



\$198,400,000

SOUTH CAROLINA STUDENT LOAN CORPORATION
STUDENT LOAN BACKED NOTES,
2015-A SERIES

Table with 6 columns: Interest Rate, Stated Maturity, Price to Public, Underwriting Discount, Proceeds to Corporation, CUSIP. Row 1: 1-month LIBOR plus 1.50%, January 25, 2036, 92.00%, 0.67%, \$181,198,975, 83715RAH5

† Before deducting expenses estimated to be approximately \$2,119,483.
†† CUSIP numbers are copyright by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business.

You should carefully consider the risk factors described in this Offering Memorandum.
The Notes are special, limited obligations of the Corporation. The Corporation has no taxing power.
The Notes do not constitute a debt, liability or obligation, or a pledge of the full faith and credit or the taxing power, of the State of South Carolina or any of its agencies or political subdivisions.

The Notes are special, limited obligations payable primarily from collections on a pool of student loans; a Debt Service Reserve Fund; and other moneys and investments (collectively, the "Trust Estate") pledged to U.S. Bank National Association, as Trustee. 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 General Resolution, but will not have recourse to any of our other assets. The Notes will be the only indebtedness secured by and payable from the Trust Estate.

Credit enhancement for the Notes will include overcollateralization, excess interest on the Financed Student Loans, and cash on deposit in the Debt Service Reserve Fund, as described in this Offering Memorandum.

We expect that the Notes will be rated "A(sf)" by Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, and "Asf" by Fitch Ratings. See "RATINGS" herein.

Receipts of principal and certain other payments received on the Financed Student Loans and other assets held in the Trust Estate will be allocated on each Distribution Date for payment of the principal of and interest on the Notes as described in this Offering Memorandum.

The Notes will receive distributions on January 25, 2016, and thereafter, on the twenty-fifth (25th) day of each month thereafter, or if such day is not a Business Day, on the next Business Day as described in this Offering Memorandum. All payments of principal of the Notes through the Depository Trust Company ("DTC") will be treated by DTC, in accordance with its rules and procedures, as a "Pro Rata Pass-Through Distribution of Principal."

The Notes are exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(4) thereof, and are "exempt securities" within the meaning of the Securities Exchange Act of 1934, as amended. Pursuant to an exemption contained in the Trust Indenture Act of 1939, as amended, it is not necessary to qualify the General Resolution thereunder.

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 a criminal offense.

We are offering the Notes through the underwriters when and if issued. The Notes will be delivered in book-entry only form on or about November 25, 2015.

Joint Book Runners

Morgan Stanley

BofA Merrill Lynch

SOUTH CAROLINA STUDENT LOAN CORPORATION

Board of Directors

Frederick T. Himmelein, Esq., *Chairman*
William M. Mackie, Jr., *Vice Chairman*
J. Thornton Kirby, Esq., *Treasurer*
Charlie C. Sanders, Jr., *Secretary*
Renee R. Brooks, *Director*
Neil E. Grayson, Esq., *Director*
Jeffrey R. Scott, *Director*
Barbara F. Weston, *Director*
D. Grant Carwile, *Director*
Fred L. Green, III, *Director*
Harry R. Brown, *Director*

Senior Management

Charlie C. Sanders, Jr., *President and CEO*
Jane W. Honeycutt, *Chief Financial Officer*
David A. Simon, III, *Chief Information Officer*
Anne Harvin Gavin, *Senior Vice President – Administrative Services*
Cynthia G. Callaham, *Vice President – Audit & Compliance*
Denise L. Easterling, *Vice President – SC3 Solutions*
Michael E. Fox, *Vice President – Guaranty Services*
Gerald I. Long, *Vice President - Repayment Operations*
David C. Roupe, *Vice President – Repayment Services*
Donna E. Weathersbee, *Director of Human Resources*

Note Counsel

McNair Law Firm, P.A.
Charleston, South Carolina

Trustee

U.S. Bank National Association
St. Paul, Minnesota

[inside cover page continued from prior page]

ADDITIONAL INFORMATION

No dealer, broker, salesman, or other person has been authorized by the Corporation or either of the Underwriters 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.

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.

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.

The Trustee has not furnished or verified any information or statements contained in this Offering Memorandum other than the information under the heading “**THE TRUSTEE**” (the “*Trustee Information*”) and is not responsible for the sufficiency, completeness, or accuracy of any information or statements contained in this Offering Memorandum other than the Trustee Information.

EACH OF THE UNDERWRITERS HAS REVIEWED THE INFORMATION IN THIS OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT NEITHER OF THE UNDERWRITERS GUARANTEES THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NOTWITHSTANDING ANY INVESTIGATION THAT EITHER OF THE UNDERWRITERS MAY HAVE CONDUCTED WITH RESPECT TO THE INFORMATION CONTAINED HEREIN, NEITHER OF THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY EITHER OF THE UNDERWRITERS.

THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREON. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY OF THE JURISDICTIONS REFERENCED ABOVE, NOR ANY OF THEIR AGENCIES HAS APPROVED, DISAPPROVED, GUARANTEED, OR PASSED UPON THE SAFETY OF THE NOTES AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON, OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

Within this Offering Memorandum are cross-references to headings found elsewhere in this Offering Memorandum, under which you can find further related discussions. The Table of Contents found on the second and third succeeding pages indicates where such headings and discussions are located.

COMPLIANCE WITH APPLICABLE SECURITIES LAWS

THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS OFFERING MEMORANDUM NOR ANY CIRCULAR, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT, OR OTHER MATERIAL MAY 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 UNDERWRITERS 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 THIS OFFERING MEMORANDUM, IN ALL CASES, AT THEIR OWN EXPENSE.

COMPLIANCE WITH FOREIGN ACCOUNT TAX COMPLIANCE ACT

BY PURCHASING THE NOTES AND BECOMING A BENEFICIAL OWNER, EACH BENEFICIAL OWNER AGREES TO COLLECT AND PROVIDE THE NOTEHOLDER TAX IDENTIFICATION INFORMATION AND NOTEHOLDER FACTA INFORMATION (BOTH AS DEFINED IN EXHIBIT III - "GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS") TO THE TRUSTEE UPON REQUEST. EACH BENEFICIAL OWNER OF A NOTE OR AN INTEREST THEREIN, BY ACCEPTANCE OF SUCH NOTE OR SUCH INTEREST IN SUCH NOTE, WILL BE DEEMED TO HAVE AGREED TO PROVIDE SUCH INFORMATION TO THE TRUSTEE. IN ADDITION, EACH BENEFICIAL OWNER OF A NOTE WILL BE DEEMED TO UNDERSTAND THAT THE TRUSTEE HAS THE RIGHT TO WITHHOLD INTEREST PAYABLE WITH RESPECT TO SUCH NOTE (WITHOUT ANY CORRESPONDING GROSS UP) ON ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THESE PROVISIONS.

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

THE CORPORATION WILL BE RELYING ON AN EXCLUSION OR EXEMPTION FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (the "*Investment Company Act*"), CONTAINED IN §3(c)(10) UNDER THE INVESTMENT COMPANY ACT, ALTHOUGH THERE MAY BE ADDITIONAL EXCLUSIONS OR EXEMPTIONS AVAILABLE TO THE CORPORATION.

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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.

The words “we,” “us,” “our,” and similar terms, as well as references to the “Issuer” and the “Corporation” refer to the South Carolina Student Loan Corporation. This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. See “SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS” herein.

All capitalized terms used in this Offering Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Resolution. See EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”

Please note that certain dollar amounts may have been rounded to the nearest whole number.

Principal Parties and Dates

Issuer, Servicer, and Administrator

South Carolina Student Loan Corporation

Trustee, Paying Agent, and Registrar

U.S. Bank National Association

Backup Servicer

Nelnet Servicing, LLC

Sole Guaranty Agency for the Financed FFELP Loans

South Carolina State Education Assistance Authority (the “**Authority**”)

Underwriters

Morgan Stanley & Co., LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Book Runners

Distribution Dates

Interest on the Notes (as defined herein) will be payable on January 25, 2016, and thereafter, on the twenty-fifth (25th) day of each month, or if such day is not a Business Day, on the next Business Day (collectively, the “**Distribution Dates**” and each, a “**Distribution Date**”).

