2008 or later or under any other indenture or resolution) would be funded from sources other than those pledged to secure the Notes. Further, the Corporation believes that the payment of this settlement will not have a material adverse effect on the Corporation's ability to perform its obligations under the Indenture. See the caption "RISK FACTORS—Litigation and Other Matters Potentially Affecting the Corporation" herein.

CONTINUING DISCLOSURE

The Corporation will agree, for the benefit of the owners of the Notes, to provide certain financial information and operating data relating to the Corporation by not later than 180 days following the end of the Corporation's fiscal year (which currently is June 30), commencing with the report for the Fiscal Year ending June 30, 2013 (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information has been and is to be filed by the Corporation with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. The notices of material events are to be filed by the Corporation with the Municipal Securities Rulemaking Board

("MSRB"). The specific nature of the information to be contained in the Annual Financial Information or the notices of material events is summarized under "EXHIBIT G—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants were made in order to assist the Initial Purchasers in complying with Securities Exchange Commission ("SEC") Rule 15c2-12(b)(5). The Corporation has never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12(b)(5) to provide annual reports or notices of material events.

FINANCIAL ADVISOR

Student Loan Capital Strategies LLC (the "Financial Advisor") serves as independent financial advisor to the Corporation on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documentation, including this Offering Memorandum. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Corporation and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated or otherwise verified the information provided by the Corporation or the information set forth in this Offering Memorandum or any other information available to the Corporation with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Offering Memorandum.

MISCELLANEOUS

Use of this Offering Memorandum in connection with the sale of the Notes has been authorized by the Corporation.

VERMONT STUDENT ASSISTANCE CORPORATION

By: /s/ Donald R. Vickers
Donald R. Vickers, President/CEO

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EXHIBIT A

SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

Beginning on July 1, 2010, FFELP Loans made pursuant to the Higher Education Act were no longer originated, and all new federal student loans were 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 Corporation (including the loans described in this Offering Memorandum under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOANS") continue to be subject to the provisions of the FFEL Program. The following description of the FFEL Program has been provided solely to explain certain of the provisions of the FFEL Program 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 Consolidation Loans) may be made or insured under the FFEL Program, and no funds are authorized to be appropriated, or may be expended, under the Higher Education Act to make or insure loans under the FFEL Program (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 the Student Aid and Fiscal Responsibility Act of 2009.

The following summary of the FFEL Program, as established by the Higher Education Act, does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the text of the Higher Education Act and the regulations thereunder.

The Higher Education Act provides for several different educational loan programs (collectively, the "Federal Family Education Loan Program" or "FFEL Program," and the loans originated thereunder, "Federal Family Education Loans" or "FFELP Loans"). Under the FFEL Program, state agencies or private nonprofit corporations administering student loan insurance programs ("Guaranty Agencies" or "Guarantors") are reimbursed for portions of losses sustained in connection with FFELP Loans, and holders of certain loans made under such programs are paid subsidies for owning such loans. Certain provisions of the Federal Family Education Loan Program are summarized below.

The Higher Education Act has been subject to frequent amendments and federal budgetary legislation, the most significant of which has been the passage of H.R. 4872 (the "Reconciliation Act") which terminated originations of FFELP Loans under the FFEL Program after June 30, 2010 such that all new federal student loans originated on and after July 1, 2010 are originated under the Direct Loan Program.

Federal Family Education Loans

Several types of loans were authorized as Federal Family Education Loans pursuant to the Federal Family Education Loan Program. These included: (a) loans to students meeting certain financial needs tests with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment ("Subsidized Stafford Loans"); (b) loans to students made without regard to financial need with respect to which the federal government does not make such interest payments ("Unsubsidized Stafford Loans" and, collectively with Subsidized Stafford Loans, "Stafford Loans"); (c) loans to graduate students, professional students, or parents of dependent students ("PLUS Loans"); and (d) loans available to borrowers with certain existing federal educational loans to consolidate repayment of such loans ("Consolidation Loans").

Generally, a FFELP Loan was made only to a United States citizen or permanent resident or otherwise eligible individual under federal regulations who (a) had been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution; (b) was carrying 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) agreed to notify promptly the holder of the loan of any address change; (d) was not in default on any federal education loans; (e) met the applicable "need" requirements; and (f) had not committed a crime involving fraud or obtaining funds under the Higher Education Act which funds had not been fully repaid. Eligible institutions included higher educational institutions and vocational schools that complied with certain federal regulations. With certain exceptions, an institution with a cohort default rate that was equal to or greater than 25% for each of the three most

recent fiscal years for which data was available was not an eligible institution under the Higher Education Act. However, beginning in fiscal year 2012, the threshold is raised from 25% to 30%.

Subsidized Stafford Loans First Disbursed On or Prior to June 30, 2010

The Higher Education Act provides for federal (a) insurance or reinsurance of eligible Subsidized Stafford Loans, (b) interest benefit payments for borrowers remitted to eligible lenders with respect to certain eligible Subsidized Stafford Loans, and (c) special allowance payments representing an additional subsidy paid by the Secretary to such holders of eligible Subsidized Stafford Loans.

Subsidized Stafford Loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loan is made has been accepted or is enrolled in good standing at an eligible institution of higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. In connection with eligible Subsidized Stafford Loans there were limits as to the maximum amount which could be borrowed for an academic year and in the aggregate for both undergraduate and graduate/professional study. The Secretary had discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subject to these limits, Subsidized Stafford Loans were available to borrowers in amounts not exceeding their unmet need for financing as provided in the Higher Education Act.

Unsubsidized Stafford Loans First Disbursed On or Prior to June 30, 2010

Unsubsidized Stafford Loans were available for students who did not qualify for Subsidized Stafford Loans due to parental and/or student income or assets in excess of permitted amounts. In other respects, the general requirements for Unsubsidized Stafford Loans were essentially the same as those for Subsidized Stafford Loans. The interest rate, the loan fee requirements and the special allowance payment provisions of the Unsubsidized Stafford Loans were the same as the Subsidized Stafford Loans. However, the terms of the Unsubsidized Stafford Loans differ materially from Subsidized Stafford Loans in that the Secretary does not make interest benefit payments and the loan limitations were determined without respect to the expected family contribution. The borrower is required to pay interest from the time such loan was disbursed or capitalize the interest until repayment begins.

PLUS Loan Program

The Higher Education Act authorized PLUS Loans to be made to graduate students, professional students, or parents of eligible dependent students. Only graduate students, professional students and parents who did not have an adverse credit history were eligible for PLUS Loans. The basic provisions applicable to PLUS Loans were similar to those of Stafford Loans with respect to the involvement of Guaranty Agencies and the Secretary in providing federal reinsurance on the loans. However, PLUS Loans differ significantly from Subsidized Stafford Loans, particularly because federal interest benefit payments are not available under the PLUS Program and special allowance payments are more restricted.

Federal Direct Student Loan Program

The Student Loan Reform Act of 1993 established the Direct Loan Program. The first loans under the Direct Loan Program were made available for the 1994-1995 academic year. Under the Direct Loan Program, approved institutions of higher education, or alternative loan originators approved by the United States Department of Education (the "Department of Education"), make loans to students or parents without application to or funding from outside lenders or Guaranty Agencies. The Department of Education provides the funds for such loans, and the program provides for a variety of flexible repayment plans, including extended, graduated and income contingent repayment plans, forbearance of payments during periods of national service and consolidation under the Direct Loan Program of existing 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. The Direct Loan Program also provides certain programs under which principal may be forgiven or interest rates may be

reduced. Direct Loan Program repayment plans, other than income contingent plans, must be consistent with the requirements under the Higher Education Act for repayment plans under the FFEL Program. Due to the enactment of the Reconciliation Act, FFELP Loans made pursuant to the Higher Education Act will no longer be originated, and as of July 1, 2010, new federal student loans are originated solely under the Direct Loan Program.

Secretary's Temporary Loan Consolidation Authority. On March 30, 2010, the Reconciliation Act additionally temporarily granted the Secretary authority to make a Federal Direct Consolidation Loan to a borrower (a) who has one or more loans in two or more of the following categories: (i) loans made under the Direct Loan Program, (ii) loans purchased by the Secretary pursuant to the provisions described herein under "—Secretary's Temporary Authority to Purchase Stafford Loans and PLUS Loans," and (iii) loans made under the FFEL Program that are held by an eligible lender; (b) who has not yet entered repayment on one or more of such loans in any of the categories described in clause (a)(i)-(iii) herein; and (c) whose application for such Federal Direct Consolidation Loan is received by the Secretary on or after July 1, 2010 and before July 1, 2011.

Special Direct Consolidation Loans. The Department of Education announced in a letter dated October 26, 2011 on its "Information for Financial Aid Professionals" website that it will offer Special Direct Consolidation Loans to eligible borrowers from January 1, 2012 through June 30, 2012. Special Direct Consolidation Loans are intended to help borrowers manage their debt by ensuring all of their federal loans are serviced by the same entity, resulting in one bill and one payment. Borrowers will also receive an interest rate reduction on Special Direct Consolidation Loans as a repayment incentive.

Eligibility. Under the Special Direct Consolidation Loans, an eligible borrower means a borrower with at least one student loan held by the Department (a Direct Loan or a Federal Family Education Loan (FFEL) owned by the Department and serviced by one of the Department's servicers, and at least one commercially-held FFEL loan (a FFEL loan that is owned by a FFEL lender and serviced either by that lender or by a servicer contracted by that lender). Only the commercially-held FFEL loans are eligible for consolidation under the Special Direct Consolidation Loans. The commercially-held FFEL loans include: (1) FFEL Subsidized and Unsubsidized Stafford Loans, (2) FFEL PLUS Loans (both those taken out by graduate/professional students and those taken out by a parent to pay for the costs of an undergraduate student), and (3) FFEL Consolidation Loans. These loans must be in grace, repayment, deferment, or forbearance.

Interest Rates. If the borrower consolidates into a Special Direct Consolidation Loan, the borrower will receive a 0.25% interest rate reduction from the current interest rate on such commercially-held FFEL loan(s) as of the date of consolidation. The interest rate will be fixed for the life of the loan and cannot exceed 8.25%.

Repayment. Under the Special Direct Consolidation Loans, the following repayment plans are provided: (1) Standard Repayment Plan, (2) Graduated Repayment Plan, (3) Extended Repayment Plan, (4) Income-Contingent Repayment (ICR) Plan, and (5) Income-Based Repayment (IBR) Plan. However, the repayment plan does not start over when the borrower receives a Special Direct Consolidation Loan. Instead, each consolidated commercially-held FFEL loan will retain its original repayment term. For example, if the borrower had made three years of loan payments on a 10 year standard repayment plan prior to consolidating a Federal Stafford Loan and the borrower chooses the Standard Repayment Plan for the Special Direct Consolidation Loan, the borrower's repayment term would continue to be 7 years. Also, if the Special Direct Consolidation Loan includes a parent Federal PLUS Loans, or Federal Consolidation Loans that repaid parent PLUS loans, that portion of the borrower's consolidation loan may not be repaid under the IBR plan. However, the borrower has the option of paying that portion of the loan under the ICR plan.

Public Service Loan Forgiveness Program (the "PSLF Program"). By consolidating the commercially-held FFEL loans into a Special Direct Consolidation Loan, those loans become Direct Loans, and become eligible for the PSLF Program if the borrower meets the PSLF Program's requirements. Under the PSLF Program, the borrower may qualify for forgiveness of the remaining balance due on the eligible Direct Loans after the borrower makes 120 payments on those loans under certain repayment plans while employed full time by certain public service employers.

The Consolidation Loan Program

The Higher Education Act authorized a program under which certain borrowers could consolidate their various student loans into a single loan insured and reinsured on a basis similar to Subsidized Stafford Loans. The authority to make such Consolidation Loans expired on June 30, 2010. Consolidation Loans were made in an amount sufficient to pay outstanding principal, unpaid interest and late charges on certain federally insured or reinsured student loans incurred under and pursuant to the Federal Family Education Loan Program (other than Parent PLUS Loans) selected by the borrower, as well as loans made pursuant to the Perkins Loan Program, the Health Professions Student Loan Programs and the Direct Loan Program. Consolidation Loans made pursuant to the Direct Loan Program must conform to the eligibility requirements for Consolidation Loans under the Federal Family Education Loan Program. The borrowers could have been either in repayment status or in a grace period preceding repayment, but the borrower could not still be in school. Delinquent or defaulted borrowers were eligible to obtain Consolidation Loans if they agree to re-enter repayment through loan consolidation. Borrowers were permitted to add additional loans to a Consolidation Loan during the 180-day period following origination of the Consolidation Loan. Further, a married couple who agreed to be jointly and severally liable was treated as one borrower for purposes of loan consolidation eligibility. A Consolidation Loan is federally insured or reinsured only if such loan is made in compliance with the requirements of the Higher Education Act.

The Higher Education Act authorizes the Secretary to offer the borrower a Direct Consolidation Loan with repayment provisions authorized under the Higher Education Act and terms consistent with a Consolidation Loan made pursuant to the FFEL Program. In addition, the Secretary may offer the borrower of a Consolidation Loan a Direct Consolidation Loan for one of three purposes: (a) providing the borrower with an income contingent repayment plan (or income-based repayment plan as of July 1, 2009) if the borrower's delinquent loan has been submitted to a Guaranty Agency for default aversion (or, as of July 1, 2009, if the loan is already in default); (b) allowing the borrower to participate in a public service loan forgiveness program offered under the Direct Loan Program or (c) allowing the borrower to use the no accrual of interest for active duty service members benefit offered under the Direct Loan Program for not more than sixty months for loans first disbursed on or after October 1, 2008. In order to participate in the public service loan forgiveness program, the borrower must not have defaulted on the Direct Loan; must have made 120 monthly payments on the Direct Loan after October 1, 2007 under certain income based repayment plans, a standard 10-year repayment plan for certain Direct Loans, or a certain income contingent repayment plan; and must be employed in a public service job at the time of forgiveness and during the period in which the borrower makes each of his 120 monthly payments. A public service job is defined broadly and includes working at an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended and restated (the "IRC"), which is exempt from taxation under Section 501(a) of the IRC. No borrower may, however, receive a reduction of loan obligations under both the public service loan forgiveness program offered under the Direct Loan Program and the following programs: (a) the loan forgiveness program for teachers offered under both the FFEL Program and the Direct Loan Program, (b) the loan forgiveness program for service in areas of national need offered under the FFEL Program and (c) the loan repayment program for civil legal assistance attorneys offered under the FFEL Program.

Interest Rates

Subsidized and Unsubsidized Stafford Loans. Subsidized and Unsubsidized Stafford Loans made on or after July 1, 1998 but before July 1, 2006 which are in in-school, grace and deferment periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 1.70%, with a maximum rate of 8.25%. Subsidized Stafford Loans and Unsubsidized Stafford Loans made on or after October 1, 1998 but before July 1, 2006 in all other payment periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 2.30%, with a maximum rate of 8.25%. The rate is adjusted annually on July 1.

Subsidized Stafford Loans disbursed on or after July 1, 2006 and before July 1, 2010 bear interest at progressively lowered rates described below. Subsidized Stafford Loans made on or after July 1, 2006 but before July 1, 2008 bear interest at a rate equal to 6.80% per annum. Subsidized Stafford Loans made on or after July 1, 2008 but before July 1, 2009 bear interest at a rate equal to 6.00% per annum. Subsidized Stafford Loans made on or after July 1, 2009 but before July 1, 2010 bear interest at a rate equal to 5.60% per annum.

Unsubsidized Stafford Loans made on or after July 1, 2006 and before July 1, 2010 bear interest at a rate equal to 6.80% per annum.

PLUS Loans. PLUS Loans made on or after October 1, 1998 but before July 1, 2006 bear interest at a rate equivalent to the 91-day T-Bill rate plus 3.10%, with a maximum rate of 9.00%. The rate is adjusted annually on July 1. PLUS Loans made on or after July 1, 2006 and before July 1, 2010 bear interest at a rate equal to 8.50% per annum.

Consolidation Loans. Consolidation Loans for which the application was received by an eligible lender on or after October 1, 1998 and that was disbursed before July 1, 2010 bear interest at a fixed rate equal to the lesser of (a) the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest one-eighth of 1.00% or (b) 8.25%.

Servicemembers Civil Relief Act – 6.00% Interest Rate Limitation. As of August 14, 2008, FFELP Loans (or HEAL loans) incurred by a servicemember, or by a servicemember and the servicemember's spouse jointly, before the servicemember enters military service may not bear interest at a rate in excess of 6.00% during the period of military service. It is not clear at this time, however, if this interest rate limitation applies to a servicemember's already existing student loans or only to new student loans incurred by the servicemember on or after August 14, 2008 but prior to the servicemember's military service.

Loan Disbursements

The Higher Education Act generally required that Stafford Loans and PLUS Loans made to cover multiple enrollment periods, such as a semester, trimester, or quarter, be disbursed by eligible lenders in at least two separate disbursements. The Higher Education Act also generally required that the first installment of such loans made to a student who is entering the first year of a program of undergraduate education and who has not previously obtained a FFEL Program loan (a "First FFEL Student") must be presented by the institution to the student 30 days after the First FFEL Student begins a course of study. However, certain institutions whose cohort default rate was less than 10% prior to October 1, 2011 and less than 15% on or after October 1, 2011 for each of the three most recent fiscal years for which data was available may (a) disburse any such loan made in a single installment for any period of enrollment that was not more than a semester, trimester, quarter, or 4 months and (b) deliver any such loan that was to be made to a First FFEL Student prior to the end of the 30-day period after the First FFEL Student begins his or her course of study at the institution.

Loan Limits

A Stafford Loan borrower was permitted to receive a subsidized loan, an unsubsidized loan, or a combination of both for an academic period. Generally, the maximum amount of Stafford Loans, made prior to July 1, 2007, for an academic year was not permitted to exceed $2,625 for the first year of undergraduate study, $3,500 for the second year of undergraduate study and $5,500 per year for the remainder of undergraduate study. The maximum amount of Stafford Loans, made on or after July 1, 2007, for an academic year was not permitted to exceed $3,500 for the first year of undergraduate study and $4,500 for the second year of undergraduate study. The aggregate limit for undergraduate study was $23,000 (excluding PLUS Loans). Dependent undergraduate students were permitted to receive an additional unsubsidized Stafford Loan of up to $2,000 per academic year, with an aggregate maximum of $31,000. Independent undergraduate students may receive an additional Unsubsidized Stafford Loan of up to $6,000 per academic year for the first two years and up to $7,000 per academic year thereafter, with an aggregate maximum of $57,500. The maximum amount of subsidized loans for an academic year for graduate students is $8,500. Graduate students were permitted to borrow an additional Unsubsidized Stafford Loan of up to $12,000 per academic year. The Secretary had discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study.

The total amount of all PLUS Loans that (a) parents were permitted to borrow on behalf of each dependent student or (b) graduate or professional students were permitted to borrow for any academic year was not allowed to exceed the student's estimated cost of attendance minus other financial assistance for that student as certified by the eligible institution which the student attends.

Repayment

General. Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student, but generally begins six months after the date a borrower ceases to pursue at least a half time course of study (the six month period is the "Grace Period"). Repayment of interest on an Unsubsidized Stafford Loan begins immediately upon disbursement of the loan; however, the lender may capitalize the interest until repayment of principal is scheduled to begin. Except for certain borrowers as described below, each loan generally must be scheduled for repayment over a period of not more than 10 years after the commencement of repayment. The Higher Education Act currently requires minimum annual payments of $600, including principal and interest, unless the borrower and the lender agree to lesser payments. Regulations of the Secretary require lenders to offer borrowers standard, graduated, income-sensitive, or, as of July 1, 2009 for certain eligible borrowers, income-based repayment plans. Use of income-based repayment plans may extend the ten-year maximum term.

Effective July 1, 2009, a new income-based repayment plan became available to certain FFEL Program borrowers and Direct Loan Program borrowers. To be eligible to participate in the plan, the borrower's annual amount due on loans made to a borrower prior to July 1, 2010 with respect to FFEL Program borrowers and prior to July 1, 2014 with respect to Direct Loan Program borrowers (as calculated under a standard 10-year repayment plan for such loans) must exceed 15% of the result obtained by calculating the amount by which the borrower's adjusted gross income (and the borrower's spouse's adjusted gross income, if applicable) exceeds 150% of the poverty line applicable to the borrower's family size. With respect to any loan made to a new Direct Loan Program borrower on or after July 1, 2014, the borrower's annual amount due on such loans (as calculated under a standard 10-year repayment plan for such loans) must exceed 10% of the result obtained by calculating the amount by which the borrower's adjusted gross income (and the borrower's spouse's adjusted gross income, if applicable) exceeds 150% of the poverty line applicable to the borrower's family size. Such a borrower may elect to have his payments limited to the monthly amount of the above-described result. Furthermore, the borrower is permitted to repay his loans over a term greater than 10 years. The Secretary will repay any outstanding principal and interest on eligible FFEL Program loans and cancel any outstanding principal and interest on eligible Direct Loan Program loans for borrowers who participated in the new income-based repayment plan and, for a period of time prescribed by the Secretary (but not more than 25 years for a borrower whose loan was made prior to July 1, 2010 with respect to FFEL Program loans and prior to July 1, 2014 with respect to Direct Loan Program loans and not more than 20 years for a Direct Loan Program borrower whose loan was made on or after July 1, 2014), have (a) made certain reduced monthly payments under the income-based repayment plan; (b) made certain payments based on a 10-year repayment period when the borrower first made the election to participate in the income-based repayment plan; (c) made certain payments based on a standard 10-year repayment period; (d) made certain payments under an income-contingent repayment plan for certain Direct Loan Program loans; or (e) have been in an economic hardship deferment.