Collection Periods

The Collection Periods will be one-month periods ending on the last day of the month preceding the Distribution Date. However, the first Collection Period will begin on the day following the Cutoff Date (as hereinafter defined) and end on December 31, 2015.

For the definition of “**Collection Period**,” see EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”

Interest Periods

The Initial Period for the Notes begins on the Issue Date and ends on January 24, 2016. For any other Distribution Date, the Interest Period will begin on the prior Distribution Date and end on the day before such Distribution Date.

Cutoff Date and Statistical Cutoff Date

The cutoff date (the “**Cutoff Date**”) for the portfolio of Student Loans that will become part of the Trust Estate on the Issue Date (the “**Loan Portfolio**”) is expected to be approximately one week preceding the Issue Date. On and after the Issue Date, all loan revenues received with respect to the Loan Portfolio after the Cutoff Date will be deposited in the Collection Fund other than Special Allowance and Interest Subsidy Payments attributable to the period ending on such date.

For the definitions of “**Student Loan**,” “**Special Allowance Payments**,” “**Interest Subsidy Payments**,” and “**Trust Estate**,” see EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.” See also “**The Trust Estate**” below and “**THE TRUST ESTATE**” herein.

The information presented herein relating to the Loan Portfolio is based on information with respect thereto as of September 30, 2015 (the “**Statistical Cutoff Date**”). This information, particularly specific dollar amounts that change as a result of payments received, may have changed since that date; however, we believe that the information set forth herein with respect to the Student Loans as of the Statistical Cutoff Date is representative of the

characteristics of the Student Loans as they will exist on the Issue Date for the Notes.

Issue Date

The Issue Date for this offering will be on or about November 25, 2015.

Description of the Notes

General

We are offering the 2015-A Series LIBOR Indexed Notes in the aggregate principal amount of \$198,400,000 (the “Notes”).

The Notes will be special, limited debt obligations of the Corporation and will be issued pursuant to the General Resolution and a Series Resolution adopted by the Board of Directors of the Corporation (the “*Series Resolution*”). We sometimes refer to the General Resolution and the Series Resolution collectively as the “*Resolution*.” The Notes will receive payments primarily from collections on the pool of Financed Student Loans constituting a portion of the Trust Estate. For the definitions of “*Financed*” and “*Student Loans*,” see EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”

The Notes do not constitute a debt, liability, or obligation of the State of South Carolina or of any agency or political subdivision thereof, or a pledge of the full faith and credit of the State of South Carolina or of any agency or political subdivision thereof. The Corporation has no taxing power.

Principal of and interest on the Notes will be payable to the record owners of the Notes as of the close of business on the Business Day prior to the related Distribution Date.

No Additional Notes

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

Authorized Denominations

The Notes will be offered in minimum denominations of \$100,000 and multiples of \$1,000 in excess of such amount.

Interest on the Notes

The Notes will bear interest at an annual rate equal to one-month LIBOR, except for the Initial Period, plus 1.50%.

The Trustee will determine the rate of interest on the Notes on the second (2nd) Business Day prior to the start of the applicable Interest Period. Interest on the Notes will be calculated on the basis of the actual number of days elapsed during the Interest Period divided by 360. For the Initial Period, the Trustee will determine the LIBOR rate according to a formula described herein under the subheading “DESCRIPTION OF THE NOTES - Interest Payments.”

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

Principal Distributions

Principal distributions will be allocated to the Notes on each Distribution Date as described under “Flow of Funds” below and under “THE TRUST ESTATE - Flow of Funds” herein.

See “DESCRIPTION OF THE NOTES - Principal Distributions” herein “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - DEFAULTS AND REMEDIES” in EXHIBIT IV attached hereto.

Stated Maturity

The Distribution Date on which the aggregate outstanding principal balance of the Notes will be due and payable in full is January 25, 2036.

We expect that the principal of the Notes will be paid prior to the Stated Maturity Date as a result of either

- payments and prepayments on the Financed Student Loans; or
- the exercise by us of our option to redeem the Notes in whole, but not in part, on the next Distribution Date occurring when the Pool Balance shall be ten percent (10%) or less of the Initial Pool Balance.

See “Optional Redemption” below and “DESCRIPTION OF THE NOTES – Optional Redemption” herein.

“*Pool Balance*” means for any date the aggregate Principal Balance of all Financed Student Loans, excluding Financed Alternative Loans pursuant to which the borrowers are more than one hundred eighty (180) days’ delinquent on one or more monthly payments (the “*Defaulted Student Loans*”), on that date plus accrued interest that is expected to be capitalized as determined by the Administrator.

For the definition of “*Alternative Loans*,” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”**

“*Initial Pool Balance*” means \$250,366,968, which is the Pool Balance as of the Statistical Cutoff Date, of the Loan Portfolio. The Initial Pool Balance consists of a principal balance of \$248,871,890 and accrued interest expected to be capitalized of \$1,495,078.

The expected weighted average lives and expected maturity dates for the Notes are set forth in **EXHIBIT VII - “PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES OF THE NOTES, AND PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES.”** **EXHIBIT VII** also contains the assumptions utilized for calculating these expected weighted average lives and expected maturity dates, together with the projected remaining principal balance of the Notes as a percentage of the initial principal balance thereof under various assumed prepayment scenarios. See **EXHIBIT VII - “PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES OF THE NOTES, AND PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES.”**

Description of the Corporation

South Carolina Student Loan Corporation is a nonprofit, public benefit corporation incorporated on November 15, 1973, pursuant to the laws of the State of South Carolina, which received its final 501(c)(3) determination letter from the Internal Revenue Service on June 30, 1979. See the heading “**THE CORPORATION**” herein. Under its Restated and Amended Articles of Incorporation, the Corporation has the power to receive, invest, administer, and disburse funds for educational purposes so as to enable individuals to attend eligible educational institutions beyond the secondary school level and to make, handle, service, and deal with student and parent loans as provided in the Higher Education Act of 1965, as amended. We refer to this act as the “*Higher Education Act*.” The Corporation has been designated an “eligible lender” pursuant to Title IV of the Higher Education Act and, as agent of and an independent contractor with the Authority, serves as the principal servicer of Student Loans originated under the Federal Family Education Loan Program of the Higher Education Act and guaranteed by the Authority. In 1996, the Corporation began making Alternative Loans and has serviced all Alternative

Loans it has made. See **EXHIBIT I – “DESCRIPTION OF THE ALTERNATIVE LOAN PROGRAM.”**

Our principal office is located at 8906 Two Notch Road, Columbia, South Carolina 29223, and our telephone number is (803) 772-9480. We have a website at www.scstudentloan.org. Information found on the website is not part of this Offering Memorandum.

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

The Trust Estate

The Trust Estate means, together with any proceeds, all rights, title, and interest of the Corporation in the following:

- the Financed Student Loans;
- interest payments with respect to Financed Student Loans made by or on behalf of borrowers;
- any Recoveries of Principal with respect to Financed Student Loans;
- any Special Allowance Payments with respect to Financed FFELP Loans;
- any applicable Interest Subsidy Payments with respect to Financed FFELP Loans;
- any Backup Servicing Agreement, Guaranty Agreement, or Joint Sharing Agreement;
- all moneys and securities from time to time held by the Trustee under the terms of the General Resolution in various Funds and Accounts (excluding moneys and securities held in 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 General Resolution.

For the definitions of “*FFELP Loans*,” “*Backup Servicing Agreements*,” “*Guaranty Agreement*,” and “*Joint Sharing Agreement*,” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”**

As of the Statistical Cutoff Date, Financed Alternative Loans will constitute approximately 81.38% of the principal amount of the Financed Student Loans, and Financed FFELP Loans will

constitute approximately 18.62% of the principal amount of the Financed Student Loans.

No Student Loan that is a Defaulted Student Loan on and as of the Statistical Cutoff Date will be included in the Loan Portfolio.

See “**THE TRUST ESTATE**” herein.

The Authority, as Guaranty Agency, guarantees, and the U.S. Department of Education (the “*Department of Education*”) reinsures, the Financed FFELP Loans, both to the maximum extent permitted by the Higher Education Act.

Repurchase Obligation

We will agree that, as long as financial resources shall be available to meet such repurchase obligation, we will purchase from the Trust Estate any Financed Student Loan if any of the following events shall occur with respect to such Financed Student Loan:

- with respect to a Financed FFELP Loan that shall have ceased to be eligible as a Financed FFELP Loan under the General Resolution due to any action taken or failed to be taken by us with respect to servicing or origination that results in the loss of guaranty or federal reinsurance, Interest Subsidy Payments, or Special Allowance Payments, within thirty (30) days of the date on which we shall become aware that such Financed FFELP Loan shall have become ineligible; and
- with respect to a Financed Student Loan, upon the discovery that such Financed Student Loan did not constitute a Student Loan on the Issue Date, within thirty (30) days of the date on which we shall become aware of such fact.

We will agree to purchase the applicable Financed Student Loan(s) using available cash at an amount equal to (i) with respect to a Financed FFELP Loan, the amount the Guaranty Agency would otherwise have paid but for our error or omission or (ii) with respect to a Financed Alternative Loan, the principal balance thereof plus accrued interest to the repurchase date. See “**RISK FACTORS - Repurchase of Financed Student Loans**” and “**THE TRUST ESTATE – Repurchase Obligation**” herein.

Description of Funds and Accounts

The Program Fund

The Trustee will establish the Program Fund as part of the Trust Estate. On the Issue Date, we will make a deposit to the Program Fund in the amount of \$177,544,481.39 which amount we will use to finance the Loan Portfolio (including accrued interest

thereon) and to pay costs of issuance relating to the Notes.

The Collection Fund

The Trustee will establish the Collection Fund as part of the Trust Estate. We will make a deposit to the Collection Fund on the Issue Date in the amount of \$2,695,926.33. The Trustee will also 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.

Money on deposit in the Collection Fund will be used as described under “**Flow of Funds**” below and under “**THE TRUST ESTATE - Flow of Funds**” herein.

The Operating Fund

The Trustee will establish the Operating Fund as part of the Trust Estate. We will make a deposit to the Operating Fund on the Issue Date in the amount of \$248,250.00. The Operating Fund will be additionally funded from funds available in the Collection Fund as described under “**Flow of Funds**” below and under “**THE TRUST ESTATE - Flow of Funds**” herein. Money on deposit in the Operating Fund will be used to pay all Operating Costs. For the definition of “*Operating Costs*,” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”** Such Operating Costs will not be permitted to be increased beyond the levels detailed herein under the subheading “**THE TRUST ESTATE - The Operating Fund**” unless (i) the Trustee shall first receive a Rating Agency Condition from any applicable Rating Agency other than Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business (“*S&P*”) and a Cash Flow Certificate and (ii) the Administrator shall provide sixty (60) days’ prior written notice to S&P of any increase in Operating Costs and there has been no indication (as certified by the Corporation in a Certificate to the Trustee at the end of such 60-day period) that such notice of increase will not, in and of itself, result in a downgrade of S&P’s rating on any Notes Outstanding or cause S&P to suspend or withdraw its rating on any Notes Outstanding. For the definitions of “*Rating Agency Condition*” and “*Cash Flow Certificate*,” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”** The Operating Fund will be funded as described under “**Flow of Funds**” below and under “**THE TRUST ESTATE - Flow of Funds**” herein in an amount equal to the Operating Costs (not to exceed four (4) months’ Operating Costs as determined by us). We refer to this amount as the “*Operating Fund Requirement*.” Amounts in

the Operating Fund in excess of the Operating Fund Requirement will be transferred to the Collection Fund.

The Debt Service Fund

The Trustee will establish a Debt Service Fund as part of the Trust Estate and within the Debt Service Fund, a Principal Account and an Interest Account. Moneys in the Interest Account will be applied to pay interest on the Notes, and moneys in the Principal Account will be applied to pay the principal of the Notes.

Amounts deposited in all funds and accounts created and maintained under the Resolution (other than the Department Reserve Fund) will be used for the payment of principal of and interest on the Notes if there would otherwise be a default in payment. The order of Funds and Accounts from which moneys will be transferred in the event that deposits of moneys in the Collection Fund to the Interest Account and Principal Account shall be insufficient to avoid a default in payment of principal of or interest on the Notes will be the Debt Service Reserve Fund and then the Operating Fund.

The Debt Service Reserve Fund

The Trustee will establish a Debt Service Reserve Fund as part of the Trust Estate. We will make a deposit to the Debt Service Reserve Fund on the Issue Date in the approximate amount of \$625,917. The Debt Service Reserve Requirement (the “***Debt Service Reserve Requirement***”) shall be equal to the greater of:

- 0.25% of the Pool Balance; or
- \$375,550.

Moneys in the Debt Service Reserve Fund will be used to pay principal of and interest on the Notes to the extent moneys in the Principal Account and the Interest Account, respectively, shall be insufficient for such purposes. See “**THE TRUST ESTATE - Application of Funds and Accounts to Avoid a Default; Order of Application**” herein. To the extent the amount in the Debt Service Reserve Fund shall fall below the Debt Service Reserve Requirement, the Debt Service Reserve Fund will be required to be replenished on each Distribution Date from funds available in the Collection Fund as described under “**Flow of Funds**” below and under “**THE TRUST ESTATE - Flow of Funds**” herein. Funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Collection Fund. All amounts on deposit in the Debt Service Reserve Fund will be applied for the payment of principal on the Notes

Outstanding on the Distribution Date on which amounts on deposit in the Debt Service Reserve Fund shall be equal to or greater than the principal balance of all Notes Outstanding after principal payment of the Notes from funds available in the Collection Fund as described under the subheading “**THE TRUST ESTATE - Flow of Funds**” herein.

The Department Reserve Fund

The Trustee will establish a Department Reserve Fund. The Department Reserve Fund will not be a part of the Trust Estate. We will make a deposit to the Department Reserve Fund on the Issue Date in the amount of \$84,400.00. The Department Reserve Fund will be additionally funded from funds available in the Collection Fund as described under the heading “**THE TRUST ESTATE - Flow of Funds**” herein. Amounts in the Department Reserve Fund will be used to pay amounts due and payable by us to the Department of Education related to the Financed FFELP Loans or any other payment due and payable to a Guaranty Agency relating to its guaranty of Financed FFELP Loans, or any other payment due to the Servicer, the Eligible Lender, or another entity or trust estate if amounts due under the General Resolution to the Department of Education or a Guaranty Agency with respect to Financed FFELP Loans were paid by the Servicer, the Eligible Lender, or such other entity or trust estate pursuant to a joint sharing agreement, an intercreditor agreement, or otherwise. We refer to such amounts as the “***Department Reserve Fund Amount***.” The Department Reserve Fund will be funded as described under the heading “**THE TRUST ESTATE - Flow of Funds**” herein in an amount equal to the Department Reserve Fund Amount (not to exceed four (4) months of Department Reserve Fund Amounts as determined by us). 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.

Use of Initial Proceeds of Notes

The proceeds of the Notes are to be initially used to finance the Loan Portfolio, fund certain Funds and Accounts under the General Resolution including the Program Fund, the Collection Fund, and the Debt Service Reserve Fund, and pay costs and expenses associated with the issuance of the Notes.