Borrowers of Subsidized Stafford Loans and of the subsidized portion of Consolidation Loans, and borrowers of similar subsidized loans under the Direct Loan Program receive additional benefits under the new income-based repayment program: the Secretary will pay any unpaid interest due on the borrower's subsidized loans for up to three years after the borrower first elects to participate in the new income-based repayment plan (excluding any periods where the borrower has obtained economic hardship deferment). For both subsidized and unsubsidized loans, interest is capitalized when the borrower either ends his participation in the income-based repayment program or begins making certain payments under the program calculated for those borrowers whose financial hardship has ended.

PLUS Loans enter repayment on the date the last disbursement is made on the loan. Interest accrues and is due and payable from the date of the first disbursement of the loan. The first payment is due within 60 days after the loan is fully disbursed, subject to deferral. For parent borrowers whose loans were first disbursed on or after July 1, 2008, it is possible, upon the request of the parent, to begin repayment on the later of (a) six months and one day after the student for whom the loan is borrowed ceases to carry at least one-half of the normal full-time academic workload (as determined by the school) and (b) if the parent borrower is also a student, six months and one day after the date such parent borrower ceases to carry at least one-half such a workload. Similarly, graduate and professional student borrowers whose loans were first disbursed on or after July 1, 2008 may begin repayment six months and one day after such student ceases to carry at least one-half the normal full-time academic workload (as determined by the school). Repayment plans are the same as in the Subsidized and Unsubsidized Stafford Loan Program for all

PLUS Loans except those PLUS Loans which are made, insured, or guaranteed on behalf of a dependent student; such excepted PLUS Loans are not eligible for the income-based repayment plan which became effective on July 1, 2009. Furthermore, eligible lenders were permitted to determine for all PLUS Loan borrowers (a) whose loans were first disbursed on or after July 1, 2008 that extenuating circumstances exist if between January 1, 2007 through December 31, 2009, a PLUS Loan applicant (1) is or has been delinquent for 180 days or less on the borrower's residential mortgage loan payments or on medical bills, and (2) does not otherwise have an adverse credit history, as determined by the lender in accordance with the regulations promulgated under the Higher Education Act prior to May 7, 2008 and (b) whose loans were first disbursed prior to July 1, 2008 that extenuating circumstances exist if between January 1, 2007 through December 31, 2009, a PLUS Loan applicant (1) is or has been delinquent for 180 days or less on the borrower's residential mortgage loan or on medical bills and (2) is not and has not been delinquent on the repayment of any other debt for more than 89 days during the period.

Consolidation Loans enter repayment on the date the loan is disbursed. The first payment is due within 60 days after all holders of the loan have discharged the liabilities of the borrower on the loan selected for consolidation. Consolidation Loans which are not being paid pursuant to income-sensitive repayment plans (or, as of July 1, 2009, income-based repayment plans) must generally be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods which vary depending upon the principal amount of the borrower's outstanding student loans (but no longer than 30 years). Consolidation Loans may also be repaid pursuant to the new income-based repayment plan which became effective on July 1, 2009. However, Consolidation Loans which have been used to repay a PLUS Loan that has been made, insured, or guaranteed on behalf of a dependent student were not eligible for this new income-based repayment plan.

FFEL Program borrowers who accumulate outstanding FFELP Loans on or after October 7, 1998 totaling more than $30,000 were permitted to receive an extended repayment plan, with a fixed annual or graduated payment amount paid over a longer period of time, not to exceed 25 years. A borrower may accelerate principal payments at any time without penalty. Once a repayment plan is established, the borrower may annually change the selection of the plan.

Deferment and Forbearance Periods. No principal repayments need to be made during certain periods prescribed by the Higher Education Act ("Deferment Periods") but interest accrues and must be paid. Generally, Deferment Periods include periods (a) when the borrower has returned to an eligible educational institution on a half-time basis or is pursuing studies pursuant to an approved graduate fellowship or an approved rehabilitation training program for disabled individuals; (b) not in excess of three years while the borrower is seeking and unable to find full-time employment; (c) while the borrower is serving on active duty during a war or other military operation or national emergency, is performing qualifying National Guard duty during a war or other military operation or national emergency, and for 180 days following the borrower's demobilization date for the above-described services; (d) during the 13 months following service if the borrower is a member of the National Guard, a member of a reserve component of the military, or a retired member of the military who (i) is called or ordered to active duty, and (ii) is or was enrolled within six months prior to the activation at an eligible educational institution; (e) if the borrower is in active military duty, or is in reserve status and called to active duty; and (f) not in excess of three years for any reason which the lender determines, in accordance with regulations, has caused or will cause the borrower economic hardship. Deferment periods extend the maximum repayment periods. Under certain circumstances, a lender may also allow periods of forbearance ("Forbearance") during which the borrower may defer payments because of temporary financial hardship. The Higher Education Act specifies certain periods during which Forbearance is mandatory. Mandatory Forbearance periods include, but are not limited to, periods during which the borrower is (i) participating in a medical or dental residency and is not eligible for deferment; (ii) serving in a qualified medical or dental internship program or certain national service programs; or (iii) determined to have a debt burden of certain federal loans equal to or exceeding 20% of the borrower's gross income. In other circumstances, Forbearance may be granted at the lender's option. Forbearance also extends the maximum repayment periods.

Master Promissory Notes

Since July 2000, all lenders were required to use a master promissory note (the "MPN") for new Stafford Loans. Unless otherwise notified by the Secretary, each institution of higher education that participated in the FFEL Program was permitted to use a master promissory note for FFELP Loans. The MPN permitted a borrower to obtain future loans without the necessity of executing a new promissory note. Borrowers were not, however, required to obtain all of their future loans from their original lender, but if a borrower obtained a loan from a lender which did not presently hold a MPN for that borrower, that borrower was be required to execute a new MPN. A single borrower may have several MPNs evidencing loans to multiple lenders. If multiple loans have been advanced pursuant to a single MPN, any or all of those loans may be individually sold by the holder of the MPN to one or more different secondary market purchasers.

Interest Benefit Payments

The Secretary is to pay interest on Subsidized Stafford Loans while the borrower is a qualified student, during a Grace Period or during certain Deferment Periods. In addition, those portions of Consolidation Loans that repay Subsidized Stafford Loans or similar subsidized loans made under the Direct Loan Program are eligible for interest benefit payments. The Secretary is required to make interest benefit payments to the holder of Subsidized Stafford Loans in the amount of interest accruing on the unpaid balance thereof prior to the commencement of repayment or during any Deferment Period. The Higher Education Act provides that the holder of an eligible Subsidized Stafford Loan, or the eligible portions of Consolidation Loans, shall be deemed to have a contractual right against the United States to receive interest benefit payments in accordance with its provisions.

Special Allowance Payments

The Higher Education Act provides for special allowance payments to be made by the Secretary to eligible lenders. The rates for special allowance payments are based on formulas that differ according to the type of loan, the date the loan was first disbursed, the interest rate and the type of funds used to finance such loan (tax-exempt or taxable). Loans made or purchased with funds obtained by the holder from the issuance of tax exempt obligations issued prior to October 1, 1993 have an effective minimum rate of return of 9.50%. Amounts derived from recoveries of principal on loans made prior to October 1, 1993 may only be used to originate or acquire additional loans by a unit of a state or local government, or non-profit entity not owned or controlled by or under common ownership of a for-profit entity and held directly or through any subsidiary, affiliate or trustee, which entity has a total unpaid balance of principal equal to or less than $100,000,000 on loans for which special allowances were paid in the most recent quarterly payment prior to September 30, 2005. Such entities were permitted to originate or acquire additional loans with amounts derived from recoveries of principal until December 31, 2010. The special allowance payments payable with respect to eligible loans acquired or funded with the proceeds of tax-exempt obligations issued after September 30, 1993 are equal to those paid to other lenders.

Public Law 112-74, dated December 23, 2011, amended the Higher Education Act, reflecting financial market conditions, to allow FFELP lenders to make an affirmative election to permanently change the index for Special Allowance Payment calculations on all FFELP loans in the lender's portfolio (with certain limited exceptions) disbursed after January 1, 2000 from the Three Month Commercial Paper Rate (as hereafter defined) to the One Month LIBOR Rate (as hereafter defined), commencing with the Special Allowance Payment calculations for the calendar quarter beginning on April 1, 2012. Such election to permanently change the index for Special Allowance Payment calculations was required to be made by April 1, 2012 and required a waiver of all contractual, statutory or other legal rights to the Special Allowance Payment calculation formula in effect at the time the loans were first disbursed.

Subject to the foregoing, the formulas for special allowance payment rates for Subsidized and Unsubsidized Stafford Loans are summarized in the following chart. The term "T-Bill" as used in this table and the following table, means the average 91-day Treasury bill rate calculated at a "bond equivalent rate" in the manner applied by the Secretary as referred to in Section 438 of the Higher Education Act. The term "Three Month Commercial Paper Rate" means the 90-day commercial paper index calculated quarterly and based on an average of the daily 90-day commercial paper rates reported in the Federal Reserve's Statistical Release H-15. The term "One Month LIBOR

Rate" means the one-month London Interbank Offered Rate for United States dollars in effect for each of the days in such quarter as compiled and released by the British Bankers Association.

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.10% [1]
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.80% [2]
On or after January 1, 2000 (and before July 1, 2010)	Three Month Commercial Paper Rate* less Applicable Interest Rate + 2.34% [3]
On or after October 1, 2007 and before July 1, 2010 if an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 1.94% [4]
On or after October 1, 2007 and before July 1, 2010 if an eligible lender other than an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 1.79% [5]

*Substitute "One Month LIBOR Rate" for "Three Month Commercial Paper Rate" in this formula where lenders made the affirmative election by no later than April 1, 2012 under Public Law 112-74, dated December 23, 2011, to permanently change the index for Special Allowance Payment calculations for all loans in the lender's portfolio.

[1] Substitute 2.50% in this formula while such loans are in the in-school or grace period.
[2] Substitute 2.20% in this formula while such loans are in the in-school or grace period.
[3] Substitute 1.74% in this formula while such loans are in the in-school or grace period.
[4] Substitute 1.34% in this formula while such loans are in the in-school or grace period.
[5] Substitute 1.19% in this formula while such loans are in the in-school or grace period.

The formulas for special allowance payment rates for PLUS Loans are as follows:

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after January 1, 2000 (and before July 1, 2010)	Three Month Commercial Paper Rate* less Applicable Interest Rate +2.64%
On or after October 1, 2007 and before July 1, 2010 if an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 1.94%
On or after October 1, 2007 and before July 1, 2010 if an eligible lender other than an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 1.79%

*Substitute "One Month LIBOR Rate" for "Three Month Commercial Paper Rate" in this formula where lenders made the affirmative election by no later than April 1, 2012 under Public Law 112-74, dated December 23, 2011, to permanently change the index for Special Allowance Payment calculations for all loans in the lender's portfolio.

The formulas for special allowance payment rates for Consolidation Loans are as follows:

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after January 1, 2000 (and before July 1, 2010)	Three Month Commercial Paper Rate* less Applicable Interest Rate + 2.64%
On or after October 1, 2007 and before July 1, 2010 if an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 2.24%
On or after October 1, 2007 and before July 1, 2010 if an eligible lender other than an eligible not-for-profit lender (or an eligible lender trustee on its behalf) is the holder of the loan	Three Month Commercial Paper Rate* less Applicable Interest Rate + 2.09%

*Substitute "One Month LIBOR Rate" for "Three Month Commercial Paper Rate" in this formula where lenders made the affirmative election by no later than April 1, 2012 under Public Law 112-74, dated December 23, 2011, to permanently change the index for Special Allowance Payment calculations for all loans in the lender's portfolio.

Special allowance payments are generally payable, with respect to variable rate FFELP Loans to which a maximum borrower interest rate applies, only when the maximum borrower interest rate is in effect. The Secretary offsets interest benefit payments and special allowance payments by the amount of origination fees and lender loan fees described in the following section.

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 to receive those payments during the life of the loan. Receipt of special allowance payments, however, is conditioned on the eligibility of the loan for federal insurance or reinsurance benefits. Such eligibility may be lost due to violations of federal regulations or Guaranty Agencies' requirements.

The Higher Education Act provides that for FFELP Loans first disbursed on or after April 1, 2006 and before July 1, 2010, lenders must remit to the Secretary any interest paid by a borrower which is in excess of the special allowance payment rate set forth above for such loans.

Loan Fees

Insurance Premium. For loans guaranteed before July 1, 2006, a Guaranty Agency was authorized to charge a premium, or guarantee fee, of up to 1.00% of the principal amount of the loan, which may be deducted proportionately from each installment of the loan. Generally, Guaranty Agencies had waived this fee since 1999. For loans guaranteed on or after July 1, 2006 that are first disbursed before July 1, 2010, a federal default fee equal to 1.00% of principal was required to be paid into such Guaranty Agency's Federal Student Loan Reserve Fund (hereinafter defined as the "Federal Fund").

Origination Fee. Lenders were authorized to charge borrowers of Subsidized Stafford Loans and Unsubsidized Stafford Loans an origination fee in an amount not to exceed: 3.00% of the principal amount of the loan for loans disbursed prior to July 1, 2006; 2.00% of the principal amount of the loan for loans disbursed on or after July 1, 2006 and before July 1, 2007; 1.50% of the principal amount of the loan for loans disbursed on or after July 1, 2007 and before August 1, 2008; 1.00% of the principal amount of the loan for loans disbursed on or after August 1, 2008 and before July 1, 2009; and 0.50% of the principal amount of the loan for loans disbursed on or after July 1, 2009 and before July 1, 2010. The Secretary is authorized to charge borrowers of Direct Loans 4.00% of the principal amount of the loan for loans disbursed prior to February 8, 2006. A lender was permitted to charge a lesser origination fee to Stafford Loan borrowers so long as the lender does so consistently with respect to all borrowers who reside in or attend school in a particular state. For borrowers of Direct Loans other than Federal Direct Consolidation Loans and Federal Direct PLUS Loans, the Secretary may charge such borrowers as follows: 3.00% of the principal amount of the loan for loans disbursed on or after February 8, 2006 and before July 1, 2007;

2.50% of the principal amount of the loan for loans disbursed on or after July 1, 2007 and before August 1, 2008; 2.00% of the principal amount of the loan for loans disbursed on or after August 1, 2008 and before July 1, 2009; 1.50% of the principal amount of the loan for loans disbursed on or after July 1, 2009 and before July 1, 2010; and 1.00% of the principal amount of the loan for loans disbursed on or after July 1, 2010. These fees must be deducted proportionately from each installment payment of the loan proceeds prior to payment to the borrower. The lenders must pass the origination fees received under the FFEL Program on to the Secretary.

Lender Loan Fee. The lender of any FFELP Loan was required to pay to the Secretary an additional origination fee equal to 0.50% of the principal amount of the loan for loans first disbursed on or after October 1, 1993, but prior to October 1, 2007. For all loans first disbursed on or after October 1, 2007 and before July 1, 2010, the lender was required to pay an additional origination fee equal to 1.00% of the principal amount of the loan.

The Secretary collects from the lender or subsequent holder of the loan the maximum origination fee authorized (regardless of whether the lender actually charges the borrower) and the lender loan fee, either through reductions in interest benefit payments or special allowance payments or directly from the lender or holder of the loan.

Rebate Fee on Consolidation Loans. The holder of any Consolidation Loan for which the first disbursement was made on or after October 1, 1993, is required to pay to the Secretary a monthly fee equal to .0875% (1.05% per annum) of the principal amount plus accrued unpaid interest on the loan. However, for Consolidation Loans for which applications were received from October 1, 1998 to January 31, 1999, inclusive, the monthly rebate fee is approximately equal to .0517% (.62% per annum) of the principal amount plus accrued interest on the loan.

Insurance and Guarantees

A Guaranty Agency guarantees Federal Family Education Loans made to students or parents of students by eligible lenders. A Guaranty Agency generally purchases defaulted student loans which it has guaranteed with its reserve fund (as described under "—Guarantor Reserves"). A Federal Family Education Loan is considered to be in default for purposes of the Higher Education Act when the borrower fails to make an installment payment when due, or to comply with other terms of the loan, and if the failure persists for 270 days in the case of a loan repayable in monthly installments or for 330 days in the case of a loan repayable in less frequent installments. If the loan is guaranteed by a Guarantor in accordance with the provisions of the Higher Education Act, the Guarantor is to pay the holder a percentage of such amount of the loss subject to a reduction (as described in 20 U.S.C. §1075(b)) within 90 days of notification of such default. The default claim package submitted to a Guaranty Agency must include all information and documentation required under the Federal Family Education Loan Program regulations and such Guaranty Agency's policies and procedures.

The Higher Education Act gives the Secretary of Education various oversight powers over the Guaranty Agencies. These include requiring a Guaranty Agency to maintain its reserve fund at a certain required level and taking various actions relating to a Guaranty Agency if its administrative and financial condition jeopardizes its ability to meet its obligations.

Federal Insurance. The Higher Education Act provides that, subject to compliance with such Act, the full faith and credit of the United States is pledged to the payment of insurance claims and ensures that such reimbursements are not subject to reduction. In addition, the Higher Education Act provides that if a Guarantor is unable to meet its insurance obligations, holders of loans may submit insurance claims directly to the Secretary until such time as the obligations are transferred to a new Guarantor capable of meeting such obligations or until a successor Guarantor assumes such obligations. Federal reimbursement 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.

Guarantees. If the loan is guaranteed by a Guarantor in accordance with the provisions of the Higher Education Act, the eligible lender is reimbursed by the Guarantor for a statutorily set percentage (98% for loans first disbursed prior to July 1, 2006 and 97% for loans first disbursed on or after July 1, 2006 but before July 1, 2010) of

the unpaid principal balance of the loan plus accrued unpaid interest on any defaulted loan so long as the eligible lender has properly serviced such loan. Under the Higher Education Act, the Secretary enters into a guarantee agreement and a reinsurance agreement (the "Guarantee Agreements") with each Guarantor which provides for federal reimbursement for amounts paid to eligible lenders by the Guarantor with respect to defaulted loans.

Guarantee Agreements. Pursuant to the Guarantee Agreements, the Secretary is to reimburse a Guarantor for the amounts expended in connection with a claim resulting from the death of a borrower; bankruptcy of a borrower; total and permanent disability of a borrower (including those borrowers who have been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected condition); inability of a borrower to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, has lasted continuously for at least 60 months, or can be expected to last continuously for at least 60 months; the death of a student whose parent is the borrower of a PLUS Loan; certain claims by borrowers who are unable to complete the programs in which they are enrolled due to school closure; borrowers whose borrowing eligibility was falsely certified by the eligible institution; or the amount of an unpaid refund due from the school to the lender in the event the school fails to make a required refund. Such claims are not included in calculating a Guarantor's claims rate experience for federal reimbursement purposes. Generally, educational loans are non dischargeable in bankruptcy unless the bankruptcy court determines that the debt will impose an undue hardship on the borrower and the borrower's dependents. Further, the Secretary is to reimburse a Guarantor for any amounts paid to satisfy claims not resulting from death, bankruptcy, or disability subject to reduction as described below. See "Education Loans Generally Not Subject to Discharge in Bankruptcy" herein.

The Secretary may terminate Guarantee Agreements if the Secretary determines that termination is necessary to protect the federal financial interest or to ensure the continued availability of loans to student or parent borrowers. Upon termination of such Guarantee Agreements, the Secretary is authorized to provide the Guarantor with additional advance funds with such restrictions on the use of such funds as is determined appropriate by the Secretary, in order to meet the immediate cash needs of the Guarantor, ensure the uninterrupted payment of claims, or ensure that the Guarantor will make loans as the lender-of-last-resort. On May 7, 2008, Treasury funds were further authorized to be appropriated for emergency advances to Guarantors to ensure such Guarantors are able to act as lenders-of-last-resort and to assist Guarantors with immediate cash needs, claims, or any demands for loans under the lender-of-last-resort program.

If the Secretary has terminated or is seeking to terminate Guarantee Agreements, or has assumed a Guarantor's functions, notwithstanding any other provision of law: (a) no state court may issue an order affecting the Secretary's actions with respect to that Guarantor; (b) any contract entered into by the Guarantor with respect to the administration of the Guarantor's reserve funds or assets purchased or acquired with reserve funds shall provide that the contract is terminable by the Secretary upon 30 days notice to the contracting parties if the Secretary determines that such contract includes an impermissible transfer of the reserve funds or assets or is inconsistent with the terms or purposes of the Higher Education Act; and (c) no provision of state law shall apply to the actions of the Secretary in terminating the operations of the Guarantor. Finally, notwithstanding any other provision of law, the Secretary's liability for any outstanding liabilities of a Guarantor (other than outstanding student loan guarantees under the Higher Education Act), the functions of which the Secretary has assumed, shall not exceed the fair market value of the reserves of the Guarantor, minus any necessary liquidation or other administrative costs.