Characteristics of the Financed Student Loans

All of the Student Loans comprising the Loan Portfolio have been originated by us in the ordinary course of our business. These Student Loans are

described more fully herein under “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS.**” The Financed Student Loans had an Initial Pool Balance of \$250,366,968 as of the Statistical Cutoff Date. As of the Statistical Cutoff Date, the weighted average annual interest rate of the Financed Student Loans, before deducting any interest rate reductions earned by borrowers, was approximately 3.87% and their weighted average remaining term to scheduled maturity was approximately 193 months. This information, particularly specific dollar amounts that change as a result of payments received, may have changed since that date.

As of the Statistical Cutoff Date, the Loan Portfolio included approximately \$29,352,274 of “rehabilitated loans,” which are FFELP Loans that have previously defaulted, but for which the borrower thereunder has made a specified number of on-time payments as described in **EXHIBIT II** attached hereto under the heading “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM – REHABILITATION OF DEFAULTED LOANS.**”

The information set forth herein under the heading “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” is with respect to the Loan Portfolio as of the Statistical Cutoff Date. This information, particularly specific dollar amounts that change as a result of payments received, may have changed since that date.

Flow of Funds

Not later than the sixteenth (16th) day of each month (provided, however, if such day is not a Business Day, then the next Business Day), prior to an Event of Default, Available Funds will be used to make the following deposits and distributions, to the extent funds are available, as set forth in the following chart:

COLLECTION FUND	
1st	DEPARTMENT RESERVE FUND (such that amounts therein will equal the Department Reserve Fund Requirement)
2nd	OPERATING FUND (such that amounts therein will equal the Operating Fund Requirement)
3rd	INTEREST ACCOUNT (for the payment of all accrued and unpaid interest on the Notes)
4th	DEBT SERVICE RESERVE FUND (such that amounts therein will equal the Debt Service Reserve Requirement)
5th	INDEMNITEES (for the payment of certain indemnity or reimbursement amounts or other Operating Costs not previously paid such amounts not to exceed \$50,000 in the aggregate per annum (unused amounts are available in future years) in the absence of an Event of Default)
6th	PRINCIPAL ACCOUNT (for the payment of principal of the Notes until paid in full)
7th	ADDITIONAL INDEMNITEES (for the payment of additional indemnity or reimbursement amounts or other Operating Costs not previously paid)
8th	THE CORPORATION (for any lawful purpose)

For the definition of “*Available Funds*,” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”**

For a more detailed description of the requirements of the General Resolution, see “**THE TRUST ESTATE - Flow of Funds**” herein.

No Recycling

No recycling of revenues into additional Student Loans will be permitted under the Resolution.

Flow of Funds After Events of Default

After the occurrence of an Event of Default under the General Resolution, payments of principal

of and interest on the Notes will be made in accordance with the provisions of the General Resolution. See **EXHIBIT IV - "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Defaults and Remedies."**

Credit Enhancement

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

Overcollateralization

On the Issue Date, we expect that the overcollateralization will be approximately 126.63%.

Servicing and Administration

We will act as Servicer and Administrator with respect to the Financed Student Loans.

For the definitions of **"Servicer"** and **"Administrator,"** see **EXHIBIT III - "GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS."**

We will covenant to maintain the Backup Servicing Agreements. The Financed Alternative Loans and/or the Financed FFELP Loans will be transferred for servicing by the Backup Servicer under the circumstances described in the definition of **"Servicer Transfer Trigger"** in **EXHIBIT III**. For more information on the Backup Servicing Agreements with the Backup Servicer, see **"THE BACKUP SERVICING AGREEMENTS"** herein.

We have not entered, and do not intend to enter, into a backup administration agreement; however under the General Resolution, a successor Administrator appointed by the Trustee or the Trustee itself will succeed to all our responsibilities, duties, and liabilities as the Administrator following any termination of our duties as Administrator. See **EXHIBIT IV - "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Administrator and Backup Administrator."**

Optional Redemption

The Notes will be subject to optional redemption in whole, but not in part, at our option on any Distribution Date when the Pool Balance shall be ten percent (10%) or less of the Initial Pool Balance.

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 V - "BOOK ENTRY SYSTEM."**

Rating of the Notes

We expect that the Notes will be rated "A(sf)" by S&P and "Asf" by Fitch Ratings. A condition to the purchase of the Notes by the Underwriters under the Note Purchase Agreement between the Corporation and the Underwriters will be that the Notes be rated in one of the three highest rating categories by S&P. See **"RISK FACTORS - The Ratings of the Notes Are Not A Recommendation to Purchase and May Change, Affecting the Price of Your Notes"** herein. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See **"RISK FACTORS - Secondary Market"** herein. Also see **"RATINGS"** herein.

Forward-Looking Statements

Statements in this Offering Memorandum, including, but not limited to, those concerning the characteristics of the Financed Student Loans, constitute forward looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from such expectations.

Prospective investors in the Notes should not place undue reliance on those forward-looking statements and should review the factors described under the heading **"RISK FACTORS,"** that could cause actual results to differ from expectations.

Reports to Noteholders

The Corporation will post investor reports on its website located at <http://www.sstudentloan.org/investor> on or prior to the last day of each month. See the heading **"REPORTS TO NOTEHOLDERS"** herein.

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RISK FACTORS

Potential investors in the Notes 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. Additional risk factors relating specifically to the Financed FFELP Loans, which, as of the Statistical Cutoff Date, constitute approximately 18.62% of the principal amount of the Financed Student Loans, can be found in the immediately succeeding heading “**RISK FACTORS RELATING TO THE FINANCED FFELP LOANS.**”

Notes Are Payable Solely from the Trust Estate and Noteholders Have No Other Recourse against the Corporation

Principal of and interest on the Notes will be paid solely from the funds and assets held as part of the Trust Estate. See “**THE TRUST ESTATE**” herein. No insurance or guaranty of the Notes will be provided by any government agency or instrumentality, by any insurance company, or by any other person or entity. Payments of principal of and interest on the Notes will ultimately depend on the amount and timing of payments and other collections in respect of the Financed Student Loans and other assets included in the Trust Estate. You will have no recourse against any party if the assets in Trust Estate created under the General Resolution are insufficient for repayment of the Notes.

State Not Liable For the Notes

The Notes do not constitute a recourse debt or general obligation of the State of South Carolina (the “*State*”) or any political subdivision thereof, but are payable solely from the Trust Estate created by the General Resolution. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Notes. The Corporation has no taxing power.

Experience May Vary from Assumptions

The Corporation expects that the revenues available for debt service to be received pursuant to the General Resolution should be sufficient to pay principal of and interest on the Notes when due and also to pay the Operating Costs until the maturity or earlier retirement of the Notes. This expectation is based upon an analysis of cash flow projections using assumptions, which the Corporation believes are reasonable, regarding the timing of the repayment of the Loan Portfolio, the composition of and yield on the Loan Portfolio, the default and collection rates on the Loan Portfolio, the rate of return on moneys to be invested in various Funds and Accounts in the Trust Estate, and the occurrence of future events and conditions. These assumptions are derived from the Corporation’s experience in the administration of our student loan finance program. There can be no assurance, however, that interest and principal payments from the Loan Portfolio will be received as anticipated, that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized, or that Special Allowance Payments and other payments will be received in the amounts and at the times anticipated. Furthermore, other future events over which the Corporation has no control, such as general economic conditions, the job market for graduates of institutions of higher education, the college graduation rate, military and national emergencies, and regulatory changes among others, may adversely affect the Corporation’s actual receipt of revenues available for debt service pursuant to the General Resolution. The effect of these factors, including the effect on the amount of assets in the Trust Estate available to make payments of principal of and interest on the Notes and pay Operating Costs, is impossible to predict. See “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” for certain information regarding the Loan Portfolio.

Secondary Market

No assurance can be given that a secondary market for the Notes will exist, and prospective owners of the Notes should therefore be prepared, if necessary to hold their Notes to maturity or prior payment.

Different Rates of Change in Interest Rate Indexes May Affect Cash Flow

As described herein, the interest rates on the Notes from time to time will be based on LIBOR, thus the interest rates on the Notes are variable and will fluctuate from one interest period to another in response to changes in benchmark rates, general market conditions, national and international conditions, and numerous other factors, all of which are totally beyond the control or anticipation of the Corporation. We can make no representation as to what these rates may be in the future.