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Reimbursement. The amount of a reimbursement payment on defaulted loans made by the Secretary to a Guarantor is subject to reduction based upon the annual claims rate of the Guarantor calculated to equal the amount of federal reimbursement as a percentage of the original principal amount of originated or guaranteed loans in repayment on the last day of the prior fiscal year. The claims experience is not accumulated from year to year, but is determined solely on the basis of claims in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year. The formula for reimbursement amounts is summarized below:

Claims Rate	**Guarantor Reinsurance Rate for Loans made prior to October 1, 1993**	**Guarantor Reinsurance Rate for Loans made between October 1, 1993 and September 30, 1998**	**Guarantor Reinsurance Rate for Loans made on or after October 1, 1998 and prior to July 1, 2010[1]**
0% up to 5%	100%	98%	95%
5% up to 9%	100% of claims up to 5%; and 90% of claims 5% and over	98% of claims up to 5%; and 88% of claims 5% and over	95% of claims up to 5% and 85% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% up to 9%; 80% of claims 9% and over	98% of claims up to 5%; 88% of claims 5% up to 9%; 78% of claims 9% and over	95% of claims up to 5%, 85% of claims 5% up to 9%; 75% of claims 9% and over

[1] Student loans made pursuant to the lender-of-last resort program have an amount of reinsurance equal to 100%; student loans transferred by an insolvent Guarantor have an amount of reinsurance ranging from 80% to 100%.

The amount of loans guaranteed by a Guarantor which are in repayment for purposes of computing reimbursement payments to a Guarantor means the original principal amount of all loans guaranteed by a Guarantor less: (a) guarantee payments on such loans, (b) the original principal amount of such loans that have been fully repaid, and (c) the original amount of such loans for which the first principal installment payment has not become due.

In addition, the Secretary may withhold reimbursement payments if a Guarantor makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental guarantee agreement is subject to annual renegotiation and to termination for cause by the Secretary.

Under the Guarantee Agreements, if a payment by the borrower on a FFELP Loan guaranteed by a Guarantor is received after reimbursement by the Secretary, the Secretary is entitled to receive an equitable share of the borrower's payment. The Secretary's equitable share of the borrower's payment equals the amount remaining after the Guarantor has deducted from such payment: (a) the percentage amount equal to the complement of the reinsurance percentage in effect when payment under the Guarantee Agreement was made with respect to the loan and (b) as of October 1, 2007, 16% of the borrower's payments (to be used for the Guarantor's Operating Fund (hereinafter defined)). The percentage deduction for use of the borrower's payments for the Guarantor's Operating Fund varied prior to October 1, 2007: from October 1, 2003 through and including September 30, 2007, the percentage in effect was 23% and prior to October 1, 2003, the percentage in effect was 24%. The Higher Education Act further provides that on or after October 1, 2006, a Guarantor may not charge a borrower collection costs in an amount in excess of 18.50% of the outstanding principal and interest of a defaulted loan that is paid off through consolidation by the borrower; provided that the Guarantor must remit to the Secretary a portion of the collection charge equal to 8.50% of the outstanding principal and interest of the defaulted loan. In addition, on or after October 1, 2009, a Guarantor must remit to the Secretary any collection fees on defaulted loans paid off with consolidation proceeds by the borrower which are in excess of 45% of the Guarantor's total collections on defaulted loans in any one federal fiscal year.

Lender Agreements. Pursuant to most typical agreements for guarantee between a Guarantor and the originator of the loan, any eligible holder of a loan insured by such a Guarantor is entitled to reimbursement from such Guarantor, subject to certain limitations, of any proven loss incurred by the holder of the loan resulting from default, death, permanent and total disability, certain medically determinable physical or mental impairment, or bankruptcy of the student borrower at the rate of 98% for loans in default made on or after October 1, 1993 but prior to July 1, 2006 and 97% for loans in default made on or after July 1, 2006 but prior to July 1, 2010. Certain holders

of loans may receive higher reimbursements from Guarantors. For example, lenders of last resort may receive reimbursement at a rate of 100% from Guarantors.

Guarantors generally deem default to mean a student 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 student 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 at least 60 days past due, the holder is required to request default aversion assistance from the applicable Guarantor in order to attempt to cure the delinquency. When a loan becomes 240 days past due, the holder is required to make a final demand for payment of the loan by the borrower. The holder is required to continue collection efforts until the loan is 270 days past due. At the time of payment of insurance benefits, the holder must assign to the applicable Guarantor all right accruing to the holder under the note evidencing the loan. The Higher Education Act prohibits a Guarantor 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.

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

Rehabilitation of Defaulted Loans. Under the Higher Education Act, the Secretary of Education is authorized to enter into an agreement with each Guaranty Agency pursuant to which a Guaranty Agency sells defaulted student loans that are eligible for rehabilitation to an eligible lender. For a defaulted student loan to be rehabilitated, the borrower must request rehabilitation and the applicable Guaranty Agency must receive an on time, voluntary, full payment each month for 12 consecutive months. However, effective July 1, 2006, for a student loan to be eligible for rehabilitation, the applicable Guaranty Agency must receive 9 payments made within 20 days of the due date during 10 consecutive months. Upon rehabilitation, a student loan is eligible for all the benefits under the Higher Education Act for which it would have been eligible had no default occurred.

A Guaranty Agency repays the Secretary an amount equal to 81.5% of the outstanding principal balance of the student loan at the time of sale to the lender multiplied by the reimbursement percentage in effect at the time the student loan was reimbursed. The amount of such repayment is deducted from the amount of federal reimbursement payments for the fiscal year in which such repayment occurs, for purposes of determining the reimbursement rate for that fiscal year.

Loans Subject to Repurchase. The Higher Education Act requires a lender to repurchase student loans from a guaranty agency, under certain circumstances, after a Guaranty Agency has paid for the student loan through the claim process. A lender is required to repurchase: (a) a student loan found to be legally unenforceable against the borrower; (b) a student loan for which a bankruptcy claim has been paid if the borrower's bankruptcy is subsequently dismissed by the court or, as a result of the bankruptcy hearing, the student loan is considered non dischargeable and the borrower remains responsible for repayment of the student loan; (c) a student loan which is subsequently determined not to be in default; or (d) a student loan for which a Guaranty Agency inadvertently paid the claim.

Guarantor Reserves

Each Guarantor is required to establish a Federal Fund which, together with any earnings thereon, are deemed to be property of the United States. Each Guarantor is required to deposit into the Federal Fund any reserve funds plus reinsurance payments received from the Secretary, a certain percentage of default collections equal to the complement of the reinsurance percentage in effect when payment under the Guarantee Agreement was made, insurance premiums, 70% of payments received after October 7, 1998 from the Secretary for administrative cost allowances for loans insured prior to that date, and other receipts as specified in regulations. A Guarantor is authorized to transfer up to 180 days' cash expenses for normal operating expenses (other than claim payments)

from the Federal Fund to the Operating Fund at any time during the first three years after establishment of the fund. The Federal Fund may be used to pay lender claims and to pay default aversion fees into the Operating Fund. A Guarantor is also required to establish an operating fund (the "Operating Fund"), which, except for funds transferred from the Federal Fund to meet operating expenses during the first three years after fund establishment, is the property of the Guarantor. A Guarantor may deposit into the Operating Fund loan processing and issuance fees equal to 0.40% of the total principal amount of loans insured during the fiscal year for loans originated on or after October 1, 2003 and first disbursed before July 1, 2010, 30% of payments received after October 7, 1998 for the administrative cost allowances for loans insured prior to that date, the account maintenance fee paid by the Secretary for Direct Loan Program loans in the amount of .06% of the original principal amount of the outstanding loans insured, any default aversion fee that is paid, the Guarantor's 16% retention on collections of defaulted loans and other receipts as specified in the regulations. An Operating Fund must be used for application processing, loan disbursement, enrollment and repayment status management, default aversion, collection activities, school and lender training, financial aid awareness and related outreach activities, compliance monitoring, and other student financial aid related activities. For Subsidized and Unsubsidized Stafford Loans guaranteed on or after July 1, 2006 and first disbursed before July 1, 2010, Guarantors must collect and deposit a federal default fee to the Federal Fund equal to 1.00% of the principal amount of the loan.

The Higher Education Act provides for a recall of reserves from each Federal Fund in certain years, but also provides for certain minimum reserve levels which are protected from recall. The Secretary is authorized to enter into voluntary, flexible agreements with Guarantors under which various statutory and regulatory provisions can be waived; provided, however, the Secretary is not authorized to waive, among other items, any deposit of default aversion fees by Guarantors. In addition, under the Higher Education Act, the Secretary is prohibited from requiring the return of all of a Guarantor's reserve funds unless the Secretary determines that the return of these funds is in the best interest of the operation of the FFEL Program, or to ensure the proper maintenance of such Guarantor's funds or assets or the orderly termination of the Guarantor's operations and the liquidation of its assets. The Higher Education Act also authorizes the Secretary to direct a Guarantor to: (a) return to the Secretary all or a portion of its reserve fund which the Secretary determines is not needed to pay for the Guarantor's program expenses and contingent liabilities; and (b) cease any activities involving the expenditure, use or transfer of the Guarantor's reserve funds or assets which the Secretary determines is a misapplication, misuse or improper expenditure.

Secretary's Temporary Authority to Purchase Stafford Loans and PLUS Loans

On May 7, 2008, the Ensuring Continued Access to Student Loans Act of 2008 temporarily granted the Secretary the authority to purchase Stafford Loans and PLUS Loans from eligible lenders which were first disbursed on or after October 1, 2003, but prior to July 1, 2009 on such terms as are, subject to certain other conditions, in the best interest of the United States. On October 7, 2008, P.L. 110-350 became law and additionally granted the Secretary the power to purchase Stafford Loans and PLUS Loans from eligible lenders which were first disbursed on or after July 1, 2009, but prior to July 1, 2010. On July 1, 2009, P.L. 111-39 became law and further expanded the Secretary's purchase authority to include FFELP Loans rehabilitated pursuant to 20 U.S.C. § 1078-6.

In order to purchase loans (other than rehabilitated loans), the Secretary must make a determination that adequate loan capital is not available to meet demand for Stafford Loans and PLUS Loans. Any purchase of loans, however, by the Secretary may not create any net cost for the United States government (including any servicing costs associated with the loans). The Secretary must additionally fulfill various other requirements in order to purchase loans, including a notice with certain details which must be published in the Federal Register prior to any purchase. Eligible lenders, in turn, must use the funds provided by the Secretary to ensure their continued participation in the FFEL Program, to originate new FFELP Loans to students, and, with respect to funds received from rehabilitated FFELP Loan sales to the Secretary, to purchase such rehabilitated FFELP Loans pursuant to 20 U.S.C. § 1078-6(a). Pursuant to P.L. 110-350, the Secretary's authority to purchase loans expired on July 1, 2010.

Through certain "Dear Colleague" letters issued to members of the higher education lending community, the Secretary created three programs to utilize its temporary purchasing authority, two of which have expired. The third program, the Asset-Backed Commercial Paper Conduit Program, is defined and described below.

Asset-Backed Commercial Paper Conduit Program. In a November 10, 2008 "Dear Colleague" letter, the Secretary announced that, due to stagnation in the credit markets and the billions of dollars of student loans which remain on bank balance sheets, the Department of Education would develop an asset-backed commercial paper conduit program (the "Asset-Backed Commercial Paper Conduit Program") to purchase fully disbursed FFELP Loans (other than Consolidation Loans) awarded between October 1, 2003 and July 1, 2009. Each conduit would be privately created by an eligible lender trustee and would contain the ownership rights of lenders to their eligible FFELP Loans. The conduit would issue commercial paper to investors and secure the repayment of the commercial paper with the conduit's FFELP Loan pool. The funds provided by investors would be paid to the student lenders who transferred the ownership rights in their eligible FFELP Loans to the conduit. The Department of Education would, pursuant to the Ensuring Continued Access to Student Loans Act, enter into forward purchase commitments with each eligible lender trustee participating in the Asset-Backed Commercial Paper Conduit Program and commit to purchasing at a date in the future eligible FFELP Loans at a certain price from the conduit if the conduit lacks sufficient funds to repay its investors as the commercial paper becomes due. A single conduit borrower, Straight A Funding, LLC, was established pursuant to the Asset-Backed Commercial Paper Conduit Program. The ability to finance eligible FFELP Loans under the Asset-Backed Commercial Paper Conduit Program terminated on June 30, 2010. The Asset-Backed Commercial Paper Conduit Program currently terminates in January of 2014. Any FFELP Loans not refinanced by a lender will be put to the Department of Education on the expiration of the Asset-Backed Commercial Paper Conduit Program.

Lender-of-Last-Resort Program

Until July 1, 2010, the FFEL Program allowed Guaranty Agencies and certain eligible lenders to act as lenders-of-last-resort. A lender-of-last-resort was authorized to receive advances from the Secretary in order to ensure that adequate loan capital exists in order to make loans to students. Students and parents of students who were otherwise unable to obtain FFELP Loans (other than Consolidation Loans) were permitted to apply to receive loans from the state's lenders-of-last-resort.

Education Loans Generally Not Subject to Discharge in Bankruptcy

Under the U.S. Bankruptcy Code, educational loans are not generally dischargeable. Title 11 of the United States Code at Section 523(a)(8)(A)(i)-(ii) provides that a discharge under Section 727, 1141, 1228(a), 1228(b), or 1328(b) of Title 11 of the United States Code does not discharge an individual debtor from any debt for an education benefit overpayment or loan made, insured, or guaranteed by a governmental unit or made under any program funded in whole or in part by a governmental unit or nonprofit institution, or for an obligation to repay funds received as an educational benefit, scholarship or stipend unless excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

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EXHIBIT B

GLOSSARY OF CERTAIN DEFINED TERMS

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

"*Acquisition Fund*" shall mean the Fund by that name created under the Indenture, including the Temporary Costs of Issuance Account created therein and any other additional Accounts and Subaccounts created therein.

"*Acquisition Period*" shall mean the period beginning on the Issue Date of the Notes and ending on the thirtieth (30th) calendar day thereafter.

"*Administration Agreements*" shall mean any agreements between the Corporation and any sub-administrator engaged by the Corporation or successor to the Corporation performing any administrative duties of the Corporation under the Indenture.

"*Administration Fees*" shall mean (i) for each Distribution Date, a monthly fee equal to 1/12th of 0.10% of the Pool Balance as of the last day of the related Collection Period, (ii) for December 28, 2012, a fee equal to 0.10% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360) and (iii) no more than $16,000 annually for certain surveillance Rating Agency fees and certain other fees relating to the administration of the Trust Estate.

"*Administrator*" shall mean the Corporation or, as the context may require, any sub administrator engaged by the Corporation to the extent such engagement is made pursuant to and in accordance with the terms of the Indenture, or any successor to the Corporation performing any administrative duties of the Corporation under the Indenture, including, without limitation, any financial, reporting or other calculations with respect to the Trust Estate required to be made by the Corporation under the Indenture. The Corporation shall provide each Rating Agency with notice of any removal or replacement of the Administrator or the appointment of a new Administrator.

"*Administrator Default*" means the occurrence of any of the following events:

(a) the Administrator defaults in the performance of, or otherwise fails to perform, any of its administrative duties under the Indenture with respect to the administration of the Trust Estate and, after written notice of such default, does not cure such default within 90 days (or, if such default cannot be cured in such time, does not give within 90 days such assurance of cure as shall be reasonably satisfactory to the Trustee);

(b) to the extent permitted by applicable law, a court having jurisdiction in the premises enters a decree or order for relief, and such decree or order has not been vacated within 90 days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(c) to the extent permitted by applicable law, the Administrator commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in an involuntary case under any such law, or consents to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, consents to the taking of possession by any such official of any substantial part of its property, makes any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

"*Affiliate*" shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

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

(a) 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 rating by S&P of no lower than "A-1+" or "AAAm" (or the equivalent of such ratings), if a short term rating is applicable to such Investment Securities; and

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

"*Authorized Denominations*" shall mean $100,000 and integral multiples of $1,000 in excess thereof.

"*Authorized Officer*" shall mean, when used with reference to the Corporation, its Chair, Vice Chair, President/CEO, any Vice President, the Secretary or any Assistant Secretary and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty.

"*Authorized Representative*" shall mean, when used with reference to the Corporation, (a) an Authorized Officer, (b) the Administrator (if different than the Corporation) or (c) an individual designated in writing by an Authorized Officer of the Corporation to act on the Corporation's behalf under the Indenture.

"*Authorizing Act*" shall mean the Vermont Statutes Annotated, Title 16, Chapter 87, as the same may be amended from time to time.

"*Available Funds*" means, as to a Distribution Date, the sum of the following amounts received with respect to the related Collection Period:

(a) all collections on the Financed Student Loans received by a Servicer on the Financed Student Loans, including any Guaranty and Insurance 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 student loans (to the extent such student loans were previously Financed Student Loans) from a Guaranty Agency under the applicable Guaranty Agreement or from a Servicer pursuant to the applicable Servicing Agreement,

(ii) amounts required to be paid pursuant to any Joint Sharing Agreement, and

(iii) amounts required by the Higher Education Act to be paid to the Department (including, but not limited to, any Monthly Consolidation Loan Rebate Fees and any Department Rebate Interest Amounts to be deposited into the Department Reserve Fund or paid directly to the Department), any Guaranty Agency (other than as set forth in clause (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 or prior Collection Periods, if any;

(b) any Interest Subsidy Payments and Special Allowance Payments received by the Trustee or the Corporation with respect to the Financed Student Loans;

(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, and all recoveries (whether principal or otherwise) which were written off in prior Collection Periods or during that Collection Period;

(d) the aggregate amounts, if any, received on the Financed Student Loans from (1) the Servicers as reimbursement of non-guaranteed interest amounts, or lost Interest Subsidy Payments and Special Allowance Payments pursuant to the Servicing Agreements, and (2) the Corporation (or on behalf of the Corporation) from any other Person in connection with the optional release of the Financed Student Loans pursuant to the Indenture;

(e) the aggregate Purchase Amounts, if any, received for the repurchase of Financed Student Loans from the Corporation and the Servicer under the Indenture and the Servicing Agreement, respectively;

(f) amounts received pursuant to the Servicing Agreements during that Collection Period as yield or principal adjustments or any other amounts payable to the Trust Estate by a Servicer pursuant to its Servicing Agreement;

(g) investment earnings or gains realized from the investment of amounts on deposit in each Trust Fund;

(h) any amount received pursuant to a Joint Sharing Agreement;

(i) all funds then on deposit in the Acquisition Fund that are required under the Indenture to be transferred into the Collection Fund on the first Business Day following the end of the Acquisition Period; and

(j) amounts transferred from the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement as of that Distribution Date pursuant to the Indenture;

provided that if on any Distribution Date there would not be sufficient funds, after application of Available Funds, as defined above, to pay certain items specified in the Indenture, relating to such distributions, after application of amounts available from the Debt Service Reserve Fund pursuant to the Indenture, then Available Funds for that Distribution Date will include 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 following that Distribution Date, up to the amount necessary to pay such items, and the Available Funds for the following Distribution Date will be adjusted accordingly.

"*Back-up Servicer*" shall mean Nelnet Servicing, LLC or any other additional or successor Servicer who is one of the Department's Title IV Additional Servicers and has entered into a Back-up Servicing Agreement with the Corporation.

"*Back-up Servicing Agreement*" shall mean the Back-up Third Party Servicing Agreement among the Corporation, as issuer and as servicer and Nelnet Servicing, LLC, as back-up servicer and any additional or successor back up servicing agreement entered into between the Corporation and a Back-up Servicer.

"*Basic Documents*" means the Indenture and any Servicing Agreements, Custodian Agreements, Administration Agreements, Joint Sharing Agreement, the Guaranty Agreements, and any other documents signed by the Corporation or required by the Higher Education Act or the Public Health Service Act with respect to the Financed Student Loans.

"*Beneficial Owner*" shall mean a Person who has an ownership interest in the Notes Outstanding in book entry form.

"*Board*" shall mean the Board of Directors of the Corporation.

"*Book-Entry System*" shall mean the system maintained by the Securities Depository described in the Indenture.

"*Business Day*" shall mean (i) for purposes of calculating the LIBOR Rate, 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, regulation or executive order to close.

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

"*Class*" shall mean each of the Class A Notes and the Class B Notes.

"*Class A Noteholder*" shall mean a Noteholder of Class A Notes.

"*Class A Notes*" shall mean the $755,000,000 Student Loan Asset-Backed Notes, Series 2012-1 (Taxable LIBOR Floating Rate Notes), Class A Notes issued by the Corporation pursuant to the Indenture, substantially in the form of Exhibit C to the Indenture.

"*Class B Carry-Over Amount*" shall mean, with respect to any Interest Period, the amount, if any, by which the Interest Accrual Amount on the Class B Notes for such Interest Period exceeds the Class B Interest Cap, plus the Class B Carry-Over Amount from prior Interest Periods plus interest on the amount of that Class B Carry-Over Amount, to the extent permitted by law, at the LIBOR Indexed Rate applicable for the Class B Notes from that preceding Distribution Date to the current Distribution Date.