The Financed Student Loans that are Financed Alternative Loans generally bear interest at interest rates indexed to the current Prime Rate published by Bloomberg, L.P.[®], the three month LIBOR rate published by Bloomberg, L.P.[®], or the 90 day United States Treasury Bill. The Financed Student Loans that are Financed FFELP Loans generally bear interest at fixed interest rates. In addition, all of the Financed Student Loans that are Financed FFELP Loans are subject to Special Allowance Payments to be paid to or by the U.S. Department of Education (the “*Department of Education*”). The Special Allowance Payments for Financed FFELP Loans disbursed on or after January 1, 2000, were previously based upon a three-month commercial paper rate, but as a result of the affirmative election made by the Corporation under Public Law 112-74 (as described under “**THE CORPORATION – Change to Index for Calculation of Special Allowance Payments**” herein and in **EXHIBIT II** attached hereto under the heading “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM – SPECIAL ALLOWANCE PAYMENTS**”) the Corporation permanently changed the index for Special Allowance Payments on all of the Financed Student Loans that are Financed FFELP Loans expected to be in the Loan Portfolio disbursed on or after January 1, 2000, from the three-month commercial paper rate to a one-month LIBOR index, commencing with Special Allowance Payments for the calendar quarter that began April 1, 2012. The one-month LIBOR index for Special Allowance Payments resets on a daily basis while the interest rates on the Notes resets on a monthly basis.

As a result of these differences between the indices and reset dates used to determine the interest rates on Financed Student Loans and the Notes, there could be periods of time when the net yield of the Financed Student Loans is low enough to impair our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

Information Regarding the Characteristics of the Financed Student Loans as of the Statistical Cutoff Date

This Offering Memorandum describes the characteristics of the Financed Student Loans as of September 30, 2015 (the “*Statistical Cutoff Date*”), expected to be held as part of the Trust Estate as of the Issue Date. The Financed Student Loans may have characteristics on the Issue Date that differ from the characteristics thereof on the Statistical Cutoff Date. We do not expect that the characteristics of the Financed Student Loans on the Issue Date will differ materially from the characteristics as of the Statistical Cutoff Date described in this Offering Memorandum; however, an investor should not assume that the characteristics of the Financed Student Loans on the Issue Date will be identical to characteristics disclosed in this Offering Memorandum.

The Financed Alternative Loans are Unsecured and do not have the Benefit of a Guaranty Agency.

As of the Statistical Cutoff Date, approximately 81.38% of the Financed Student Loans are Financed Alternative Loans. The Financed Alternative Loans are private student loans, were not originated pursuant to the Higher Education Act, and are not and will not be guaranteed by the Authority or another Guaranty Agency nor reinsured by the Secretary under the Higher Education Act, nor are the Financed Alternative Loans guaranteed by any governmental entity or third party guarantor. In addition, the Financed Alternative Loans will be unsecured; however, certain of the Financed Alternative Loans have co-signers. Therefore, the receipt by the Trustee of principal and interest on these Financed Alternative Loans will be dependent on the ability of the borrowers and, if applicable, the co-signers to make these payments. As a result, Financed Alternative Loans have a higher risk of loss than Financed FFELP Loans. See the heading “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” herein.

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 Financed FFELP Loans, these state laws are generally preempted by the Higher Education Act.

Timing and Sufficiency of Receipts

Amounts received with respect to the Trust Estate, including, but not limited to, Financed Student Loans, may vary materially in both timing of receipts and amounts received as a result of innumerable factors. For Financed 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 student loan rate exceeds the special allowance support level. However, lenders on Financed FFELP Loans are not allowed to retain interest income in excess of the special allowance support level on student 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 such Financed FFELP Loans to the special allowance support level and could require a lender to rebate excess interest accrued but not yet received. For fixed rate student loans, the excess interest owed to the federal government is greater when LIBOR is relatively low, causing the special allowance support level to fall below the student loan rate. 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.

Delay in the receipt of principal of and interest on Financed Student Loans may adversely affect payment of the principal of and interest on the Notes when due. Principal of and interest on Financed Student Loans may be delayed due to numerous factors, including, without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible purposes; (ii) forbearance being granted to borrowers; (iii) Financed Student Loans becoming delinquent for periods longer than assumed; (iv) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Financed Student Loans; (v) default rates being higher than those assumed in the current analysis of the Financed Student Loans, (vi) recoveries on Defaulted Financed Student Loans being lower than those assumed in the current analysis of the Financed Student Loans, (vii) implementation of income-based repayment plans as described in the following paragraph, and (viii) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the Financed Student Loans. See “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” for certain information regarding the Financed Student Loans.

A borrower with certain loans under the Federal Family Education Loan Program (the “**FFELP**”) of the Higher Education Act and the Federal Direct Student Loan Program (the “**FDLP**”) may qualify for an income-based repayment plan (or other similar plan implemented by executive order) if such borrower has a financial hardship as defined by the Department of Education. An increase in the number of Financed Student Loans subject to an income-based repayment plan (or other similar plan implemented by executive order) may adversely affect payment of the principal of and interest on the Notes when due, including extending the time period that Noteholders expect to hold the Notes. The Corporation cannot currently determine how many of the Financed Student Loans could or will be affected by income-based repayment plans (or other similar plan implemented by executive order).

Reinvestment, Prepayment, and Certain Other Risks Affecting Estimated Cash Flows

Financed Student Loans may be prepaid at any time without penalty. If prepayments are received on the Financed Student Loans, those amounts will be collected in the Collection Fund and used to make payments as described below under the subheading “**THE TRUST ESTATE - Flow of Funds,**” which could shorten the average life of the Notes. Factors affecting prepayment of loans include general economic conditions, prevailing interest rates, and changes in the borrower's job, including transfers and unemployment. Refinancing opportunities that may provide more favorable repayment terms also affect prepayment rates. Noteholders will bear reinvestment risks resulting from a faster or slower rate of prepayment of Financed Student Loans.

The Corporation cannot predict or give any assurances as to the effect of any future legislative or administrative action that may induce students with Financed FFELP Loans to consolidate into the FDLP or the impact that such legislative, administrative, or executive actions may have on the average life of the Notes.

General Economic Conditions

Future performance of Financed Student Loans may be adversely affected by subsequent economic and other events affecting the employment prospects of borrowers or otherwise affecting their ability and willingness to incur and to repay Financed Student Loans. High levels of unemployment, either regionally or nationally, may result in increased borrower delinquency and default. Failures by borrowers to pay the principal of and interest on the Financed Student Loans in a timely fashion or an increase in deferments or forbearances could affect the timing and amount of available funds during any Collection Period. The effect of these factors on the timing and amount of available funds for any Collection Period, our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due, and the likelihood of redemption of the Notes prior to their maturity is impossible to predict.

Uncertainty as to Available Remedies

The remedies available to owners of the Notes upon the occurrence of an Event of Default under the General Resolution 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 General Resolution 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 of the Corporation will not occur or that, if they occur, such occurrence will not materially adversely affect our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

Repurchase of Financed Student Loans

We will agree that as long as financial resources shall be available to meet such repurchase obligation, we will purchase from the Trust Estate any Financed Student Loan if any of the following events occur with respect to such Financed Student Loan: (i) with respect to a Financed FFELP Loan that shall have ceased to be eligible as a Financed FFELP Loan under the General Resolution due to any action taken or failed to be taken by us with respect to servicing or origination that results in the loss of guaranty or federal reinsurance, Interest Subsidy Payments, or Special Allowance Payments, within thirty (30) days of the date on which we shall become aware that such Financed FFELP Loan shall have become ineligible; and (ii) with respect to a Financed Student Loan, upon the discovery that such Financed Student Loan did not constitute a Student Loan on the Issue Date, within thirty (30) days of the date on which we shall become aware of such fact.