"*Class B Interest Cap*" shall mean, with respect to any Distribution Date, an amount equal to (a) the actual number of days in the current year (i.e., 365 or 366, as the case may be) divided by 360 multiplied by the difference between (i) the sum of all non-principal amounts accrued on the Financed Student Loans during the related Collection Period, whether due from a borrower, a Guaranty Agency or the Department (including, without limitation, Special Allowance Payments and Interest Subsidy Payments), or the Secretary of Health and Human Services in the case of HEAL Loans, and (ii) amounts not attributable to principal that are payable to the Department that accrued during the related Collection Period (including, without limitation, Special Allowance Payments and consolidation rebate fees); less (b) the Trustee Fee, the Servicing Fees and the Administration Fees accrued during the related Collection Period and less (c) the Interest Accrual Amount on the Class A Notes for such Distribution Date. The Class B Interest Cap may not be less than zero.

"*Class B Noteholder*" shall mean a Noteholder of Class B Notes.

"*Class B Notes*" shall mean the $15,500,000 Student Loan Asset-Backed Notes, Series 2012-1 (Taxable LIBOR Floating Rate Notes), Class B Notes issued by the Corporation pursuant to the Indenture, substantially in the form of Exhibit C to the Indenture.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code under the Indenture shall be deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations, relating to such section. A reference to any specific section of the Code shall be deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

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

"*Collection Period*" shall mean, with respect to any Distribution Date, the calendar month period ending on the last day of the month preceding such Distribution Date. However, the initial Collection Period will be the period from the Issue Date through December 31, 2012.

"*Consolidation Financed Student Loan*" shall mean a loan originated pursuant to Section 428C of the Higher Education Act.

"*Continuing Disclosure Agreement*" shall mean any Continuing Disclosure Agreement or Continuing Disclosure Certificate entered into or executed by the Corporation pursuant Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act, as such rule may be amended from time to time.

"*Contract of Insurance*" means, with respect to a Student Loan, an agreement between the Corporation and the Secretary providing for Insurance on such Student Loan.

"*Conversion Event*" shall have the meaning ascribed thereto in the Back up Servicing Agreement; provided, that the definition of Conversion Event in the Back-up Servicing Agreement as of the Issue Date shall not be amended until after the requirements of a Rating Notification have been satisfied.

"*Corporation*" shall mean the Vermont Student Assistance Corporation, a nonprofit public corporation created and established pursuant to, and existing under, the laws of the State of Vermont, or any body, agency, or instrumentality of the State of Vermont or other entity which shall hereafter succeed to the powers, duties and functions of the Corporation.

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

"*Custodian Agreement*" shall mean any custodian agreement among the Corporation, the Trustee and a Servicer or other custodian or bailee related to the Financed Student Loans.

"*Cut-Off Date*" shall mean, with respect to any Eligible Loans that are Financed and pledged to the Trustee under the Indenture, the date on which such Eligible Loan is pledged to the Trustee under the Indenture.

"*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 (a) $1,961,305 on the Issue Date and (b) on any other Distribution Date, the greater of 0.25% of the Pool Balance as of the last day of the related Collection Period or $1,176,783 (which is approximately 0.15% of the expected Pool Balance as of the Issue Date).

"*Department*" shall mean the United States Department of Education, an agency of the federal government.

"*Department Rebate Interest Amount*" shall mean, with respect to any date of determination, the greater of (a)(i) the amount of interest paid by borrowers on the Financed Higher Education Act Loans first disbursed on or after April 1, 2006 that exceeds the Special Allowance Payment support levels applicable to such Financed Student Loans under the Higher Education Act since the prior Department Rebate Payment Date less (ii) the amount of accrued Interest Subsidy Payments or Special Allowance Payments due to the Corporation since the prior Department Rebate Payment Date and (b) $0.00.

"*Department Rebate Payment Date*" shall mean the quarterly date that (i) the Department Rebate Interest Amount is due and payable to the Department or (ii) the Department offsets the Department Rebate Interest Amount from Interest Subsidy Payments or Special Allowance Payments due to the Corporation.

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

"*Department Reserve Fund Requirement*" shall mean as of any Distribute Date, an amount necessary to bring the balance of the Department Reserve Fund up to an amount equal to the sum of: (a) the expected Department Rebate Interest Amount accrued through the last day of the related Collection Period; (b) any Monthly Consolidation Loan Rebate Fees accrued through the last day of the related Collection Period; (c) any other accrued payments that are payable to the Department as accrued through the last day of the related Collection Period; (d) any payment then due and payable to a Guaranty Agency relating to its Guaranty of Financed Student Loans; and (e) any other such payment then accrued to the Corporation, another entity or trust estate, if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate, pursuant to any Joint Sharing Agreement, in each case together with any amounts unpaid from prior periods and as evidenced by a Certificate of the Corporation.

"*Distribution Date*" shall mean the 28th day of each calendar month, commencing on January 28, 2013; provided, however, that if the 28th day of the month is not a Business Day, then the Distribution Date shall be the next succeeding Business Day.

"*Distribution Date Certificate*" shall mean a certificate prepared by the Corporation substantially in the form set forth as an exhibit to the Indenture.

"*Distribution Date Information Form*" shall mean a certificate prepared by the Trustee based on the information in the Distribution Date Certificate substantially in the form set forth as an exhibit to the Indenture.

"*Eligible Borrower*" means a borrower who is eligible under the Higher Education Act to be the obligor of a loan for financing a program of education at an Eligible Institution, including a borrower who is eligible under the Higher Education Act to be an obligor of a loan made pursuant to Section 428A, 428B and 428C of the Higher Education Act.

"*Eligible Institution*" means (a) an institution of higher education, (b) a vocational school or (c) any other institution which, in all of the above cases, has been approved by the Department and the applicable Guaranty Agency.

"*Eligible Lender*" shall mean (a) the Corporation, (b) with respect to Higher Education Act Loans, 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 and (c) with respect to HEAL Loans, any "eligible lender," as defined in the Public Health Service Act, and which has received such designation from the Secretary of Health and Human Services with respect to loans insured under the Public Health Service Act.

"*Eligible Loan*" means (i) any Student Loan that is a Higher Education Act Loan:

(a) which was originated or acquired by the Corporation;

(b) which complies with all applicable provisions of the Higher Education Act;

(c) which has been fully disbursed;

(d) the Obligor for which is an Eligible Borrower;

(e) which, if such Student Loan is a subsidized Stafford loan, qualifies the holder thereof to receive Interest Subsidy Payments and Special Allowance Payments from the Department of Education; if such Student Loan is a Consolidation Financed Student Loan, such Student Loan qualifies the holder thereof to receive Interest Subsidy Payments and Special Allowance Payments from the Department of Education to the extent applicable; and if such Student Loan is a PLUS/SLS Loan or an unsubsidized Stafford Loan, such Student Loan qualifies the holder thereof to receive Special Allowance Payments from the Department to the extent applicable;

(f) which provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that will fully amortize the Principal Balance thereof by its maturity, as such maturity may be modified in accordance with applicable deferral and forbearance periods granted in accordance with applicable laws, including the Higher Education Act and any Guaranty Agreements, as applicable;

(g) which is denominated and payable only in United States dollars in the United States or one of its territories;

(h) which, together with the related promissory note therefor, represents the genuine, legal, valid and binding payment obligation of the related Obligor, enforceable by or on behalf of the holder thereof against such Obligor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors' rights generally and subject to general principles of equity; and which has not been satisfied, subordinated or rescinded and as to which no right of rescission, setoff, counterclaim or defense has been asserted or, to the knowledge of the Corporation, overtly threatened in writing;

(i) which, together with the promissory note related thereto, does not contravene in any material respect any laws, rules, or regulations applicable thereto;

(j) which is assignable without the consent of, or notice to, any related Obligor;

(k) which is evidenced by a promissory note which is held by the Servicer or its custodian;

(l) which is Insured, or is Guaranteed (at a level no less than 97% of principal and accrued interest) under, and the subject of, a valid Guaranty Agreement with a Guaranty Agency;

(m) which does not carry a rate of interest less than, or in excess of, the applicable rate of interest required by the Higher Education Act (if the Higher Education Act permits the Corporation to charge an interest rate less than the applicable rate of interest, such Student Loan will not bear interest at a rate lower than the applicable rate of interest, provided, however, such Eligible Loan may be subject to borrower benefits as described in the Indenture);

(n) which immediately prior to its being Financed under the Indenture, is owned by the Corporation free and clear of any lien, security interest, charge, encumbrance or other right or claim or restriction in favor of any other Person; and

(o) the payment terms of which have not been altered or amended except in accordance with the Higher Education Act;

and (ii) any Student Loan that is a HEAL Loan:

(a) which was originated or acquired by the Corporation;

(b) which complies with all applicable provisions of the Public Health Service Act;

(c) which has been fully disbursed;

(d) on which all fees have been paid to the Secretary of Health and Human Services;

(e) which is denominated and payable only in United States dollars in the United States or one of its territories;

(f) which, together with the related promissory note therefor, represents the genuine, legal, valid and binding payment obligation of the related borrower, enforceable by or on behalf of the holder

thereof against such borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and similar laws relating to creditors' rights generally and subject to general principles of equity; and which has not been satisfied, subordinated or rescinded and as to which no right of rescission, setoff, counterclaim or defense has been asserted or, to the knowledge of the Corporation, overtly threatened in writing;

(g) which, together with the promissory note related thereto, does not contravene in any material respect any laws, rules, or regulations applicable thereto;

(h) which is assignable without the consent of, or notice to, any Person obligated to make payments with respect thereto;

(i) which is evidenced by a promissory note which is held by the Servicer or its custodian;

(j) which is insured by the Secretary of Health and Human Services;

(k) which carries the maximum applicable rate of interest permitted by the Public Health Service Act; provided, that such Eligible Loan may be subject to borrower benefits as described in the Indenture;

(l) which immediately prior to its being Financed under the Indenture, is owned by the Corporation free and clear of any lien, security interest, charge, encumbrance or other right or claim or restriction in favor of any other Person; and

(m) the payment terms of which have not been altered or amended except in accordance with the Public Health Service Act.

"*E-loans*" shall mean Eligible Loans which are electronically signed.

"*Event of Bankruptcy*" shall mean to the extent permitted by applicable law (a) the Corporation 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 Corporation 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) 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 Distribution Amount on any Class of Notes when due and such default shall continue for a period of five (5) Business Days (it being understood and agreed that in no event shall the non-payment of the Interest Distribution Amount on the Class B Notes be an Event of Default under the Indenture for so long as any Class A Notes remain Outstanding);

(c) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation 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 Authorized Representative of the Corporation; or

(d) the occurrence of an Event of Bankruptcy.

In no event shall the failure to pay Class B Carry-Over Amount or the failure to pay principal of the Notes (except failure to pay principal of the Notes on the applicable Stated Maturity Date) be an Event of Default under the Indenture.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Existing Resolution*" means the 1995 Education Loan Revenue Bond Resolution of the Corporation adopted June 16, 1995, as supplemented and amended.

"*Financed*" or "*Financing*," when used with respect to Student Loans, shall mean or refer to Student Loans (a) acquired or transferred by the Corporation and deposited in, or otherwise constituting a part of, the Trust Estate and (b) substituted or exchanged as permitted by the Indenture for Financed Student Loans but, in any event shall not include Student Loans released from the lien of the Indenture pursuant to the terms of the Indenture.

"*Fiscal Year*" shall mean the fiscal year of the Corporation as established from time to time; currently, the Fiscal Year of the Corporation commences each July 1 and ends each June 30.

"*Fitch*" shall mean Fitch Inc., Fitch Ratings Ltd., its subsidiaries and 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 Higher Education Act 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 guaranty student loans under the Higher Education Act and reinsured by the Department.

"*Guaranty Agreement*" shall mean a guaranty or lender agreement between any Guaranty Agency and the Corporation or another Eligible Lender under the Higher Education Act, and any amendments thereto.

"*Guaranty and Insurance Payments*" shall mean (a) with respect to any Financed Higher Education Act Loan, any payment made by a Guaranty Agency pursuant to a Guaranty Agreement or any payment made by the Secretary pursuant to the Insurance provided by it under the Higher Education Act, in respect of such Student Loan; and (b) with respect to any HEAL Loan, any insurance payment made by the Secretary of Health and Human Services with respect thereto.

"*HEAL Loan*" means any loan made to finance education that is insured by the Secretary of Health and Human Services pursuant to the Public Health Services Act.

"*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.

"*Higher Education Act Loan*" means any Higher Education Act, Title IV, Part B loan made to finance post-secondary education that is made under the Higher Education Act.

"*Highest Priority Obligations*" shall mean (a) at any time when Class A Notes are Outstanding, the Class A Notes and (b) at any time when no Class A Notes are Outstanding, the Class B Notes.

"*Indenture*" shall mean the Indenture of Trust, dated as of November 1, 2012 by and between the Corporation and the Trustee relating to the Notes, including all supplements and amendments thereto.

"*Index Maturity*" shall mean with respect to any Interest Period, a period of time equal to one month with respect to One-Month LIBOR Rate or two months with respect to Two-Month LIBOR Rate, as applicable.

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

"*Initial Pool Balance*" shall mean the Pool Balance as of the end of the Acquisition Period.

"*Initial Purchasers*" shall mean Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., the initial purchasers of the Notes.

"*Insurance*" or "*Insured*" or "*Insuring*" shall mean (a) with respect to a Higher Education Act 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 all or a portion of the principal of and accrued interest on such Student Loan; and (b) with respect to a HEAL Loan, the insuring by the Secretary of Health and Human Services of a portion of the principal of and accrued interest on such Student Loan.

"*Interest Accrual Amount*" shall mean, for any Distribution Date, with respect to any Class of the Notes, the aggregate amount of interest accrued for such Class of the Notes at the related LIBOR Indexed Rate for such Class of the Notes on the Outstanding Amount of such Class of the Notes as of 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.

"*Interest Distribution Amount*" shall mean, for any Distribution Date, for a Class of the Notes:

(a) with respect to the Class A Notes, the sum of (i) the Interest Accrual Amount with respect to the Class A Notes and (ii) the Interest Shortfall for that Distribution Date with respect to the Class A Notes; and

(b) with respect to the Class B Notes, the sum of (i) the lesser of (A) the Interest Accrual Amount with respect to the Class B Notes and (B) the Class B Interest Cap and (ii) the Interest Shortfall for that Distribution Date with respect to the Class B Notes (other than the first Distribution Date for which the Class B Interest Cap shall not apply).

"*Interest Period*" shall mean, with respect to the initial Distribution Date, the Initial Interest Period and with respect to each subsequent Distribution Date shall mean the period commencing on and including the prior Distribution Date and ending on and including the day before such current Distribution Date.

"*Interest Rate Determination Date*" shall mean the second Business Day immediately preceding each Distribution Date or, with respect to the first Interest Rate Determination Date, the second Business Day immediately preceding the Issue Date.

"*Interest Shortfall*" shall mean, for any Distribution Date and any Class of Notes, the excess of (i) the Interest Distribution Amount for such Class of Notes on the preceding Distribution Date, over (ii) the amount of interest actually distributed to the Noteholders of such Class of Notes on that preceding Distribution Date, plus interest on the amount of that excess, to the extent permitted by law, at the applicable LIBOR Indexed Rate for such Class of Notes for such Interest Period. The Class B Carry-Over Amount shall not be characterized as Interest Shortfalls under the Indenture.

"*Interest Subsidy Payment*" shall mean an interest payment on Higher Education Act 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, such 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 with a maturity of 12 months or less that is rated no lower than "A-1+" or "AAAm" by S&P, if rated by S&P;

(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 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 (1) any of the following agencies: Farm Credit System; Federal Home Loan Mortgage Corporation; the Federal National Mortgage Association; 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 (2) 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 therefor;

(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 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, which may be entered into by and among the Corporation 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 the Notes Outstanding by S&P and Fitch and, if such Person has commercial paper outstanding, such commercial paper is rated no lower than "A-1+" by S&P and "AA-/F1+" by Fitch for agreements or contracts with a maturity of 24 months or less, or with an insurance company whose claims paying ability is so rated, or (ii) unsecured long term debt is rated no lower than two subcategories below the highest rating on the Notes Outstanding by S&P and Fitch, and, if such Person has commercial paper outstanding, such commercial paper is rated no lower than "A-1+" by S&P and "AA-/F1+" by Fitch for agreements or contracts with a maturity of more than 24 months, or with 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/mmf" by Fitch, if rated by Fitch, 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) that bear the highest rating of each Rating Agency; and

(m) any other investment after the requirements of a Rating Notification have been satisfied, to the extent such Rating Agency is then maintaining a Rating on any Outstanding Notes.

"*Issue Date*" shall mean the date of original issuance and delivery of the Notes.

"*Joint Sharing Agreement*" shall mean any joint sharing agreement, as amended and supplemented from time to time, by and among the Corporation, the Trustee and any other party thereto.

"*LIBOR Indexed Rate*" shall mean, with respect to each Class, the interest rate established by the Trustee on each Interest Rate Determination Date and equal to the applicable One Month LIBOR Rate plus the Spread applicable to such Class.

"*LIBOR Rate*," "*One-Month LIBOR Rate*," or "*Two-Month LIBOR Rate*" 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 $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 at least two Reference Banks provide quotations, the rate for that day will be the arithmetic mean of the quotations. If fewer than two Reference Banks provide 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 Administrator at approximately 11:00 a.m., Eastern 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 $1,000,000. If the banks selected as described above do not provide such quotations, One-Month LIBOR or Two-Month LIBOR, as the case may be, in effect for the applicable Interest Period will be One-Month LIBOR or Two-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 Proceeds*" 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).

"*Maturity*," when used with respect to a Class of Notes, shall mean the date on which the principal thereof becomes due and payable as therein provided or as provided in the Indenture, whether at its Stated Maturity Date, by earlier redemption, by declaration of acceleration, or otherwise.

"*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 Amount of the Notes on such Distribution Date to zero, (ii) pay to the respective Noteholders of each Class of Notes, the Interest Distribution Amount on the Notes payable on such Distribution Date, plus, with respect to the Class B Notes, any Class B Carry-Over Amount, (iii) pay any accrued and unpaid fees and expenses due and owing under the Indenture, (iv) pay any rebate fees or other amounts payable to the Department with respect to the Financed Student Loans and (v) pay amounts payable under any Joint Sharing Agreement or otherwise remove amounts deposited in the Trust Estate which represent amounts that are allocable to Student Loans that are not Financed Student Loans.

"*Monthly Consolidation Loan Rebate Fee*" shall mean the monthly consolidation loan rebate fee payable to the Department on the Consolidation Financed Student Loans within the Trust Estate.

"*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 Corporation and reasonably acceptable to the Trustee, which counsel may be the Corporation's counsel.

"*Noteholder*" shall mean a Registered Owner of a Note.

"*Note Purchase Agreement*" shall mean the Note Purchase Agreement by and among the Corporation and the Initial Purchasers.

"*Notes*" shall mean the $770,500,000 aggregate principal amount of the Corporation's Student Loan Asset-Backed Notes, Series 2012-1 (Taxable LIBOR Floating Rate Notes), issued pursuant to the Indenture, consisting of the Class A Notes and the Class B Notes, substantially in the form of Exhibit C to the Indenture.

"*Obligor*" means a Person obligated to make payments with respect to a Student Loan including the student, the applicable Guaranty Agency and the Department.

"*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 Indenture.

"*Outstanding Amount*" shall mean, as of any date of determination, the aggregate principal amount of all Notes or the applicable Class or Classes of Notes, as the case may be, Outstanding at such date of determination.

"*Participant*" shall mean a participant in the electronic, computerized book entry system of transferring beneficial ownership interests in the Notes administered by the Securities Depository.

"*Paying Agent*" shall mean the Trustee.

"*Person*" shall mean an individual, corporation, partnership, joint venture, association, joint stock company, limited liability 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 allocable to principal received by the Corporation through that date from or on behalf of borrowers, Guaranty Agencies, the Secretary of Health and Human Services and the Department; (ii) all amounts allocable to principal received by the Trustee through that date from sales (or other releases from the lien of the Indenture permitted under the Indenture) 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 and that are permitted to be made under the Servicing Agreements through that date; and (v) the aggregate amount by which (a) reimbursements by Guaranty Agencies of the unpaid principal balances of default Higher Education Act 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; and (b) reimbursements by the Secretary of Health and Human Services of the unpaid balances of defaulted HEAL Loans through that date are less than 100%, as provided by the Public Health Service Act.

"*Public Health Service Act*" means the Public Health Service Act of 1944, 42 U.S.C. § 201 et seq.

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

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

"*Purchase Amount*" with respect to any Financed Student Loan shall mean the amount required to prepay in full such Financed Student Loan under the terms thereof including all accrued interest thereon and any unamortized premium, it being acknowledged that any accrued and unpaid Interest Subsidy Payments or Special Allowance Payments will continue to be payable to the Trustee and constitute part of the Trust Estate.

"*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 Corporation to assign Ratings to any of the Notes, notice of which designation shall be given to the Trustee, which shall initially include S&P and Fitch with respect to the Notes.

"*Rating Notification*" shall mean, with respect to a proposed action, failure to act, or other event specified in the notice (a "Proposed Action"), that the Corporation shall have given written notice of such Proposed Action to each Rating Agency at least twenty Business Days prior to the proposed effective date thereof.

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

"*Record Date*" shall mean, with respect to any Distribution Date, the Business Day prior to the Distribution Date or upon the occurrence of an Event of Default under the Indenture, the date fixed by the Trustee in accordance with the Indenture.

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

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

"*Registrar*" shall mean the Trustee.

"*Regulations*" shall mean (a) with respect to Higher Education Act Loans, the Regulations promulgated from time to time by the Secretary or any Guaranty Agency guaranteeing Financed Higher Education Act Loans and (b) with respect to HEAL Loans, the Regulations promulgated from time to time by the Secretary of Health and Human Services.

"*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.

"*Secretary of Health and Human Services*" shall mean the Secretary of the United States Department of Health and Human Services or any successor to the pertinent functions thereof under the Public Health Service Act.

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

"*Securities Depository*" shall mean an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act. The initial Securities Depository shall be The Depository Trust Company and its successors and assigns and the initial nominee for the Securities Depository shall be Cede & Co. If, however, (a) the Securities Depository resigns from its functions as depository of any of the Notes or (b) the Corporation discontinues use of the Securities Depository, the Securities Depository shall mean any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Notes and which is selected by the Corporation with the consent of the Trustee.

"*Servicer*" shall mean the Corporation, the Back-up Servicer and any other additional Servicer or successor Servicer with which the Corporation has entered into a Servicing Agreement with respect to the Financed Student Loans. Any additional Servicer or successor Servicer shall either (i) be one of the Department's Title IV Additional Servicers or (ii) if such additional Servicer or successor Servicer is not one of the Department's Title IV Additional Servicers, (A) such additional Servicer or successor shall have entered into a Back-up Servicing Agreement with the

Corporation and a Back-up Servicer and (B) the requirements of a Rating Notification shall have been satisfied as to such additional Servicer or successor. The Corporation shall provide each Rating Agency with notice of any removal or replacement of a Servicer or the appointment of a new Servicer whether or not a Rating Notification shall be required to be satisfied.

"*Servicing Agreement*" shall mean the servicing agreements with any third party Servicer relating to the Financed Student Loans, including the Back-up Servicing Agreement, as such servicing agreements may be amended from time to time.

"*Servicing Fee Floor*" shall mean the product of (a) $2.50, (b) the total number of borrowers outstanding, and (c) commencing November 2013, and each successive one year anniversary thereafter, a per annum increase of 3.00%.

"*Servicing Fees*" shall mean the amounts payable to the Corporation, or with respect to any other Servicer, amounts payable by the Corporation to each third party 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). On each Distribution Date, the Servicing Fees shall be paid to the Corporation in an amount equal to the greater of (i) the Servicing Fee Floor and (ii) one twelfth of 0.75% of the Pool Balance as of the end of the related Collection Period plus, in the case of both clause (i) and (ii), no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement (which annual amount specified for payment due to the Back-up Servicer can be paid in full when due). The Servicing Fees payable on December 28, 2012 shall be equal to 0.75% of the Pool Balance as of November 30, 2012, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360). The Corporation shall pay out of the Servicing Fees received by it to any third-party Servicer (including the Back-up Servicer) the Servicer's fees under the related Servicing Agreement and expenses reimbursable to the Servicer thereunder for servicing (or back-up servicing) in the amounts owed thereunder (up to the amounts actually received by the Corporation pursuant to the Indenture as Servicing Fees for that period). In no event shall any additional amounts be payable to a Servicer as Custodian under a Custodian Agreement.

"*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.

"*Spread*" shall mean 0.70% per annum with respect to the Class A Notes and 3.00% per annum with respect to the Class B Notes.

"*Stafford/PLUS Financed Student Loan*" shall mean an originated loan that is designated as such that is made under the Robert T. Stafford Student Loan Program in accordance with the Higher Education Act or originated under the authority set forth in Section 428A or B (or a predecessor section thereto) of the Higher Education Act and shall include student loans designated as "PLUS Loans" or "SLS Loans," as defined, under the Higher Education Act, as applicable.

"*Stated Maturity Date*" shall mean the July 2034 Distribution Date with respect to the Class A Notes and the December 2041 Distribution Date with respect to the Class B Notes.

"*Student Loan*" shall mean any Higher Education Act Loan or any HEAL Loan.

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

"*Supplemental Indenture*" shall mean an agreement supplemental to the Indenture executed pursuant to the Indenture.

"*Temporary Costs of Issuance Account*" shall mean the Account by that name created under the Indenture.

"*Trust Estate*" shall mean:

(a) the Financed Student Loans;

(b) the rights of the Corporation under any Servicing Agreements, Custodian Agreements, Administration Agreements, Joint Sharing Agreements, and Guaranty Agreements and any assignments thereof, as the same relate to Financed Student Loans;

(c) interest payments, proceeds, charges and other income received by the Trustee or the Corporation with respect to Financed Student Loans made by or on behalf of borrowers accrued and paid on or after the applicable Cut-Off Date;

(d) all amounts received on or after the applicable Cut-Off Date in respect of payment of principal of Financed Student Loans, and all other obligations of the borrowers thereunder, including, without limitation, 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;

(e) any applicable Special Allowance Payments paid on or after the applicable Cut-Off Date, 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;

(f) any applicable Interest Subsidy Payments paid on or after the applicable Cut-Off Date, or payable in respect of any Financed Student Loans;

(g) Available Funds (other than moneys released from the lien of the Indenture as provided in the Indenture), together with all moneys and investments held in the Funds described in the Indenture (other than the moneys and investments held in the Department Reserve Fund), including all proceeds thereof and all income thereon; and

(h) any proceeds from any property described in the above clauses (a)-(g), and any and all other property, rights and interests of every kind or description that from time to time hereafter is granted, conveyed, pledged, assigned, or transferred or delivered to the Trustee as and for additional security under the Indenture.

"*Trust Funds*" shall mean the Acquisition Fund, the Collection Fund and the Debt Service Reserve Fund and shall not in any event include the Department Reserve Fund.

"*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 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 Corporation and the Trustee, which Trustee Fee shall be payable (i) on each Distribution Date in an amount equal to 1/12 of 0.006% of the Outstanding Amount of the Notes immediately preceding such Distribution Date and (ii) on December 28, 2012 in an amount equal to 0.006% of the Outstanding Amount of the Notes on the Issue Date, based on the number of days elapsed from the Issue Date to November 30, 2012 (based on a 30-day month divided by 360).

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EXHIBIT C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

NOTE DETAILS

Issuance of Notes. The Corporation shall have the authority, upon complying with the provisions of the Indenture, to issue, and the Trustee shall have the authority, upon complying with the provisions of the Indenture, to authenticate and deliver the Notes, which shall be secured by the Trust Estate.

No Notes shall be authenticated and delivered pursuant to the Indenture until the Trustee shall have received:

(i) a Corporation Order 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;

(ii) an approving opinion of Note Counsel;

(iii) a Certificate of an Authorized Officer of the Corporation stating that upon issuance of the Notes the Corporation is not in default with respect to any provision contained in the Indenture; and

(iv) evidence of ratings, if any, by each Rating Agency on the Notes to be issued.

PROVISIONS APPLICABLE TO THE NOTES; DUTIES OF THE CORPORATION

Payment of Notes. The Corporation 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.

Covenant to Perform Obligations under the Indenture. The Corporation 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 Corporation pertaining thereto. The Corporation covenants that it is duly authorized to issue the Notes authorized by the Indenture and to enter into the Indenture and to perform its obligations thereunder 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 the Indenture is and each will be valid and enforceable obligations of the Corporation 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 Corporation with the owners of the Notes and shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the Registered Owners from time to time.

Administration. The Corporation shall administer, operate and maintain (a) the Financed Higher Education Act Loans in such manner as to ensure that such 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 and (b) the Financed HEAL Loans in such manner as to ensure that such Financed Student Loans will benefit from the benefits available under the Public Health Service Act and the federal program of reimbursement for student loans pursuant to the Public Health Service Act, or from any other federal statute providing for such federal program. The Corporation shall maintain any Administration Agreements in full force and effect. The Corporation agrees to notify each Rating

Agency if (i) the Administrator is replaced, resigns or is removed; or (ii) if there is any material change in the terms of any Administration Agreements.

The Corporation covenants that it will (i) cause the Trustee to be, or replace the Trustee with, an entity meeting the criteria for a successor Trustee contained in the Indenture, (ii) acquire or cause to be acquired Student Loans originated and held only by an Eligible Lender and (iii) not dispose of or deliver any Financed Student Loans or any security interest in any such Financed Student Loans to any party who is not an Eligible Lender so long as the Higher Education Act, the Public Health Service Act or Regulations adopted thereunder, as applicable, require an Eligible Lender to be the owner or holder of Financed Student Loans; provided, however, that nothing above shall prevent the Corporation from delivering the Financed Student Loans to a Servicer or the Financed Higher Education Act Loans to a Guaranty Agency. The Registered Owners of the Notes shall not in any circumstances be deemed to be the owner or holder of the Financed Student Loans.

Enforcement and Amendment of Guaranty Agreements. So long as any Notes are Outstanding and any Higher Education Act Loans remain in the Trust Estate, the Corporation (a) will, from and after the date on which it shall have entered into 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.

Enforcement and Amendment of Certificates of Insurance. So long as any Notes are Outstanding, the Corporation (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.

Financing, Collection and Assignment of Student Loans. All loans held under the Indenture shall only be Financed Student Loans. The Corporation 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 Corporation is entitled pursuant to 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 or the Secretary of Health and Human Services which relate to such Financed Student Loans. The Corporation shall also make, or cause to be made by the applicable Servicer, every effort to perfect the Corporation's or such Servicer's claims for payment from the Secretary or such Guaranty Agency or the Secretary of Health and Human Services, of all payments related to such Financed Student Loans, no later than required by the Higher Education Act, the applicable Guaranty Agreement or, as applicable, the Public Health Service Act. The Corporation will assign such Financed Student Loans for payment of Guaranty or Insurance benefits within the required period under applicable law and regulations. The Corporation will comply with all United States federal and state statutes, rules and regulations which apply to such Financed Student Loans.

Enforcement of Financed Student Loans. The Corporation shall, subject to the provisions of the Indenture, 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 Corporation thereunder. The Corporation shall not permit the release of the obligations of any borrower under any Financed Student Loan or consent or agree to permit any amendment or modification of any Financed Student Loan and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Corporation and the Trustee under the Indenture or with respect to each Financed Student Loan and agreement in connection therewith. Notwithstanding the foregoing, nothing in the Indenture shall be construed to prevent the Corporation from (i) granting a reasonable forbearance to a borrower pursuant to the terms of the Higher Education Act or the Public Health Service Act, as applicable; (ii) settling a default or curing a delinquency on any Financed Student Loan on such terms as shall be permitted by law; (iii) charging interest at a

lower rate than is required by the Higher Education Act or the Public Health Service Act, as applicable, or establishing discounts or granting forgiveness of principal of or interest on Financed Student Loans (including paying for such discounts or forgiveness with cash released from the Trust Estate) to the extent the same is part of a borrower benefit program in effect with respect to such Financed Student Loans on the Date of Issue as described in the Indenture; or (iv) allowing a borrower to repay a Financed Student Loan under an income-based repayment plan pursuant to the Higher Education Act or the Public Health Service Act, as applicable.

Servicing and Enforcement of Servicing Agreements.

(a) The Corporation shall duly and properly service (or cause to be duly and properly serviced) all Financed Student Loans and enforce the payment and collection of all payments of principal and interest payments which relate to any Financed Student Loans, or, shall cause such servicing to be done by a third party servicer meeting the criteria in the definition of Servicer in the Indenture. The Corporation agrees that, and shall cause each Servicer other than the Corporation to enter into a Servicing Agreement providing that, the Servicer will administer and collect all Financed Student Loans in the manner consistent with the Indenture and perform any duties, obligations and functions imposed upon the Servicer by the Corporation. The Corporation 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 Corporation 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 Corporation:

(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 Corporation and, to the extent applicable, of the Trustee, under or with respect to each Servicing Agreement, to be defended, enforced, preserved and protected;

(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 the Trustee or any Registered Owner and in the event the Corporation determines any amendment or modification of any Servicing Agreement will not materially adversely affect the rights or security of the Trustee or any Registered Owner, the Corporation will provide to the Trustee, a certificate of an Authorized Officer to that effect;

(iv) shall at its own expense, duly and punctually perform and observe each of its obligations to each Servicer under the related Servicing Agreement in accordance with the terms thereof;

(v) agrees to give the Trustee and each Rating Agency prompt written notice of each default on the part of a Servicer of its material obligations under its Servicing Agreement coming to the Corporation's attention;

(vi) shall not waive any default by a Servicer of its material obligations under its Servicing Agreement without first receiving the approval of the Registered Owners of at least a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding;

(vii) shall not consent or agree to permit any amendment or modification of any Servicing Agreement, if such amendment or modification specifies Servicing Fees in excess of the amount specified in the definition thereof unless the requirements of a Rating Notification have been satisfied (for the avoidance of doubt, in no event shall the Servicing Fees be less than the Servicing Fee Floor plus no more than $15,000 per annum for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement); and

(viii) shall provide written notice to the Trustee of any increase in the Servicing Fees in an amount in excess of the increases permitted under the Indenture.

(b) The foregoing notwithstanding, nothing in the Indenture shall be construed to prevent the Corporation:

(i) from taking actions to replace any Servicer if the Corporation reasonably believes it prudent to do so in light of all circumstances then known to the Corporation to exist and such action will not materially adversely affect either the ability of the Corporation 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 Corporation determines in good faith that it is reasonably prudent to do so in light of all circumstances then known by the Corporation to exist and such action will not materially adversely affect the ability of the Corporation 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.

(c) Any 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.

(d) If at any time the Corporation fails to perform its obligations as a Servicer under the Indenture or under the Higher Education Act or the Public Health Service Act, or if any other Servicer fails in any material respect to perform its obligations under its Servicing Agreement, the Higher Education Act or under the Public Health Service Act, including without limitation the failure of the Corporation or Servicer to comply with the due diligence requirements of the Higher Education Act or the Public Health Service Act, or if any servicing audit shows any material deficiency in the servicing of Financed Student Loans by the Corporation or any other Servicer, the Corporation shall, or cause the Servicer to, cure the failure to perform or the material deficiency or remove such Servicer and appoint another Servicer; provided, however, that any such failure by the Corporation or by another Servicer under the Servicing Agreement shall be a Conversion Event under the Back-up Servicing Agreement.

(e) If a Guaranty or Insurance claim with respect to any 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 Corporation shall either: (i) sell or otherwise purchase or release such Financed Student Loan from the Trust Estate for a 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 with substantially identical characteristics.

(f) The Corporation shall (i) unless it is the Servicer, retain a replacement Servicer or, to the extent that a replacement Servicer is not one of the Department's Title IV Additional Servicers, a replacement Back-up Servicer in the event that an existing Servicing Agreement expires or terminates and is not renewed and (ii) ensure that the aggregate principal amount of Student Loans subject to the Back-up Servicing Agreement is sufficient to cover the Financed Student Loans.

Administration and Collection of Financed Student Loans.

(a) All Financed Student Loans which are part of the Trust Estate shall be administered and collected either by or on behalf of the Corporation or by a Servicer selected by the Corporation in a competent, diligent and orderly fashion and in accordance with all requirements of the Higher Education Act, the Public Health Service Act, the Regulations, the Secretary, each Guaranty Agency, the Secretary of Health and Human Services and the Indenture.

(b) In all events, promissory notes evidencing Financed Student Loans shall be held by the Trustee or its custodial agent or bailee (which shall initially be the Corporation pursuant to the terms of the Indenture, but may be any other 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 Corporation as the Servicer covenants and agrees to comply with the following provisions with respect to all Financed Student Loans and agrees to include the following provisions in any Servicing Agreement or Custodian Agreement binding upon the Corporation, the Servicer and the Trustee:

(i) In the event any such Servicer holds promissory 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 or release 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 within two Business Days only to the Trustee and not to the Corporation.

(iii) Promptly after each Distribution Date, the Corporation shall or shall cause the Servicer to furnish to the Trustee and each Rating Agency then maintaining a Rating on any Outstanding Notes, a report containing substantially the same information as set forth in an exhibit to the Indenture.

(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 Corporation, of 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 promissory 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, with respect to each MPN Loan, the Corporation covenants and agrees to cause the holder of the original Master Promissory Note to indicate by book entry on its books and records that the Corporation is the legal and beneficial owner of the MPN Loan.

Administration and Enforcement of Administration Agreements. The Corporation shall take all actions and do all things reasonably necessary to administer the Trust Estate and the duties of the Corporation and Administrator under the Indenture, and shall enter into an Administration Agreement with any sub-administrator it shall retain. The Corporation 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 any Administration Agreements, including without limitation causing the preparation of all reports, filings, instruments, certificates and opinions required by the Basic 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 and the Trustee under the Servicing Agreements and the Indenture, respectively and taking all non-ministerial actions as directed by the Corporation or the Trustee. To the extent the Corporation is the Administrator, the Corporation shall perform such duties enumerated above. If an Administrator Default has occurred and is continuing with respect to the Corporation as the Administrator (after giving effect to any applicable cure period specified in the definition thereof), the Corporation shall, within 60 days after the occurrence of such

Administrator Default and the running of the applicable cure period appoint a successor Administrator who shall enter into an Administration Agreement to perform the duties enumerated above, and shall provide all notices to the Rating Agencies that are required to be delivered pursuant to the terms of the Indenture. If such action is not taken by the Corporation within such time period, the Trustee, at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of the Highest Priority Obligations, shall appoint a successor Administrator who shall enter into an Administration Agreement to perform the duties enumerated above, and shall provide all notices to the Rating Agencies that are required to be delivered pursuant to the terms of the Indenture. The Corporation 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 Agreements or any similar or supplemental agreement which in any manner will materially adversely affect the rights of the Registered Owners under the Indenture.

Books of Account; Annual Audit; Inspection Rights. The Corporation shall be operated on the basis of its Fiscal Year. The Corporation 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 Corporation, and within 180 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 Corporation 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 Amount of the Notes by Stated Maturity Date and principal reduction history (date, amount, source of funds, distribution of funds per applicable Class of the Notes), shall be filed with the Trustee within 30 days after it is received by the Corporation and shall be available for inspection by any Registered Owner.

The Corporation, upon written request of the Trustee, will permit at all reasonable times the Trustee or its agents, accountants and attorneys, to examine and inspect the property, books of account, records, reports and other data relating to the Financed Student Loans, and will furnish the Trustee such other information as it may reasonably request. The Trustee shall be under no duty to make any such examination and inspection unless requested in writing to do so by the Registered Owners of 66 2/3% in collective aggregate principal amount of the Highest Priority Obligations at the time Outstanding, and unless such Registered Owners shall have offered the Trustee security and indemnity satisfactory to it against any costs, expenses and liabilities which might be incurred thereby.

Statement as to Compliance by Corporation. The Corporation will deliver to the Trustee, within 180 days after the end of each fiscal year, a brief certificate from an Authorized Representative including (a) a current list of the Authorized Representatives, and (b) a statement indicating whether or not to the knowledge of the signer thereof the Corporation is in compliance with all conditions and covenants under the Indenture and, in the event of any noncompliance, specifying such noncompliance and the nature and status thereof. For purposes of the provisions of the Indenture described in this paragraph, such compliance shall be determined without regard to any period of grace or requirement of notice under the Indenture.

Continuing Existence and Qualification. The Corporation is and will maintain its existence in good standing as a nonprofit public corporation under the laws of the State of Vermont 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 nonprofit public corporation. The Corporation is or will remain duly qualified to do business in the State of Vermont or any other state in which it is qualified, has obtained and will use its best efforts to maintain, such licenses and approvals as may be necessary to undertake the obligations under the Indenture 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.

Other Corporation Obligations. The Corporation shall not commingle the Funds, Accounts and Subaccounts established by the Indenture with any other funds, proceeds, or investment of funds.

The moneys, Financed Student Loans, securities, evidences of indebtedness, interests, rights and properties pledged under the Indenture are and will be owned by the Corporation free and clear of any pledge, lien, charge or

encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Indenture, except as otherwise expressly provided in the Indenture, and all action on the part of the Corporation to that end has been duly and validly taken. The Corporation shall hold legal title and be the beneficial owner of the Financed Student Loans. If any Financed Student Loan is found to have been subject to a lien at the time such Financed Student Loan was acquired, the Corporation shall cause such lien to be released, shall sell or otherwise release such Financed Student Loan from the Trust Estate for a purchase price equal to its principal amount plus any unamortized premium, if any, and interest accrued thereon or shall replace such Financed Student Loan with another Student Loan with substantially identical characteristics which replacement Student Loan shall be free and clear of liens at the time of such replacement. Except as otherwise provided in the Indenture, the Corporation shall not create or voluntarily permit to be created any debt, lien, or charge on the Financed Student Loans which would be on a parity with, subordinate to, or prior to the lien of the Indenture; shall not do or omit to do or suffer to be done or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority of such lien for the Notes secured by the Indenture might or could be lost or impaired; and will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with the Indenture as a lien or charge upon the Financed Student Loans; provided, however, that nothing in the Indenture provisions described in this paragraph shall require the Corporation to pay, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of the Trustee, the same will endanger the security for the Notes.