We will agree to purchase the applicable Financed Student Loan(s) using available cash at an amount equal to (i) with respect to a Financed FFELP Loan, the amount the Guaranty Agency would otherwise have paid but for our error or omission or (ii) with respect to a Financed Alternative Loan, the principal balance thereof plus accrued interest to the repurchase date. We may not have the financial resources to meet this repurchase obligation, and while our failure to repurchase a Financed Student Loan would be a breach of our repurchase obligation, such failure will not be an Event of Default, and will not permit the exercise of remedies under the Resolution.

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

In the event that the servicing functions with respect to Financed Student Loans are transferred to another entity, the cost of the transfer of servicing to the successor is likely to be borne by the Trust Estate, and the transfer may result in a delay in the processing of payments for transfer to the Trustee. The transfer of the Financed Student Loans held in the Trust Estate is likely to take a number of months to complete, which could delay the filing of default claims and the collection of revenues. The occurrence of these events could adversely affect our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due. Additionally, the cash flow assumptions relied upon in structuring the Notes were based on assumptions with respect to servicing costs. The Corporation can give no assurances that the servicing costs related to the Financed Student Loans will not increase or that the Corporation would be able to enter into a servicing agreement with a successor Servicer with substantially the same cost to us. Any and all Financed Student

Loans serviced by a Servicer are to be transferred for servicing to another Servicer upon the occurrence of a Servicer Transfer Trigger and the Majority of the Noteholders have directed the Trustee and the Corporation in writing to proceed with a transfer of servicing such Financed Student Loans. For the definitions of “*Servicer Transfer Trigger*” and “*Majority of the Noteholders*,” see EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.” See also, EXHIBIT IV - “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Certain Covenants of the Corporation - Servicer Transfer Trigger.”

Bankruptcy or Insolvency of Servicer or Administrator Could Cause Delays in Payment on the Notes

The Corporation will act as Servicer and Administrator with respect to the Financed Student Loans. Nelnet Servicing, LLC will act as Backup Servicer with respect to both the Financed Alternative Loans and the Financed FFELP Loans. In the event of a default by the Servicer or the Backup Servicer or by the Administrator resulting from events of insolvency or bankruptcy, a court, conservator, receiver, or liquidator may have the power to prevent the appointment of a successor Servicer and/or Administrator, and delays in collections in respect of those affected Financed Student Loans may occur. Any delay in the collections of Financed Student Loans may delay payments of principal of and interest on the Notes.

Geographic Concentration of Borrowers may Result in Greater Defaults on the Financed Student Loans

As of the Statistical Cutoff Date, approximately 58.6% of the Financed Student Loans by outstanding principal balance were to borrowers with current billing addresses in South Carolina. Because of this concentration, any adverse economic conditions adversely and disproportionately affecting South Carolina may result in a greater number of defaults on the Financed Student Loans than if such concentrations did not exist.

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

Certain credit and liquidity enhancement features, including the Debt Service Reserve Fund, 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 on the Notes.

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

It is a condition to the issuance of the Notes that they be rated at the rating levels described under the heading “**RATINGS**” herein. Ratings are based primarily on the creditworthiness of the underlying student loans, the amount of credit enhancement, and the legal structure of the transaction. The ratings are not a recommendation to you to purchase, hold, or sell your Notes inasmuch as the ratings do not comment as to market price or suitability for you as an investor. An additional rating agency may rate the Notes, and that rating may not be equivalent to the initial ratings described in this Offering Memorandum. In addition, the Rating Agencies periodically modify their assumptions used to rate asset-backed securities, which could also result in future changes to the rating on the Notes. 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.

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

Disruptions in the credit markets and of several financial institutions and changes in ratings criteria by certain Rating Agencies have caused certain of the Rating Agencies to announce that they are reviewing or intend to review the ratings assigned to certain securities, including student loan backed securities. The Corporation cannot predict the timing of any ratings actions, nor can it predict whether the ratings assigned to any of its securities will be downgraded. Any further adverse action by the Rating Agencies regarding securities issued previously by the Corporation may adversely affect the market value of the Notes or any secondary market for the Notes that may develop.

Potential for Conflicts of Interest and Regulatory Scrutiny for Rating Agencies

There is the potential for conflicts of interest and regulatory scrutiny with respect to the Rating Agencies. Fees charged by the Rating Agencies for the ratings initially assigned to the Notes, as well as ongoing fees to maintain the ratings, will be paid by the Corporation. It may be perceived that the Rating Agencies have a conflict of interest that may have affected the ratings assigned to the Notes where, as is the industry standard and the case with the ratings of the Notes, the issuing entity pays the fees charged for the rating services.

Furthermore, the Rating Agencies have been and may continue to be under scrutiny by federal and state legislative and regulatory bodies for their roles in the recent financial crisis and such scrutiny and any actions such legislative and regulatory bodies may take as a result thereof may also have an adverse effect on the price that a subsequent purchaser would be willing to pay for the Notes and your ability to resell your Notes.

You May Have Difficulty Selling your Notes

There currently is no secondary market for the Notes. Either or both of the Underwriters may assist in resales of the Notes, but neither is required to do so. We cannot assure you that any market will develop or, if it does develop, how long it will last. If a secondary market for the Notes does develop, the spread between the bid price and the asked price for the Notes may widen, thereby reducing the net proceeds to you from the sale of your Notes. We do 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 or you may not be able to obtain the price that you wish to receive. The market values of the Notes may fluctuate and movements in price may be significant. The rating of the Notes will not address the market liquidity therefor.

Certain Actions May Be Taken without Noteholder Approval or Confirmation of Ratings

The Resolution provides that the Corporation and the Trustee may undertake various actions without Noteholder approval or a confirmation of ratings. Such actions include, but are not limited to, amending the Resolution *via* a Supplemental Resolution (which may be done without the consent of the Holders of the Notes in certain circumstances) and increasing Operating Costs. To the extent such actions are taken after issuance of the Notes, you will have to accept such actions and their impact on Notes Outstanding. See **EXHIBIT IV - "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Modifications of the General Resolution and Outstanding Notes."**

S&P has adopted a policy of receiving notice of certain actions by the Corporation, rather than being in a position to prevent such actions if such Rating Agency determines the actions are not in the best interests of the Noteholders. Thus, the Corporation could take action that would result in a downgrade of the rating provided by S&P without first obtaining a confirmation of such rating.

Amendments of the Resolution and Waivers of Defaults

Under the Resolution, holders of specified percentages of the aggregate principal amount of Notes may amend or supplement provisions thereof and waive Events of Default and compliance provisions without the consent of the other Noteholders. A Noteholder may have no recourse if other Noteholders vote and such Noteholder disagrees with the vote on these matters. The Noteholders may vote in a manner that impairs our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

Expansion of Corporation's Activities

With the elimination of the FFELP, the Corporation has sought to expand its business activities beyond its traditional core. Such expansion is intended to produce additional revenue; however, there can be no assurance that such activities might not divert financial resources and/or personnel in a way that impairs the financial condition of the Corporation and/or disrupts the administration and servicing of the Financed Student Loans. See **"THE CORPORATION – Other Programs and Activities"** herein. See also **"RISK FACTORS RELATING TO THE FINANCED FFELP LOANS - Elimination of the Federal Family Education Loan Program."**

Notes Issued in Book-Entry Form Only

The Notes will be issued in book-entry form only, represented by a single fully registered note, initially registered in the name of Cede & Co., the nominee of DTC. You will be able to exercise your rights as a 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 or lowered interest rates for eligible service members.

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.

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

Investment of Funds and Accounts

The General Resolution requires or permits investments of moneys in each Fund and Account, consistent with the required uses of such moneys, in Investment Obligations. Investment Obligations means certain designated securities, if and to the extent the same are at the time legal for investment of moneys and funds held under the General Resolution. Investment Obligations are subject to the risks inherent in investment securities, such as fluctuating returns and loss of principal; accordingly, the value of each Fund and Account is subject to the risks inherent in investment securities.