Tax Treatment of the Notes. The parties to the Indenture intend that for federal income tax, state income tax and local franchise tax purposes, the Notes will be indebtedness of the Corporation and by acceptance of the Notes, the Holders thereof agree to treat the Notes as indebtedness of the Corporation. If one or more Classes of the Notes is recharacterized as other than indebtedness of the Corporation, then it is intended that the relationship between the Holders of any such Classes of the Notes will be a partnership with the Corporation for federal tax purposes. In such case, the Corporation shall prepare and file or cause to be prepared and filed all tax returns and information reports necessary for the partners and the Corporation to comply with any reporting requirements under the Code.

The Corporation shall not claim any credit on, or make any deduction from, the principal amount of any of the Notes by reason of the payment of any taxes levied or assessed upon any portion of the Trust Estate.

Eligible Loans. The Corporation represents and warrants that each Student Loan Financed under the Indenture shall constitute an Eligible Loan and shall satisfy the representations and warranties made with respect thereto in the definition of Eligible Loans.

Recordation of the Indenture and Filing of Security Instruments; Financing Statements.

(a) The Corporation shall take, and shall cause the Servicers and the Trustee to take, all steps necessary and appropriate to cause the Indenture and all supplements thereto, together with all other security instruments, financing statements, continuation statements and amendments thereto, 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 therein to the extent permitted by applicable law, 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.

(b) The Corporation 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 Corporation 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 Corporation pursuant to the Indenture.

Representations and Covenants of the Corporation Regarding the Trustee's Security Interest. Pursuant to the Indenture, the Corporation represents, warrants and covenants for the benefit of the Trustee and the Registered Owners as follows:

(a) The Corporation's chief executive office and chief place of business, including the office where the Corporation keeps its records concerning the Trust Estate, including the Financed Student Loans (collectively referred to below as the "Records"), is located at 10 East Allen Street, 4th Floor; Winooski, Vermont 05404. The Corporation shall give the Trustee not less than 30 days' prior written notice of any change in its name or in the location of its chief executive office, its chief place of business and/or the location at which it keeps the Records.

(b) The Corporation shall, at its own expense, execute and deliver such instruments and documents as may be required or may reasonably be requested by the Trustee in order to maintain in favor of the Trustee what would be a perfected, first priority security interest in the Trust Estate, including the Financed Student Loans, as if the Uniform Commercial Code of the State of Vermont were applicable thereto (which it is not). Without limiting the generality of the foregoing, the Corporation shall execute, deliver and file all such financing and continuation statements and amendments thereto and such other instruments, endorsements and notices as may be necessary or as the Trustee may reasonably request in order to perfect and preserve the lien and pledge of the Indenture.

(c) The Corporation authorizes the Trustee under the Indenture from time to time to file financing statements, continuation statements and amendments thereto, relative to all or any part of the Trust Estate, including the Financed Student Loans, without the signature of the Corporation (where permitted by law). Copies of any such statement or amendment shall be promptly delivered to the Corporation. The Trustee agrees to prepare, request that the Corporation execute (if such execution is necessary for any such filing) and file in a timely manner the continuation statements referred to under the Indenture in accordance with the Indenture.

(d) The Corporation shall timely pay any and all filing, registration and recording fees (and any refiling, re-registration and re-recording fees) and all expenses incident to the execution, delivery and/or performance of the Indenture and any agreement or instrument of further assurance furnished under the Indenture.

(e) The Corporation shall warrant and defend its title to the Trust Estate, including the Financed Student Loans, against the claims and demands of all Persons other than the Trustee and the Registered Owners of the Notes.

(f) Except for the lien and pledge of the Indenture, and any other liens expressly authorized under the Indenture, the Corporation will not cause or permit all or any part of the Trust Estate, including but not limited to the Financed Student Loans, to become subject to any consensual or non consensual lien or encumbrance.

(g) Except for the lien and pledge of the Indenture, (i) the Corporation has no knowledge, and has not received any notice, that any party other than the Trustee, on behalf of the Registered Owners of the Notes, has or claims to have any security interest or other lien on all or any part of the Trust Estate; and (ii) no party, other than the Corporation and the Trustee, on behalf of the Registered Owners of the Notes, has or claims to have any interest whatsoever in all or any part of the Trust Estate.

(h) The Corporation represents and warrants under the Indenture for the benefit of the Trustee and the Registered Owners of the Notes as follows:

(i) Notwithstanding any other provision of the Indenture, pursuant to the Authorizing Act, the pledge made by the Corporation in the granting clauses of the Indenture shall be valid and binding from the time when the pledge is made, and the Trust Estate so pledged and thereafter received by the Corporation shall immediately be subject to the lien of the pledge of the Indenture without any physical delivery of it or further act; and as further provided in the Authorizing Act, the pledge contained in the Indenture shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation, irrespective of whether those parties have notice of it.

(ii) The Financed Student Loans are promissory notes or payment intangibles within the meaning of the Uniform Commercial Code of the State of Vermont.

(iii) The Corporation (or the Trustee on behalf of the Corporation) owns and has good and marketable title to the Financed Student Loans free and clear of any lien, charge, security interest or other encumbrance of any Person, other than those granted pursuant to the Indenture.

(iv) The Corporation has caused or will have caused, within 10 days after the date of initial issuance of the Notes, 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 if the Uniform Commercial Code of the State of Vermont were applicable thereto (which it is not).

(v) Other than the pledge to the Trustee pursuant to the Indenture, the Corporation has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Student Loans. The Corporation has not authorized the filing of and is not aware of any financing statements against the Corporation that include a description of collateral covering the Financed Student Loans other than any financing statement relating to the pledge granted to the Trustee under the Indenture and such financing statements that have been terminated. The Corporation is not aware of any judgment or tax lien filings against the Corporation.

(i) The Corporation shall assure that its electronic loan processes comply with applicable law.

(j) For the purposes of the Indenture, any Financed Student Loans, including E-loans, in which the Trustee has received a pledge, shall be accounted for in the Acquisition Fund.

(k) The transactions described in the Indenture may be conducted and related documents may be stored by electronic means as provided in the Indenture. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Further Covenants of the Corporation Regarding the Trustee's Security Interest. Pursuant to the Indenture, the Corporation covenants for the benefit of the Trustee and the Registered Owners as follows:

(a) The representations and warranties set forth in the Indenture and described herein under the caption "—Representations and Covenants of the Corporation Regarding the Trustee's Security Interest" shall survive the termination of the Indenture, and the Trustee shall not waive any of such representations or warranties.

(b) The Corporation shall take all steps necessary, and shall cause the Servicers and the Trustee to take all steps necessary and appropriate, to maintain pledge and priority of the Trustee's interest in the Financed Student Loans.

Certain Reports.

Not later than four Business Days prior to the Interest Rate Determination Date preceding each Distribution Date, the Corporation 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 Corporation with the Distribution Date Information Form once the Trustee shall complete such form, which shall be on the Interest Rate Determination Date. Upon receiving the completed Distribution Date Information Form from the Trustee, the Corporation shall post and provide electronic access to the Distribution Date Information Form on the Corporation's website. The Trustee shall direct any Noteholder who requests a copy of the Distribution Date Information Form to (i) the electronic form of such Distribution Date Information Form posted on the Corporation's website or (ii) to such other location from which copies of the Distribution Date Information Form may be obtained. In the event the Corporation no longer maintains a website, the Trustee shall post and provide electronic access to the Distribution Date Information Form on a website accessible to all Noteholders. The Corporation shall provide the Distribution Date Information Form to the

Securities Depository at Lensnotices@dtcc.com for distribution to the beneficial owners of the Notes. The Trustee may conclusively rely and accept the information described in the Distribution Date Certificate from the Corporation, with no further duty to know, determine or examine such reports. In addition, the Corporation shall provide to the Rating Agencies such regular reports in the form and at the times requested by such Rating Agencies as is necessary to maintain the Rating on the Notes.

On or before January 31 of each calendar year, beginning with January 31, 2013, the Trustee or any other paying agent appointed under the Indenture shall furnish to each Person who at any time during the preceding calendar year was a Noteholder the information for the preceding calendar year, or the applicable portion thereof during which the Person was a Noteholder, any information that is required to be provided by an issuer of indebtedness under the Code to the holders of the Notes and such other customary information as is necessary to enable each Noteholder to prepare its federal income tax returns.

The Corporation is required to also prepare the periodic reports at the times and in manner specified as described in clause (b)(iii) under the caption "Administration and Collection of Financed Student Loans" hereof.

Parity and Priority of Lien. The provisions, covenants and agreements within the Indenture set forth to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Notes, all of which, regardless of the times of their Maturity, shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in the Indenture with respect to certain payment and other priorities.

Not an Investment Company. The Corporation is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or is exempt from all provisions of such Investment Company Act.

Continuing Disclosure. The Corporation and the Trustee covenant and agree under the Indenture that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Corporation or the Trustee to comply with this covenant or the Continuing Disclosure Agreement shall not be considered an Event of Default; however, subject to the provisions of the Indenture, and if the Trustee shall have been indemnified as provided in the Indenture, then the Trustee may (and, at the request of any "participating underwriter" as defined in Rule 15c2 12 adopted by the Securities and Exchange Commission under the Exchange Act (which shall include the Initial Purchasers) or the Registered Owners of least a majority of the aggregate principal amount of the Highest Priority Obligations then Outstanding, shall) or any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation or the Trustee, as the case may be, to comply with its continuing disclosure obligations under the Indenture.

State Covenant. The laws of the State of Vermont provide that the Corporation may execute the following pledge and agreement of the State of Vermont, in any agreement with the owners of the Corporation's notes, bonds, or other obligations, and the Corporation covenants under the Indenture to include such pledge and agreement for the benefit of the Registered Owners of the Notes in the Indenture to the extent permitted by law:

"The State of Vermont does hereby pledge to and agree with the holders of the notes, bonds and other obligations issued under Chapter Eighty Seven of the Vermont Statutes Annotated, Title 16 that the State of Vermont will not limit or restrict the rights thereunder vested in the Corporation to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds or notes or other obligations, including the Notes. Neither will the State of Vermont in any way impair the rights and remedies of the holders until the notes and bonds and other obligations, including the Notes, together with interest on them and interest on any unpaid installments of interest, are fully met, paid and discharged."

FUNDS

Creation and Continuation of Funds and Accounts. Pursuant to the Indenture, the following Funds will be created and will be held and maintained by the Trustee for the benefit of the Registered Owners:

(a) Department Reserve Fund;

(b) Acquisition Fund;

(c) Collection Fund; and

(d) Debt Service Reserve Fund.

Pursuant to the Indenture, there will also be created and established within the Acquisition Fund, a Temporary Costs of Issuance Account, to be held and maintained by the Trustee for the benefit of the Registered Owners.

Pursuant to the Indenture, the Trustee is hereby authorized, upon notice to the Corporation, for the purpose of facilitating the administration of the Trust Estate and its duties under the Indenture and for the administration of any Notes issued thereunder to create further Accounts and Subaccounts in any of the various Funds established thereunder which are deemed necessary or desirable, or to close any Trust Fund (other than those enumerated in clauses (a), (b), (c) and (d) above which shall be closed as provided in the Indenture) which the Trustee deems no longer necessary or appropriate for the proper administration of such duties.

Funds on deposit in each fund specified in clauses (b), (c) and (d) above (collectively, the "Trust Funds," which definition, for avoidance of doubt, specifically excludes the Department Reserve Fund), 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 Corporation as provided in the Indenture. All Trust Funds 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 Funds from the funds and accounts established by the Corporation for any of its other obligations.

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, all interest and other investment income (net of losses and investment expenses) in the Trust Funds shall be deemed to constitute a portion of the Available Funds for each Distribution Date. For the avoidance of doubt, Available Funds for each Distribution Date shall include the maturity value of Investment Securities that mature on the Business Day preceding the Distribution Date.

Collection Fund.

(a) *Deposits to Collection Fund*. There shall be deposited to the Collection Fund (i) all Available Funds and all other moneys and investment income derived from assets on deposit in and transfers from the Debt Service Reserve Fund pursuant to the Indenture, (ii) amounts deposited following the Corporation's optional release of the Financed Student Loans in accordance with the provisions of the Indenture, and (iii) any other amounts deposited thereto upon receipt of deposit instructions from the Corporation. The Trustee shall deposit into the Collection Fund daily, in addition to all loan revenues with respect to the Financed Student Loans, all moneys received by or on behalf of the Corporation as assets of, or with respect to, the Trust Estate. Moneys on deposit in the Collection Fund shall be transferred or distributed by the Trustee in the amounts and on the Distribution Dates or other dates specified by the Indenture and in the priority described in the Indenture provisions summarized herein under this caption "—Collection Fund." Absent manifest error, the Trustee may conclusively rely on all written instructions of the Corporation described in the Indenture with no further duty to examine or determine the information provided by the Corporation for the Distribution Date Certificate. Upon Corporation Order, moneys in the Collection Fund shall be used on any date to pay, when due, the amounts described in clauses (a)(i)-(iii) of the definition of Available Funds.

(b) *Payments on Distribution Dates*. Except as provided under the heading "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate," the Corporation 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 related Collection Period (including any amounts transferred from the Debt Service Reserve Fund pursuant to the Indenture) to the Persons or to the account specified below by 3:00 p.m., Eastern time 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 related Collection Period are not sufficient to make the payments or deposits required pursuant to the provisions of the Indenture described in clauses (i) through (vi) of this subsection (b), then, after any required transfers from the Debt Service Reserve Fund pursuant to the Indenture, any other Available Funds on deposit in the Collection Fund, which the Corporation would have deemed Available Funds for the following Collection Period, may be used to make the payments or deposits required pursuant to the provisions of the Indenture described in clauses (i) through (vi) of this subsection (b):

(i) for deposit into the Department Reserve Fund, the Department Reserve Fund Requirement for such Distribution Date and any other required payments to the Department with respect to the Financed Student Loans to the extent remaining unpaid from prior periods;

(ii) to pay to the Trustee, the Trustee Fee due for such Distribution Date and any Trustee Fee remaining unpaid from prior periods;

(iii) to pay to the Corporation, the Servicing Fees due with respect to the preceding calendar month, together with Servicing Fees remaining unpaid from prior periods, out of which amount the Corporation shall pay to any third-party Servicer and the Back-up Servicer fees and expenses owed under the applicable Servicing Agreement up to the amount received by the Corporation;

(iv) to pay to the Administrator, the Administration Fees due and unpaid with respect to the preceding calendar month, together with Administration Fees remaining unpaid from prior periods;

(v) to pay to the Noteholders of the Class A Notes, the Interest Distribution Amount payable on the Class A Notes 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 pay to the Noteholders of the Class B Notes, the Interest Distribution Amount payable on the Class B Notes 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;

(vii) 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;

(viii) to the applicable Noteholders, all remaining amounts, sequentially in the following order:

(A) to pay, on a pro rata basis, to the Class A Noteholders until the Class A Notes have been paid in full;

(B) to pay, on a pro rata basis, to the Class B Noteholders until the Class B Notes have been paid in full; and

(ix) to the Class B Noteholders, the Class B Carry-Over Amount; and

(x) after application of the preceding clauses, any remaining amounts to the Corporation, free and clear of the lien of the Indenture.

The Corporation shall, or shall direct the Trustee to, notify the Rating Agencies by forwarding a copy of the relevant Distribution Date Information Form if the Available Funds received during the related Collection Period are not sufficient to make the payments or deposits required pursuant to the Indenture provisions described in clauses (i) through (vi) of this subsection (b), after any required transfers from 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.

(c) *Payments on December 28, 2012*. Except as provided in the Indenture provisions summarized herein under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate," the Corporation shall instruct the Trustee in writing no later than the second Business Day preceding December 28, 2012 (based on the information contained in a Corporation Order) to make the deposits and distributions from all amounts then on deposit in the Collection Fund by 3:00 p.m. Eastern time on December 28, 2012, in the amounts, the order of priority and to the Persons or to the account specified in the Indenture provisions summarized herein under clause (i) through (iv) of subsection (b) above, and the Trustee shall comply with such instructions. To the extent the amounts on deposit in the Collection Fund are insufficient to make the required payments or deposits specified in the preceding sentence, the Corporation Order described above shall also include instructions to the Trustee to withdraw from the Debt Service Reserve Fund pursuant to the Indenture, an amount equal to such deficiency and deposit such amount in the Collection Fund for application as specified.

Acquisition Fund.

On the Issue Date, there shall be deposited into the Acquisition Fund $749,488,101 from the proceeds of the sale of the Notes, of which $705,272 shall be deposited in the Temporary Costs of Issuance Account of 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 part of the Acquisition Fund.

Moneys on deposit in the Temporary Costs of Issuance Account shall be used, upon Corporation Order, to pay costs of issuance of the Notes, and after payment of costs of issuance in full, any remaining amount may be used to purchase Financed Student Loans during the Acquisition Period.

Moneys on deposit in the Acquisition Fund shall be used, upon Corporation Order, solely (a) to pay costs of issuance of the Notes (which may be paid from the Temporary Costs of Issuance Account) and (b) to acquire Student Loans at any time during the Acquisition Period upon receipt by the Trustee of a certificate substantially in the form specified in the Indenture at a price of no greater than 100% of the outstanding principal balance of such Student Loans, plus accrued interest thereon. Any such Corporation 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 at the end of the Acquisition Period, such funds shall be transferred on the first Business Day after the end of the Acquisition Period to the Collection Fund for application in accordance with the Indenture and the Acquisition Fund shall thereafter be closed (except with respect to the Financed Student Loans accounted for as a part of the Acquisition Fund). The Trustee shall maintain the list of Financed Student Loans pledged to it under the Indenture.

Debt Service Reserve Fund.

On the Issue Date, there shall be deposited to the Debt Service Reserve Fund, $1,961,305 from the proceeds of the sale of the Notes. Thereafter, the Trustee shall transfer to the Debt Service Reserve Fund from the Collection Fund all amounts designated for transfer thereto pursuant to the Indenture. On each Distribution Date or December 28, 2012, to the extent there are insufficient moneys in the Collection Fund to make the transfers required by subsection (b)(i) through (vi) described under the heading "—Collection Fund" above on each Distribution Date (subsection (b)(i) through (iv) described under the heading "—Collection Fund" above on December 28, 2012), or subsection (c) described under the heading "—Collection Fund" above, as applicable (other than transfers to repurchase Financed Student Loans from any Guaranty Agency or a Servicer as described in clause (a)(i) of the definition of Available Funds), and the Corporation shall provide written instructions to the Trustee pursuant to subsection (b) or (c) described under the heading "—Collection Fund" above, as applicable, and the Trustee shall, pursuant to such written instructions, withdraw from the Debt Service Reserve Fund on such Distribution Date or December 28, 2012, as applicable, an amount equal to such deficiency and deposit such amount in the Collection Fund as specified.

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 a Distribution Date, the Trustee shall continue to transfer funds from the Collection Fund as they become available and in accordance the Indenture provisions described in clause (b)(vii) under the heading "—Collection Fund" until the deficiency in the Debt Service Reserve Fund has been eliminated. If, after giving effect to the distributions from the Debt Service Reserve Fund pursuant to

the provisions of the Indenture described in the preceding paragraph, the amount on deposit in the Debt Service Reserve Fund on any Distribution Date is greater than the Debt Service Reserve Fund Requirement, the Corporation shall instruct the Trustee in writing to withdraw from the Debt Service Reserve Fund on such Distribution Date an amount equal to such excess and to deposit such amount in the Collection Fund.

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 the final 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 provisions of the Indenture described herein under the heading "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate" or (ii) if amounts on deposit in the Debt Service Reserve Fund, together with other Available Funds, are equal to or exceed the Outstanding Amount of and accrued interest on the Notes (excluding the Class B Carry-Over Amount) as described in the Indenture in connection with mandatory redemption of the Notes. If on the Stated Maturity Date of a Class of Notes, and after giving effect to the distribution of the Available Funds on such Stated Maturity Date, the principal amount of the Notes of such Class will not be reduced to zero, the Corporation shall instruct the Trustee in writing to withdraw from the Debt Service Reserve Fund on such Stated Maturity Date an amount equal to the amount needed to reduce the principal amount of such Class of Notes to zero and to deposit such amount in the Collection Fund for application to payment of the Outstanding Amount of such Class of Notes.

On the final Distribution Date, following the payment in full of the Outstanding Amount of the Notes of all Classes and all accrued and unpaid interest thereon (including the Class B Carry-Over Amount) and of all other amounts owing or to be distributed under the Indenture to Noteholders, the Trustee, the Administrator, or the Corporation, any amount remaining on deposit in the Debt Service Reserve Fund after all amounts owing or to be distributed as set forth above shall have been made shall be distributed to the Corporation.

Department Reserve Fund. The Trustee shall transfer to the Department Reserve Fund from the Collection Fund all amounts designated for transfer thereto pursuant to the Indenture provisions described herein under clause (b)(i) of the caption "—Collection Fund" above. Amounts on deposit in the Department Reserve Fund shall be applied as directed by the Corporation to pay (a) to the Department (i) the Department Rebate Interest Amount due on each Department Rebate Payment Date or any amounts remaining unpaid from prior periods and (ii) the Monthly Consolidation Loan Rebate Fees or any other amounts owed to the Department when due, (b) to a Guaranty Agency any payment then due and payable that relates to its Guaranty of any Financed Student Loans; and (c) any other such payment then accrued to the Corporation, another entity or trust estate, if amounts under the Indenture due to the Department or a Guaranty Agency with respect to the Financed Student Loans were paid by the Corporation or such other entity or trust estate, pursuant to any Joint Sharing Agreement. If the Corporation determines that excess funds are on deposit in the Department Reserve Fund, the Corporation shall direct the Trustee in a Corporation Order to transfer such excess to the Collection Fund. If amounts on deposit in the Department Reserve Fund are insufficient to make any required payments to the Department, the Corporation shall direct the Trustee in a Corporation Order to transfer funds equal to such deficiency from the Collection Fund to the Department Reserve Fund or to pay such amount to the Department directly from 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.

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 by an Authorized Representative of the Corporation, to the fullest extent practicable and reasonable, in Investment Securities which shall mature or be redeemed at the option of the holder so that such funds will be available at the close of business on the Business Day prior to the respective dates when the money held for the credit of such Fund or Account or Subaccount will be required for the purposes intended; provided, that funds deposited in a Fund or Account on a Business Day which immediately precedes a Distribution Date are not required to be invested overnight. 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 "Investment Securities." All such investments shall be held by (or by any custodian on behalf of) the Trustee, as trustee for the benefit of the Noteholders, at a financial institution (which may include the Trustee) for which the

long-term rating of S&P is not less than "BBB," or the respective short-term equivalent thereof; provided that (i) all interest and other investment earnings collected on funds on deposit in any Fund or Account shall be deposited into the Collection Fund and shall be deemed to constitute a portion of the Available Funds, and (ii) if the long term rating of S&P of the financial institution at which such investments are held (including the ratings of Trustee to the extent held thereby), at any time fall below "BBB" (or the short-term equivalent rating thereof), the Trustee shall provide notice to the Corporation and shall promptly (and in any event, within 30 calendar days of the date of such downgrade), either (i) transfer amounts on deposit in any Fund or Account established under the Indenture or deposit any such investment securities with a financial institution designated in writing by the Corporation having a long term rating of at least "BBB" by S&P, or the short-term equivalent thereof, or (ii) with respect to Investment Securities held at the Trustee, submit a written action plan to S&P to remedy such downgrade of the Trustee within a period not to exceed an additional thirty (30) calendar days of such loss of eligibility, provided that, to the extent such exposures cannot be addressed by collateralization, given the nature of the exposure (i.e. issuer account banks), then such remedy period may be extended, with respect to S&P, for up to an additional thirty (30) calendar days if the Trustee provides S&P with a written action plan before the initial thirty (30) day period expires. Any such costs and expenses associated with such remedial action shall not be expenses of the Corporation and shall be unreimburseable expenses of the Trustee.

The Trustee and the Corporation will agree under the Indenture that unless an Event of Default has occurred under the Indenture, the Corporation 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 Corporation 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, and in accordance with, direction in writing (or orally, confirmed in writing) from an Authorized Representative of the Corporation, the Trustee shall sell or present for redemption, any Investment Securities whenever it shall be necessary to provide money to meet any payment from the applicable Fund. The Trustee shall provide electronic access to the Corporation to information relating to 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 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 Corporation or its designee in compliance with the Trustee's standard of care described in the Indenture.

The Corporation 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.

Release.

The Trustee shall, upon Corporation Order and subject to the provisions of the Indenture, take all actions reasonably necessary to effect the release of any Financed Student Loans from the lien of the Indenture to the extent the terms thereof permit the sale, disposition or transfer of such Financed Student Loans.

Subject to the payment of its fees and expenses pursuant to the Indenture, the Trustee may, and when required by the provisions of the Indenture shall, execute instruments to release property from the lien of the Indenture or convey the Trustee's interest in the same in a manner and under circumstances that are not inconsistent with the provisions of the Indenture. No party relying upon an instrument executed by the Trustee as provided in the Indenture shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

The Trustee shall, at such time as there are no Outstanding Notes and all sums due the Trustee pursuant to the Indenture and all amounts payable to each Servicer, the Administrator, the Corporation and all other amounts payable by the Corporation pursuant to the Indenture have been paid, release any remaining portion of the Trust Estate that secured the Notes from the lien of the Indenture and release to the Corporation or any other Person entitled thereto any funds then on deposit in the Funds and Accounts, and any remaining Funds and Accounts shall thereafter be closed.

Subject to the provisions of the Indenture, the Trustee shall release property from the lien of the Indenture only upon receipt of written instruction from the Corporation.

Each Registered Owner, by the acceptance of a Note, acknowledges that, from time to time, the Trustee shall release the lien of the Indenture on any Financed Student Loan to be sold or transferred as permitted by the Indenture, and each Registered Owner, by the acceptance of a Note, consents to any such release.

Except (i) as provided in the Indenture provisions relating to redemption of the Notes, the Indenture provisions relating to optional release of the Financed Student Loans pursuant to the Indenture and the provisions of the Indenture described under this caption "—Release", (ii) for consolidation or serialization purposes, (iii) for transfers to a Guaranty Agency, (iv) for transfers to a Servicer pursuant to its repurchase obligation under the applicable Servicing Agreement, (v) for releases from the lien of the Indenture to the Corporation pursuant to its repurchase obligation under the Indenture, (vi) for sales of the Financed Student Loans required by law or (vii) as set forth in the following sentence, Financed Student Loans shall not be sold, transferred or otherwise disposed of by the Corporation while any of the Notes are Outstanding. If necessary for administrative purposes, the Corporation may sell or otherwise release Financed Student Loans free from the lien of the Indenture, so long as (a) the sale or release price for any Financed Student Loan is not less than the Purchase Amount of such Financed Student Loan, (b) the collective aggregate principal balance of all such sales or releases does not exceed 10% of the Initial Pool Balance, (c) any sale of Financed Student Loans described in this sentence (I) will not cause a material change in the overall composition of the pool of Financed Student Loans and (II) will result in the remaining Financed Student Loans having substantially similar key characteristics to the Financed Student Loans existing immediately prior to the sale or release (for purposes of this clause (c), key characteristics of the Financed Student Loans are loan type, loan status, delinquency status, remaining pay term, seasoning (number of payments made), borrower benefits, borrower rate, Special Allowance Payment rate, Special Allowance Payment index, guaranteed percentage, loans first disbursed prior to April 1, 2006, Servicer, Guaranty Agency and state), and (d) the Corporation certifies under the Indenture as to compliance with the Indenture provisions described in the above clauses (a), (b) and (c) to the Trustee, upon which the Trustee may conclusively rely. The Corporation hereby certifies, upon which the Trustee may conclusively rely, that any Financed Student Loan sold or released pursuant to the Indenture (except in accordance with the provisions of the Indenture relating to satisfaction of the Indenture) shall not be sold or released for a price less than the Purchase Amount of such Financed Student Loan. The Corporation shall provide notice of any sale or release of Financed Student Loans from the lien of the Indenture to the Rating Agencies.

DEFAULTS AND REMEDIES

Events of Default Defined. For the purpose of the Indenture, the following events are hereby 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 Distribution Amount on any Class of Notes when due and such default shall continue for a period of five (5) Business Days (it being understood and agreed that

in no event shall the non-payment of the Interest Distribution Amount on the Class B Notes be an Event of Default under the Indenture for so long as any Class A Notes remain Outstanding);

(c) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation 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 Authorized Representative of the Corporation; and

(d) the occurrence of an Event of Bankruptcy.

In no event shall the failure to pay Class B Carry-Over Amount or the failure to pay principal of the Notes (except failure to pay principal of the Notes on the applicable Stated Maturity Date) be an Event of Default under the Indenture.

Absent manifest error, the Trustee shall not be required to take notice or be deemed to have notice of any Event of Default described in clauses (c) and (d) above, unless and until the Trustee shall have actual knowledge of the occurrence of an Event of Default thereunder or shall have been specifically notified in writing of such Event of Default by an Authorized Representative of the Corporation, a Servicer, the Administrator 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 Authorized Representative of the Corporation 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 Corporation in writing to the Trustee by an Authorized Officer of the Corporation. 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 aggregate principal amount of the Highest Priority Obligations then Outstanding.

Remedy on Default; Possession of Trust Estate. Upon an acceleration of the Notes in accordance with the provisions of the Indenture described under the caption "—Accelerated Maturity" below due to the occurrence of an Event of Default described under paragraphs (a), (b) or (d) under the caption "—Events of Default Defined" above, the Trustee, personally or by its attorneys or agents, may take possession of the Trust Estate as described under this caption "—Remedy on Default; Possession of Trust Estate." Furthermore, the Trustee, personally or by its attorneys or agents, shall take possession of the Trust Estate as described under this caption "—Remedy on Default; Possession of Trust Estate" (i) at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of the Highest Priority Obligations Outstanding at the time, upon an acceleration of the Notes in accordance with the provisions of the Indenture described herein under the caption "—Accelerated Maturity" due to the occurrence of an Event of Default described under clauses (a), (b) or (d) under the caption "—Events of Default Defined" above or (ii) at the written direction of the Registered Owners representing not less than a majority in aggregate principal amount of each Class of Notes then Outstanding upon the occurrence of an Event of Default described under clause (c) under the caption "—Events of Default Defined" above. In accordance with the preceding sentences, the Trustee shall, 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 Corporation 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 Corporation 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 Corporation 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 authorized under the Indenture, 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, pro rata, based on amounts due and owing, to the Department or any Guaranty Agency any amount due and owing and to make any payments required under any Joint Sharing Agreement or to otherwise pay

to the appropriate Person amounts which are allocable to Student Loans which are not pledged as part of the Trust Estate under the Indenture;

SECOND, to the Trustee and any third party agent appointed under the Indenture, any Trustee Fee and reasonable expenses incurred under the Indenture, if any, due and owing;

THIRD, to the Corporation, any Servicing Fees due and remaining unpaid, out of which amount the Corporation shall pay to any third-party Servicer and the Back-up Servicer fees and expenses due and remaining unpaid under the Servicing Agreements;

FOURTH to the Administrator, any Administration Fees due and remaining unpaid;

FIFTH, to the Noteholders of the Class A Notes for amounts due and unpaid on the Class A Notes for interest, ratably without preference or priority of any kind according to the amounts due and payable on the Class A Notes, such interest;

SIXTH, to the Noteholders of Class A Notes for amounts due and unpaid on the Class A Notes for principal, ratably, without preference or priority of any kind according to the amounts due and payable on each the Class A Notes, such principal;

SEVENTH, to the Class B Noteholders for amounts due and unpaid on the Class B Notes for interest (other than Class B Carry-Over Amount), ratably without preference or priority of any kind according to the amounts due and payable on the Class B Notes, such interest;

EIGHTH, to the Class B Noteholders for amounts due and unpaid on the Class B Notes for principal, ratably, without preference or priority of any kind according to the amounts due and payable on such Class B Notes, such principal;

NINTH, to the Class B Noteholders, the Class B Carry-Over Amount, ratably without preference or priority of any kind according to the amounts due and payable; and

TENTH, to the Corporation.

The Trustee may fix a Record Date and payment date for any payment to Registered Owners pursuant to the provisions of the Indenture described under this caption "—Remedy on Default; Possession of Trust Estate." At least 15 days before such Record Date, the Trustee shall mail to each Registered Owner and the Corporation a notice that states the Record Date, the payment date and the amount to be paid.

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 pursuant to the provisions of the Indenture described under the caption "—Accelerated Maturity" below, 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 or, if instructed by the Registered Owners of at least a majority of the aggregate principal amount of the Highest Priority Obligations at the time Outstanding, shall 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; provided that the Trustee is authorized to hire an agent which may be selected by and at the expense of the Corporation, to undertake any sale of Trust Estate assets authorized under the Indenture. 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 Corporation 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 Corporation, 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 Corporation, 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 for the purpose which may be designated in such request. In addition, the Trustee may or, if instructed by the Registered Owners of at least a majority of the aggregate principal amount of the Highest Priority Obligations at the time Outstanding, shall proceed to protect and enforce the rights of the Trustee and the Registered Owners of the Notes in such manner, 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 the Trustee or such Registered Owners shall deem most 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 aggregate principal amount of the Highest Priority Obligations at the time Outstanding.

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 an Event of Default described under clause (a) or (b) under the caption "—Events of Default Defined," unless:

(a) the Registered Owners of all 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 the Notes as such payments would have become due if the 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 each Class of 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.

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 Corporation, 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.

Purchase of Properties by Trustee or Registered Owners. In case of any sale of the Trust Estate pursuant to the Indenture, 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.

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 the provisions of the Indenture described herein under the caption "—Remedy on Default; Possession of Trust Estate," and then to the Corporation or whomsoever shall be lawfully entitled thereto.

Accelerated Maturity. If (a) an Event of Default described above in clause (a) or (b) under the caption "—Events of Default Defined" 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 aggregate principal amount of the Highest Priority Obligations then Outstanding, the Trustee shall declare or (b) an Event of Default described above in clause (c) under the caption "—Events of Default Defined" shall have occurred and be continuing, upon the written direction by the Registered Owners of at least a majority of the aggregate principal amount of the Highest Priority Obligations then Outstanding, the Trustee shall declare, the principal of all Notes then Outstanding, and the interest (including all Class B Carry-Over Amount) thereon, if not previously due, immediately due and payable, anything in the Notes or the Indenture to the contrary notwithstanding, and upon any such declaration the unpaid principal amount of all Notes then Outstanding, together with accrued and unpaid interest thereon through the date of acceleration (including all Class B Carry-Over Amount), shall become immediately due and payable, subject, however, to the provisions of the Indenture described herein under the caption "—Remedies on Default; Sale of Trust Estate." If an Event of Default described above in clause (d) under the caption "Events of Default Defined" shall have occurred and be continuing, the principal of all Notes Outstanding, together with accrued and unpaid interest thereon through the date of such Event of Default (including all Class B Carry-Over Amount), shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Registered Owners of Highest Priority Obligations representing a majority in aggregate principal amount of the Notes then Outstanding, by written notice to the Corporation and the Trustee, may rescind and annul such declaration and its consequences if:

(y) the Corporation has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on all Notes then Outstanding and all other amounts that would then be due under the Indenture or upon all Notes then Outstanding if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, any Servicer and their agents and counsel; and

(z) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in the provisions of the Indenture described herein under the caption "—Waivers of Events of Default."

No such rescission shall affect any subsequent default or impair any right consequent thereto.

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.

Direction of Trustee. Upon the happening of any Event of Default, the Registered Owners of at least a majority in aggregate principal amount of the Highest Priority Obligations 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 taking any action or instituting any proceedings for any sale of any or all of the Trust Estate in accordance with, and subject to the satisfaction of the further conditions set forth in the provisions of the Indenture described herein under the caption "—Remedies on Default; Sale of 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 aggregate principal amount of the Highest Priority Obligations 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 aggregate 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 aggregate principal amount of the Highest Priority Obligations 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 the Indenture described in this paragraph shall be expressly subject to certain provisions of the Indenture.

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 under the Indenture 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 at least a majority of the aggregate principal amount of the Highest Priority Obligations 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 under the Indenture 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 under the Indenture 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 Highest Priority Obligations then Outstanding.

Physical Possession of Obligations Not Required. In any suit or action by the Trustee arising under the Indenture or on all or any of the Notes issued thereunder, or any supplement thereto, the Trustee shall not be required to produce such Notes, but shall be entitled in all things to maintain such suit or action without their production.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture (other than an Event of Default described in clause (d) under the caption "—Events of Default Defined") and its consequences and rescind any declaration of acceleration of Notes, and shall do so upon the written request of the Registered Owners of at least a majority of the aggregate principal amount of the Highest Priority Obligations 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 payments required under the Indenture provisions described above under the caption "—Accelerated Maturity" have been paid or provided for or (b) any default in the payment of amounts set forth in the Indenture provisions described herein under the captions "THE TRUSTEE—Indemnification of Trustee" and "THE TRUSTEE—Compensation of Trustee." 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 Corporation, 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. The Trustee shall promptly give written notice to each Rating Agency of any waiver of an Event of Default pursuant to the Indenture.

Collection on Indebtedness and Suits for Enforcement by the Trustee. Upon the occurrence and during the continuance of an Event of Default under the Indenture, the Trustee may, in its own name and as trustee of an express trust, institute a judicial proceeding for the collection of the sums due and unpaid under the Indenture, and

may directly prosecute such proceeding to judgment or final decree, and the Trustee may enforce the same against the Corporation and collect the money adjudged or decreed to be payable in the manner provided by law and the Indenture.

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 manifest error or 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.

Before taking any action under the Indenture or refraining from taking any action under the Indenture, the Trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the Corporation or the Registered Owners, as applicable, for the reimbursement of all expenses to which it may be put and to protect it against all liability including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever arising from or related to its role as Trustee, except liability which results from the negligence, willful misconduct or manifest error of the Trustee including without limitation negligence, willful misconduct or manifest error with respect to moneys deposited and applied pursuant to the Indenture.

The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties under the Indenture.

Regardless of whether as provided in the Indenture, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Indenture pertaining to the Trustee.

Trustee May Act Through Agents. The Trustee may execute any of the trusts or powers under the Indenture and perform any duty thereunder, either itself or by or through its attorneys, agents, or employees, and it shall not be answerable and accountable for any negligence or willful misconduct of any such attorneys, agents, or employees appointed with due care by the Trustee. All reasonable costs incurred by the Trustee and all reasonable compensation to all such persons as may reasonably be employed in connection with the trusts under the Indenture shall be paid by the Corporation.

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 respectively in the Indenture provisions described herein under the captions "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate" and "DEFAULTS AND REMEDIES—Accelerated Maturity," 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 notice of any Event of Default described in clause (c) or (d) herein under the caption "DEFAULTS AND REMEDIES—Events of Default Defined," unless and until the Trustee shall have actual knowledge of the occurrence of such an Event of Default under the Indenture or shall have been specifically notified in writing of such Event of Default by an Authorized Representative of the Corporation, a Servicer, the Administrator 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. However, the Trustee may begin a suit, or appear in and defend a 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 Corporation 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 the provisions of the Indenture described under this caption "—Indemnification of the Trustee," the Trustee shall not be liable for, and shall be held harmless by the Corporation from, following any Corporation 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 Corporation 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 provisions of the Indenture described herein under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate." 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 Corporation agrees under the Indenture, to the extent permitted by law, 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 or its directors, employees or agents against any claim or liability in connection with the exercise or performance of any of its powers or duties under the Indenture. The provisions of the Indenture described under this caption "—Indemnification of Trustee" shall survive the Trustee's resignation or removal.

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 Corporation 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, absent manifest error, 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 Corporation, 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 be specifically prescribed under the Indenture) may require and, in the absence of bad faith or manifest error on its part, may rely upon a certificate signed by an Authorized Representative of the Corporation or an authorized officer of a Servicer. Whenever in the administration of the Indenture the Trustee is directed to comply with a Corporation Order, the Trustee will be entitled to act in reliance on such Corporation Order; provided, however, that the Trustee shall not comply with any Corporation 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 Corporation or any Servicer but the Trustee may require of the Corporation 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. In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damages of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood thereof and regardless of the form of action.

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 the majority of the collective principal amount of the Highest Priority Obligations then Outstanding (or in the case of a direction given in accordance with the provisions of (i) the Indenture described herein under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate" for an Event of Default described herein under clause (c) of the caption "DEFAULTS AND REMEDIES—Events of Default Defined," (ii) the Indenture described herein under the caption "DEFAULTS AND REMEDIES—Accelerated Maturity" regarding an acceleration of the Maturity of the Notes after the occurrence of an Event of Default or (iii) the provisions of the Indenture described herein under the caption "DEFAULTS AND REMEDIES—Remedies on Default; Sale of Trust Estate" regarding the sale of Financed Student Loans after the occurrence of an Event of Default) 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.

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 in the amount of the Trustee Fee shall be paid by the Corporation. Subject to the provisions of the Indenture, 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 Corporation, 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 hereby created 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 provisions of the Indenture described herein under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate."

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/CEO of the Corporation 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 provisions described herein under the caption "—Successor Trustee" (and is qualified to be the Trustee under the requirements of the Indenture provisions described herein under the caption "—Successor Trustee"). 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 Corporation, the Trustee may (a) appoint a temporary successor Trustee having the qualifications provided in the Indenture provisions described herein under the caption "—Successor Trustee" or (b) request a court of competent jurisdiction to (i) require the Corporation to appoint a successor, as provided in the Indenture provisions described herein under the caption "—Successor Trustee," within three days of the receipt of citation or notice by the court, or (ii) appoint an Trustee having the qualifications provided in the Indenture provisions described herein under the caption "—Successor Trustee." 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 clause (a) above, the Corporation may remove such temporary successor Trustee and appoint a successor thereto pursuant to the Indenture provisions described herein under the caption "—Successor Trustee". The Corporation shall promptly provide the Rating Agencies with notice of the resignation of the Trustee.

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 collective aggregate principal amount of the Highest Priority Obligations then Outstanding, (b) by the Corporation for cause or upon the sale or other disposition of the Trustee or its trust functions; (c) by the Corporation if (1) the rating by S&P of the Trustee is lower than "BBB"; or (2) the rating by Fitch of the Trustee is lower than "A," in either case the Corporation shall replace the Trustee within 30 days of such downgrade, subject to the provisions of the Indenture or (d) by the Corporation without cause so long as no Event of Default described in the provisions of the Indenture summarized herein under clause (a), (b) or (d) under the caption "DEFAULTS AND REMEDIES—Events of Default Defined" 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 Corporation and acceptance thereof by said successor.