Because the reinvestment rate on the funds on deposit as part of the Trust Estate will likely be less than the interest rate on the Notes, the resulting negative arbitrage will cause a reduction in the value of the Trust Estate and thus, the Parity Percentage. The longer that loan collections or other revenues remain as Trust Estate prior to the payment of principal of and interest on the Notes and Operating Costs, the greater the likelihood that (i) the Parity Percentage will fall and (ii) funds from the Debt Service Reserve Fund will be diminished for the payment of debt service and Operating Costs.

Sale of Financed Student Loans After Default

Upon the occurrence of an Event of Default under the General Resolution, 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.

Principal of the Financed Student Loans May Amortize Faster because of Incentive Programs

The Financed Student Loans are subject to various borrower incentive programs for borrowers that arrange to have their loan payments automatically withdrawn from a bank account. Any incentive program that effectively reduces borrower payments may result in the principal amount of the Financed Student Loans amortizing faster than anticipated. The Corporation cannot accurately predict the number of borrowers that will continue to utilize the borrower benefits provided under the borrower incentive programs currently offered by the Corporation. The greater the number of borrowers that utilize such benefits with respect to the Financed Student Loans, the lower the total loan receipts on such Financed Student Loans. Although such borrower incentives may decrease the payments to be received from the Financed Student Loans, the Corporation does not expect these borrower benefits to impair its ability to make payments of principal and interest on the Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

As of the Statistical Cutoff Date, approximately 30.6% of the Financed Student Loans received a 0.25% per annum or greater reduction in the interest rate on such Financed Student Loans. See the table entitled “**Distribution of the Financed Student Loans Portfolio Outstanding Principal Balance by Interest Rate Reduction**” under the heading “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” herein.

Changes in Relevant Laws

There can be no assurance that changes to relevant federal or state laws will not prospectively or retroactively affect the performance of the Financed Student Loans or affect the costs of administering the Financed Student Loans in a manner that might adversely affect the adequacy or availability of the Trust Estate to fund the payment when due of principal of and interest on the Notes.

Under the U.S. Bankruptcy Code, educational loans are generally non-dischargeable, subject to specified exceptions. Title 11 of the United States Code at §523(a)(8) provides substantially as follows:

(a) A discharge under §727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt— . . .

* * * * *

(8) unless excepting such debt from discharge under this clause would impose an undue hardship on the debtor and the debtor’s dependents, for—

(A) (i) an educational 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 (ii) an obligation to repay funds received as an educational benefit, scholarship, or stipend; or

(B) any other educational loan that is a qualified Student Loan, as defined in §221(d)(1) of the Internal Revenue Code of 1986, incurred by a debtor who is an individual.

A number of bankruptcy reform proposals that would alter the treatment of Student Loans similar to the Financed Student Loans under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 have been discussed and/or introduced in the Congress of the United States in recent years, including proposals to liberalize the current general nondischargeability of Student Loans in bankruptcy. No assurance can be given as to whether bankruptcy reform legislative proposals will be enacted at the federal level in a manner that might affect the Corporation’s ability to enforce collection of the Financed Student Loans

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. We maintain custody of the loan documents for the Financed Student Loans. 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.

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 we receive on our other student loans. Such amounts are transferred to the related trust estates on a daily basis. If the commingled account becomes subject to a claim in litigation or is attached in a proceeding in bankruptcy or otherwise, the servicer may be unable to transfer payments received on the Financed Student Loans to the Trustee, and we may be unable to make payments of principal and interest on the Notes and pay Operating Costs from assets in the Trust Estate.

We May or May Not Exercise Our Option to Redeem Your Notes Prior to their Stated Maturity Date and Your Yield May Be Affected

The Notes may be repaid before you expect them to be in the event of an optional redemption. An optional redemption would result in the early retirement of the Notes Outstanding on that date. If this happens, the yield on your Notes may be affected and you will bear the risk that you cannot reinvest the money you receive in comparable notes at an equivalent yield. The Notes may also be repaid after you expect them to be in the event we do not exercise our option to redeem them. 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. See "**DESCRIPTION OF THE NOTES - Optional Redemption.**"

The Notes Are Not a 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.

The Notes are a Long-Term Investment but are Based Upon a LIBOR Short-Term Index plus Fixed Spread

The interest rates on the Notes are based on one-month LIBOR plus fixed spreads, as described herein. As a result, the interest rates on the Notes are based on a short-term interest rate that is recalculated monthly on each Interest Rate Determination Date, as described herein, plus a fixed spread. See "**DESCRIPTION OF THE NOTES – Interest Payments**" herein for more information on how interest payments on the Notes are calculated. The interest rates on the Notes may fluctuate significantly over the life of the Notes.

The Notes, however, are long-term investments in that there is currently no secondary market for the Notes, and they are not subject to any optional tender or liquidity devices. Furthermore, there are no assurances that a secondary market will develop or, if it does develop, that it will continue or be available at any time in the future.

Corporation's Exempt Status

We have been determined by the Internal Revenue Service (the "**IRS**") to be exempt from taxation as a 501(c)(3) organization. The IRS has recently announced its intention to increase the frequency of audits of the 501(c)(3) tax-exempt status of organizations. We have not been notified that we will be the subject of such an audit, but believe that in the event the IRS conducted such an audit, we would be successful in any audit proceeding. However, if we were to lose our tax-exempt status, it would have an adverse affect on our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

Recent Investigations and Litigation Related to LIBOR May Affect Notes

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. Specifically, the interest rate payable on the Notes is based on a spread over one-month LIBOR, as set forth on the cover of this Offering Memorandum (or a spread over an interpolation between two LIBOR rates for the initial Distribution Date). Additionally, the index for calculating the interest rates on certain Financed Alternative Loans and the Special Allowance Payments on all of the Financed FFELP Loans disbursed on or after January 1, 2000, is a one-month LIBOR index.

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 United Kingdom's Financial Services Authority released his recommendations calling for a sweeping overhaul of LIBOR and removing it from the control of the British Bankers' Association. On October 17, 2012, the United Kingdom Treasury announced that such recommendations would be implemented in full with the method by which LIBOR is set being enshrined in law, criminal offenses created for those who misrepresent it, and regulators given the power to oversee its setting. ICE Benchmark Administration Limited (IBA) was established in July of 2013 following an announcement by the Hogg Tendering Advisory Committee, an independent committee set up by the UK government to select the new administrator for LIBOR. The transfer from BBA LIBOR Ltd (BBALL) to IBA was completed on February 1, 2015, following authorization by the Financial Conduct Authority (FCA). The Corporation cannot predict what effect, if any, these events will have on the use of LIBOR as a global benchmark going forward, or on Special Allowance Payments and the Notes.

Potential for Auction Rate Securities Litigation

From the mid 1990s to 2007, a common structure in which student loan backed debt obligations were issued was as Auction Rate Securities. As of September 30, 2015, the Corporation had \$223,800,000 in outstanding principal amount of Auction Rate Securities. In February of 2008, the market for Auction Rate Securities encountered a serious disruption when all of the firms that act as broker-dealers for Auction Rate Securities announced they would no longer purchase Auction Rate Securities for their own accounts to ensure that the auctions not fail. At such time and thereafter, a significant amount of auctions for Auction Rate Securities have failed. Beginning in March of 2008, several lawsuits have been filed by investors against many of the investment banking firms who have acted as broker-dealers for Auction Rate Securities. Among the theories on which such litigation has been based are inadequate disclosure and misrepresentation. Some of the complaints have alleged that Auction Rate Securities were sold to investors as "cash equivalents," and that Auction Rate Securities are now illiquid.

The Corporation has not been party to any such lawsuit nor has any such lawsuit been threatened against the Corporation. However, no assurance can be given that such a lawsuit will not be filed against the Corporation or that if such a lawsuit is filed against the Corporation and is successful, that our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due, would not be materially impaired.