One copy of any such order of removal shall be filed with the President/CEO of the Corporation, the Trustee so removed and each of the Rating Agencies.

In the event the 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 Corporation shall have appointed a successor in each case, in accordance with the provisions of the Indenture described herein under the caption "—Successor Trustee," 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 as described in the Indenture provisions summarized herein under the caption "—Removal of Trustee" in the case of removal by the Registered Owners or by the Corporation by an instrument in writing duly authorized by the Corporation. In the case of any such appointment by the Corporation of a successor to the Trustee, the Corporation 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 and to each of the Rating Agencies.

Every successor Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Corporation shall be a bank or trust company independent of and unaffiliated with the Corporation, 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, and be subject to supervision or examination by a federal or state authority, and be an Eligible Lender under the Higher Education Act so long as such designation is necessary to maintain guarantees and federal benefits under the Higher Education Act with respect to the Financed Higher Education Act Student Loans originated under the Higher Education Act and an Eligible Lender under the Public Health Service Act so long as such designation is necessary to maintain insurance and federal benefits under the Public Health Service Act with respect to the Financed HEAL Loans.

Additional Covenants by the Trustee To Conform to the Higher Education Act and the Public Health Service Act. The Trustee covenants under the Indenture that it will at all times be an Eligible Lender under the

Higher Education Act so long as such designation is necessary, as determined by the Corporation, shall maintain the guarantees and federal benefits under the Higher Education Act with respect to the Financed Higher Education Act Loans, that it will at all times be an Eligible Lender under the Public Health Service Act so long as such designation is necessary to maintain insurance and federal benefits under the Public Health Service Act with respect to the Financed HEAL Loans, and that it will not acquire from, dispose of or deliver any Financed Higher Education Act Loans or Financed HEAL Loans or any security interest in any such Financed Student Loans to any party who is not an Eligible Lender under the Higher Education Act or the Public Health Service Act so long as the Higher Education Act, the Public Health Service Act or Regulations adopted thereunder, as applicable, require an Eligible Lender to be the owner or holder of such Financed Student Loans; provided, however, that nothing in the Indenture provisions summarized in this paragraph shall prevent the Trustee from delivering the Student Loans to a Servicer or the Higher Education Act Loans to a Guaranty Agency.

Servicing Agreements. The Trustee shall upon request acknowledge the receipt of a copy of each Servicing Agreement delivered to it by the Corporation. The Trustee shall be under no duty to service the Financed Student Loans or to monitor the servicing of the Financed Student Loans.

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;

(b) it will comply with the Higher Education Act, the Public Health Service Act and the Regulations and will, upon written notice from an Authorized Representative of the Corporation, the Secretary, the Secretary of Health and Human Services or Guaranty Agency, use its reasonable efforts to cause the Indenture to be amended (in accordance with the Indenture provisions summarized herein under the caption "SUPPLEMENTAL INDENTURES—Supplemental Indentures Not Requiring Consent of Registered Owners") if the Higher Education Act, the Public Health Service Act or Regulations are hereafter amended so as to be contrary to the terms of this Indenture; and

(c) The Trustee shall not waive any of the representations and warranties set forth in the provisions of the Indenture described herein under the caption "PROVISIONS APPLICABLE TO THE NOTES; DUTIES OF THE CORPORATION—Further Covenants of the Corporation Regarding the Trustee's Security Interest."

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Consent of Registered Owners. The Corporation and the Trustee, at the request of the Corporation, 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 or to correct or supplement any provision in the Indenture that may be inconsistent with other provisions of the Indenture or with the offering memorandum relating to the initial offer and sale of the Notes;

(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 or to make changes necessary and desirable in connection with the implementation of other actions permitted under the Indenture;

(d) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture and any indenture supplemental thereto 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 thereto such other terms, conditions and provisions as may be permitted by the 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, or any additional or substitute Guaranty Agency or Servicer;

(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 or obtain more favorable treatment under any current or future law, rule or regulation, including but not limited to the Higher Education Act, the Public Health Service Act, the Regulations or the Code and the regulations promulgated thereunder;

(h) to create any additional Funds, Accounts or Subaccounts under the Indenture deemed by the Trustee to be necessary or desirable;

(i) to make any changes necessary or advisable to permit the issuance of definitive Class B Notes in replacement of Class B Notes held in book-entry form in certain circumstances described under the Indenture;

(j) to make any other change which, based upon an opinion of Note Counsel on which the Trustee may rely, will not materially adversely impact the Registered Owners of any Notes; or

(k) with the consent of the all of the Class B Noteholders to make any changes to the terms of the Class B Notes, provided that such changes to the Class B Notes become effectively only after the Class A Notes are no longer Outstanding;

provided, however, that nothing in the Indenture provisions described under this caption "—Supplemental Indentures Not Requiring Consent of Registered Owners" shall permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities, obligations 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 provisions described under the caption "—Supplemental Indentures Not Requiring Consent of Registered Owners" and subject to the terms and provisions contained in the Indenture provisions described under this caption "—Supplemental Indentures Requiring Consent of Registered Owners," and not otherwise, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Highest Priority Obligations then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Corporation and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Corporation 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 the Indenture provisions described under this caption "—Supplemental Indentures Requiring Consent of Registered Owners" shall permit, or be construed as permitting (a) without the consent of the Registered Owners of all then Outstanding Notes of the Classes affected thereby, (i) an extension of the Stated Maturity Date or the interest payment date on any Class of Notes, 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, obligations, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Corporation shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes described herein under this caption "—Supplemental Indentures Requiring Consent of Registered Owners," 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 Corporation) 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 Corporation, following the mailing of such notice, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Highest Priority Obligations 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 Corporation 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 (including the provisions of the Indenture summarized herein under the captions "—Supplemental Indentures Not Requiring Consent of Registered Owners" and "—Supplemental Indentures Requiring Consent of Registered Owners") shall permit an amendment to the provisions of the Indenture which permits the transfer of all or part of the Financed Higher Education Act Loans or the Financed HEAL Loans or granting of a security interest therein to any Person other than an Eligible Lender under the Higher Education Act or the Public Health Service Act, as applicable, or a Servicer, unless the Higher Education Act, the Public Health Service Act or Regulations thereunder, as applicable, 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 permitted by and adopted in conformance with the Indenture.

Satisfaction of Indenture. If the Corporation shall pay, or cause to be paid, or there shall otherwise be paid to the Registered Owners of the Notes, the Outstanding Amount of and the Interest Distribution Amount accrued but unpaid on the Notes, including the Class B Carry-Over Amount, at the times and in the manner stipulated in the Indenture, and all covenants, agreements and other obligations of the Corporation 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 Corporation 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 Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of any Outstanding Notes the Outstanding Amount of and the Interest Distribution Amount accrued but unpaid on the Outstanding Notes, including the Class B Carry-Over Amount, 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 Corporation to the Registered Owners thereof shall thereupon cease, terminate and become void and be discharged and satisfied.

Cancellation of Paid Notes. Any Notes which have been paid or purchased by the Corporation, mutilated Notes replaced by new Notes, and any temporary Note for which definitive Notes have been delivered shall (unless otherwise directed by the Corporation by Corporation Order) forthwith be cancelled and destroyed by the Trustee pursuant to the Indenture.

EXHIBIT D

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 Corporation or the Initial Purchasers. No representation is made by the Corporation, the Initial Purchasers 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, 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 Securities and Exchange 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 Corporation 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 Corporation as soon as possible after the related record date established by the Corporation. 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 Corporation, 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 Corporation 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 Corporation 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 Corporation 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 Corporation, the Trustee nor the Initial Purchasers 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 Corporation 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.

Global Settlement Procedures

The Notes initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Notes. Purchases of the Notes will be in book-entry form only. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. Depository for Clearstream and JPMorgan Chase Bank acts as the U.S. Depository for Euroclear.

Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("Clearstream, Luxembourg"), was incorporated in 1970 as "Cedel S.A.," a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On 10 January 2000, Cedelbank's parent company, Cedel International, société anonyme ("CI") merged its clearing, settlement and custody business with that of Deutsche Börse AG ("DBAG"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing ("DBC"), to a new Luxembourg company, which with effect from 14 January 2000 was renamed Clearstream International, société anonyme, and was then 50% owned by CI and 50% owned by DBAG. Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On 18 January 2000, Cedelbank was renamed "Clearstream Banking, société anonyme," and Cedel Global Services was renamed "Clearstream Services, société anonyme." On 17 January 2000, Deutsche Börse Clearing AG was renamed "Clearstream Banking AG." Today Clearstream International is 100% owned by DBAG. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier ("CSSF") and the Banque Centrale du Luxembourg ("BCL") which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg.

Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear

Euroclear Bank S.A./N.V. ("Euroclear Bank") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries. Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, issuers, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear Participants. Non-Participants in the Euroclear System may hold and transfer book-entry interests in the securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

Clearance and Settlement. Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

Initial Distribution. Investors electing to acquire securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Securities to be acquired against payment through an account with Euroclear Bank will be credited to the securities clearance accounts of the respective Euroclear Participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

Secondary Market. Investors electing to acquire, hold or transfer securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Euroclear Bank will not monitor or enforce any transfer restrictions with respect to the securities offered herein.

Custody. Investors who are Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with Euroclear Bank. Investors who are not Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through accounts with Euroclear Bank.

Custody Risk. Investors that acquire, hold and transfer interests in the securities by book-entry through accounts with Euroclear Bank or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

Euroclear Bank has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear Bank have a co-property right in the fungible pool of interests in securities on deposit with Euroclear Bank in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear Bank, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear Bank.

If Euroclear Bank did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Participants credited with such interests in securities on Euroclear Bank's records, all Participants having an amount of interests in securities of such type credited to their accounts with Euroclear Bank would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement; Distributions; Actions on Behalf of the Owners. All of the Notes will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream and JPMorgan Chase Bank acts as depository for Euroclear (the "US Depositories"). Holders of the Notes may hold their Notes through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems. Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Notes held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Notes on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Procedures May Change. Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

Secondary Market Trading. Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds. Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds. When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later. As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds. Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the participant, a cross-market transaction will settle no differently from a trade between two participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participant's or Clearstream customers' accounts will be back valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one day period.

If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

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EXHIBIT E

GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES

Global Clearance, Settlement and Tax Documentation Procedures

Global Clearance and Settlement

Except in certain limited circumstances, the global Notes of the Corporation (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 providing Form W-9 (Request for Taxpayer Identification Number and Certification), with a valid, 9-digit taxpayer identification number to the person through whom it holds the Global Securities.

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" shall mean (i) a citizen or resident alien of the United States, (ii) an issuer 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 Corporation 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 Corporation or the Trustee, and the Corporation 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 Corporation determines that it is in the best interest of the Corporation 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 Corporation 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 Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Corporation may determine that the Securities Depository is incapable of discharging its responsibilities and may so advise the Securities Depository. In either such event, the Corporation shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor Securities Depository), the Corporation 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 Corporation and the Trustee to do so, the Corporation 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.

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EXHIBIT F

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 F 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:

$$\text{Monthly Prepayments} = \text{Balance after scheduled payments} \times (1-(1-\text{CPR})^{1/12})$$

Accordingly, monthly prepayments, assuming a $1,000 balance after scheduled payments would be as follows for various levels of CPR:

	0% CPR	3% CPR	6% CPR	9% CPR
Monthly Prepayment	$0.00	$2.54	$5.14	$7.83

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The Financed Student Loans will not prepay at any constant level of CPR, nor will all of the Financed 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 August 31, 2012 with respect to the pool of Student Loans;
- the Issue Date will be November 28, 2012;
- all of the Student Loans are acquired on the Issue Date;
- 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;
- all Student Loans and rep lines are assumed to have the same characteristics on the Issue Date as they have on the Statistical Cut-off Date except the outstanding principal balance, which has been reduced to take into account, among other things, amortization of the student loans from the Statistical Cut-off Date to the Issue Date;
- the Pool Balance as of the Issue Date is $784,521,803;
- 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 Department quarterly, based on a quarterly calendar accrual period;

- the Student Loans that are in Repayment make level payments of principal and interest;

- there are government payment delays of 60 days for Interest Subsidy Payments 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 one-month LIBOR rate of 0.22%

    - a 91-day Treasury bill rate of 0.11%; and

    - a 1-year Constant Maturity Treasury (CMT) rate of 0.18%;

- payments are made on December 28, 2012 as specified in the first through fourth priority as shown in the Offering Memorandum under "THE TRUST ESTATE—Flow of Funds—*Distribution Dates*"; monthly distributions begin on January 28, 2013, and payments are made monthly on the 28th day of every calendar month thereafter, whether or not the 28th is a Business Day;

- the interest rate for the Class A Notes at all times will be equal to 0.92%;

- the interest rate for the Class B Notes at all times will be equal to 3.22%, subject to the Class B Interest Cap;

- interest accrues on the Notes on an actual/360 day count basis;

- a Servicing Fee equal to (A) on each Distribution Date, the sum of (i) the greater of (a) the Servicing Fee Floor and (b) a monthly fee equal to 1/12th of 0.75% of the then outstanding Pool Balance as of the last day of the related Collection Period and (ii) $1,250 per month on the Distribution Date for payment of fees and expenses due to the Back-up Servicer under the Back-up Servicing Agreement and (B) with respect to December 28, 2012, the sum of (1) 1/12th of 0.75% of the then outstanding Pool Balance as of November 30, 2012 and (2) $1,250, in each case multiplied by the actual number of days from the Issue Date through November 30, 2012 (based on a 30-day month) divided by 30;

- an Administration Fee equal to (A) on each Distribution Date, the sum of (i) a monthly fee equal to 1/12th of 0.10% of the Pool Balance as of the last day of the related Collection Period and (ii) $1,333 per month on the Distribution Date for certain Rating Agency surveillance fees and for certain other fees relating to the administration of the Trust Estate and (B) with respect to December 28, 2012, the sum of (1) 1/12th of 0.10% of the Pool Balance as of November 30, 2012 and (2) $1,333, in each case multiplied by the actual number of days from the Issue Date through the last day of the immediately preceding month (based on a 30-day month) divided by 30;

- a Trustee Fee equal to (A) on each Distribution Date, a monthly fee equal to 1/12th of 0.006% based on the aggregate Outstanding Amount of the Notes and (B) with respect to December 28, 2012, 0.006% of the aggregate outstanding amount of the Notes as of the Issue Date multiplied by the actual number of days from the Issue Date through November 30, 2012 (based on a 30-day month) divided by 360;

- the Acquisition Fund has an initial balance equal to $0;

- the Debt Service Reserve Fund is subject to a required minimum balance (the Deposit Reserve Fund Requirement) equal to (a) on the Issue Date, $1,961,305, and (b) on any Distribution Date, the greater of (a) 0.25% of the Pool Balance as of the last day of the related Collection Period or (ii) 1,176,783, which is approximately 0.15% of the expected Pool Balance as of the Issue Date;

- the Collection Fund has an initial balance equal to $0;

- all payments are assumed to be made at the end of the month and amounts on deposit in the Acquisition Fund, Collection Fund and Debt Service Reserve Fund, including reinvestment income earned in the previous month are reinvested in Investment Securities at the assumed reinvestment rate of 0.11% per annum through the end of the Collection Period and reinvestment earnings are available for distribution from the prior Collection Period;

- the pool of Student Loans consists of 2,841 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 Corporation to the Department of Education at payment delays of 30 days;

- all collections (scheduled and prepayments) on the Student Loans are received on the last day of each month commencing in November 2012; and

- no optional or mandatory redemption of the Financed Student Loans occurs.

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 table, 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 or each Class at various levels of CPR from the Issue Date until maturity.

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Percentages Of Original Principal Of The Class A Notes Remaining At Certain Distribution Dates At Various CPR Percentages

Distribution Date	0%	3%	6%	9%
11/20/2012	100%	100%	100%	100%
12/28/2013	95	92	90	87
12/28/2014	88	83	78	74
12/28/2015	81	74	68	61
12/28/2016	74	66	57	50
12/28/2017	67	57	48	40
12/28/2018	59	48	39	32
12/28/2019	51	40	31	24
12/28/2020	43	32	24	17
12/28/2021	35	25	17	11
12/28/2022	27	18	11	6
12/28/2023	20	12	7	3
12/28/2024	15	8	3	0
12/28/2025	10	4	0	0
12/28/2026	5	0*	0	0
12/28/2027	1	0	0	0
12/28/2028	0	0	0	0
Weighted Average Life (years)**	7.32	6.22	5.35	4.66
First Principal Payment Date	1/28/2013	1/28/2013	1/28/2013	1/28/2013
Last Principal Payment Date	2/28/2028	1/28/2027	12/28/2025	11/28/2024

*Greater than zero but less than 0.5%.

**The weighted average life of the Class A 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 Class A 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 Class A Notes as of the Issue Date.

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Percentages Of Original Principal Of The Class B Notes Remaining At Certain Distribution Dates At Various CPR Percentages

Distribution Date	0%	3%	6%	9%
11/20/2012	100%	100%	100%	100%
12/28/2013	100	100	100	100
12/28/2014	100	100	100	100
12/28/2015	100	100	100	100
12/28/2016	100	100	100	100
12/28/2017	100	100	100	100
12/28/2018	100	100	100	100
12/28/2019	100	100	100	100
12/28/2020	100	100	100	100
12/28/2021	100	100	100	100
12/28/2022	100	100	100	100
12/28/2023	100	100	100	100
12/28/2024	100	100	100	83
12/28/2025	100	100	93	0
12/28/2026	100	100	0	0
12/28/2027	100	0	0	0
12/28/2028	0	0	0	0
Weighted Average Life (years)*	15.59	14.49	13.44	12.39
First Principal Payment Date	2/28/2028	1/28/2027	12/28/2025	11/28/2024
Last Principal Payment Date	9/28/2028	8/28/2027	8/28/2026	8/28/2025

*The weighted average life of the Class B 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 Class B 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 Class B Notes as of the Issue Date.

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EXHIBIT G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of November 1, 2012 is executed and delivered by the Vermont Student Assistance Corporation (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), in connection with the issuance of the Issuer's Student Loan Asset-Backed Notes, Series 2012-1 in the aggregate principal amount of $770,500,000 (the "Notes"). The Notes are being issued pursuant to the Indenture of Trust, dated as of November 1, 2012 (the "Indenture"). Capitalized terms used in this Agreement which are not otherwise defined above or in Article IV hereof shall have the respective meanings established for purposes of the Indenture. The Issuer and the Trustee covenant and agree as follows:

ARTICLE I
The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Initial Purchasers in complying with subsection (b)(5) of Rule 15c2-12 as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year 2013, by no later than 9 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to: (i) the MSRB; and (ii) the Trustee.

(b) Any notice of a defeasance of Notes shall state whether the Notes have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which would require the Issuer to provide notice of a Notice Event hereunder; provided, however, that the failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this

Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.7. No Previous Non-Compliance. The Issuer represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents: (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org); or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The Issuer's current fiscal year is July 1-June 30, and the Issuer shall promptly notify: (i) the MSRB; and (ii) the Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Notes.

(b) The Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer: (i) delivers to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion; and (ii) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Notes (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby; (ii) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) the Issuer shall have delivered to the Trustee an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Issuer (such as bond counsel or the Trustee), addressed to the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (B) the holders of the Notes consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Notes pursuant to the Indenture as in effect at the time of the amendment; and (v) the Issuer shall have delivered, or caused to be delivered, copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement; (ii) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that performance by the Issuer and Trustee under this Agreement as so amended will not result in a violation of the Rule; and (iii) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (i) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC; and (ii) the Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable: (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Notes, or by the Trustee on behalf of the holders of Outstanding Notes; or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Notes; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less

than 25% in aggregate principal amount of the Highest Priority Obligations at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively: (i) Audited Financial Statements, if available, or Unaudited Financial Statements; (ii) updated versions of the financial information and operating data contained in the Offering Memorandum, for each fiscal year of the Issuer, including, but not limited to Quantitative and operating information for the preceding fiscal year of the type presented in the Offering Memorandum under the heading "THE CORPORATION"; (iii) Financed Student Loan portfolio information of the type identified under the caption "CHARACTERISTICS OF THE FINANCED STUDENT LOAN PORTFOLIO" in the Offering Memorandum; provided, that the Issuer reserves the rights: (I) to alter the format in which such periodic information is presented; and (II) if then permitted by the Rule, to incorporate such periodic information by reference to any publicly accessible website; and (iv) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or state legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or state law a regulation describing such accounting principles, or other description thereof.

(3) "Counsel" means nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) "Initial Purchasers" shall have the same meaning as set forth in the Offering Memorandum.

(6) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(7) "Notice Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(vii) modifications to rights of Noteholders, if material;

(viii) Note calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Notes, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer; for the purposes of the event identified in this clause (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(8) "Offering Memorandum" means the Offering Memorandum dated November 20, 2012 of the Issuer relating to the Notes.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "State" means the State of Vermont.

(12) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. Article VII of the Indenture is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Indenture.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed all as of the date first above written.

VERMONT STUDENT ASSISTANCE CORPORATION

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Name: _____
Title: _____

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VERMONT STUDENT ASSISTANCE CORPORATION • STUDENT LOAN ASSET-BACKED NOTES, SERIES 2012-1 (TAXABLE LIBOR FLOATING RATE NOTES)

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