Performance of the Portfolio of Financed Alternative Loans May Differ From Historical Performance

This Offering Memorandum contains certain information in **EXHIBIT VIII** entitled "**PREPAYMENT, DELINQUENCY, FORBEARANCE, DEFAULT, AND RECOVERY EXPERIENCE**" relating to the payment experience of the Corporation in connection with Alternative Loans to be included in the Loan Portfolio. There can be no assurance that the future performance of such Alternative Loans will be consistent with the past performance thereof.

Federal Financial Regulatory Legislation

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). Many provisions of the Dodd-Frank Act have not taken effect yet or will require implementing regulations to be issued. The Dodd-Frank Act is extensive and significant legislation that, amongst other things, creates a liquidation framework for the resolution of large bank holding companies and

systematically significant nonbank financial companies, creates a new framework for the regulation of over-the-counter derivatives activities, strengthens the regulatory oversight of securities and capital markets activities by the U.S. Securities and Exchange Commission (the “*SEC*”) and creates the Consumer Financial Protection Bureau (“*CFPB*”), a new agency responsible for administering and enforcing the laws and regulations for consumer financial products and services.

The Dodd-Frank Act will impact the offering, marketing and regulation of consumer financial products and services offered by financial institutions. The CFPB will have supervision, examination and enforcement authority over the consumer financial products and services of certain non-depository institutions and large insured depository institutions. The Dodd-Frank Act will also increase the regulation of the securitization markets. It will also give broader powers to the SEC to regulate credit rating agencies and adopt regulations governing these organizations and their activities.

Compliance with the implementing regulations under the Dodd-Frank Act or the oversight of the SEC or CFPB may impose costs on, create operational constraints for, or place limits on pricing with respect to the Corporation or the Backup Servicer. Until implementing regulations are issued, no assurance can be given that these new requirements imposed by the Dodd-Frank Act will not have a significant impact on the servicing of the Financed Student Loans, the regulation and supervision of the Corporation or the Backup Servicer or the value and liquidity of the Notes.

RISK FACTORS RELATING TO THE FINANCED FFELP LOANS

Potential holders of the Notes should consider the following risk factors with respect to the Financed FFELP Loans together with all other information in this Offering Memorandum in deciding whether to hold the Notes. The Financed FFELP Loans, however, constitute only approximately 18.62% of the principal amount of all Financed Student Loans as of the Statistical Cutoff Date. The following discussion of possible risks is not meant to be an exhaustive list of the risks associated with the Financed FFELP Loans and does not necessarily reflect the relative importance of the various risks. Additional risk factors relating to the Financed FFELP Loans and 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. See the foregoing heading “**RISK FACTORS.**”

Elimination of the Federal Family Education Loan Program

The Health Care and Education Reconciliation Act of 2010 (“*HCERA*”) was signed into law on March 30, 2010, and, among other things, eliminated the FFELP and requires that all new federal student loans be originated through the FDLP effective July 1, 2010. The terms of existing FFELP loans are not materially affected by HCERA. The Higher Education Act or other relevant federal or state laws, rules and regulations may be further amended or modified in the future in a manner, including as part of any reauthorization of the Higher Education Act, that could adversely affect the federal education loan programs as well as the education loans made under these programs and the financial condition of the guarantors. Among other things, the level of guaranty payments may be adjusted from time to time.

The Corporation’s ability to originate new FFELP loans is likely to reduce the Corporation’s servicing revenues and increase its unit servicing costs as the aggregate loan portfolio being serviced by the Corporation diminishes over time. To the extent Financed Student Loans are transferred to the Backup Servicer, a disruption could occur that results in reductions or delays in cash flow to the Trust Estate. To the extent that the Debt Service Reserve Fund is insufficient to cover any of such shortfalls, our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due, may be adversely affected.

The elimination of the FFELP may result in an increased level of prepayments on a portion of the Financed FFELP Loans. Borrowers of the Financed FFELP Loans who are students, or parents of students, continuing their education after June 30, 2010, are unable to receive another FFELP loan and are likely to receive a FDLP loan. Having student loans in both programs may cause some of such borrowers to consolidate their student loans with a FDLP Consolidation Loan, which would result in a prepayment on the Financed FFELP Loan. Additionally, the federal government may offer incentives, such as principal reductions and consolidation programs such as those described below in “**Reinvestment, Prepayment, and Certain Other Risks Affecting Estimated Cash Flows,**” to

encourage FFELP borrowers to transition their loans to the FDLP which would have the effect of increasing prepayments. To the extent that prepayments are higher than anticipated, the proceeds of such prepayments may result in the payment of the Notes faster than anticipated. If your Notes are prepaid, you will bear the risk that you may be unable to reinvest any principal prepayment at a yield at least equal to the yield on your Notes.

Incentives to Consolidate FFELP Loans

The current administration has taken various actions to induce students with FFELP loans to consolidate their loans into the FDLP. In November of 2012, the Department of Education published regulatory changes to income-based repayment plans under the FDLP that may make it more attractive for certain FFELP borrowers to consolidate into the FDLP. Effective January 1, 2014, the Department of Education continued attempts to make FDLP consolidation more attractive by allowing borrowers to choose their loan servicer. Holders of any such FFELP loans impacted by such actions would be paid one hundred percent (100%) of the outstanding principal and interest balance on any FFELP loans consolidated, and such payment would be treated as a prepayment of the Financed FFELP Loan under the General Resolution. The Corporation cannot currently determine how many of the Financed FFELP Loans could or will be affected by such a consolidation.

The Corporation cannot predict or give any assurances as to the effect of any future legislative or administrative action that may induce students with Financed FFELP Loans to consolidate into the FDLP or the impact that such legislative, administrative, or executive actions may have on the average life of the Notes.

The Guaranty Agency Function May be Transferred Which Could Cause Delays in Payment on the Notes

The elimination of the FFELP has led to 6 of the 34 guaranty agencies in existence in July 1, 2010, transferring their portfolios to other guaranty agencies due to the lack of profitability of continued operations. In addition, the Bipartisan Budget Act (BBA) (Public Law 113-67) approved in December of 2013 included a cut in what is known as the rehabilitation retention rate for student loans effective as of July 1, 2014. Rehabilitation retention had been the largest single source of revenue for guaranty agencies. In the event that the guarantor functions with respect to the Financed FFELP Loans are transferred to another guaranty agency, the transfer may result in a delay in the processing of default claims and the collections of revenues. The occurrence of these events could adversely affect our ability to make timely payments to you of principal of and interest on your Notes. If the Authority seeks to transfer the Financed FFELP Loans to another guaranty agency, there can be no assurance that another guaranty agency would accept such a transfer, and, in the event that the Authority becomes insolvent without having been able to transfer the Financed FFELP Loans to another guaranty agency, we would be permitted, under the Higher Education Act, to submit insurance claims directly to the Department of Education which would then be obligated to pay to us the full insurance obligation of the Authority with respect to such Financed FFELP Loans. However, the Department of Education's obligation to pay guaranty claims directly in this fashion is contingent upon the Department of Education's making the determination that a guaranty agency is unable to meet its guaranty obligations. The Department of Education may not ever make this determination with respect to a guaranty agency and, even if the Department of Education does make this determination, payment of the guaranty claims may not be made in a timely manner. The occurrence of these events could also adversely affect our ability to make timely payments to you of principal of and interest on your Notes. See also "**The Financed Student Loans Are Unsecured and the Ability of a Guaranty Agency to Honor its Guaranty May Become Impaired**" below.

Changes in Federal Law and State Law and Regulation

The programs affected by the Higher Education Act have been the subject of numerous statutory and regulatory changes over the last several years that have resulted in material modifications to such programs. For example, one law, among other things, reduced the interest rates on certain types of new loans, reduced loan guaranty levels on new loans, reduced the special allowance support level on new loans, and increased up-front origination fees paid by lenders.

There can be no assurance that relevant federal and state laws and regulations, including the Higher Education Act, will not be changed in a manner that might adversely affect the availability and flow of funds from the Trust Estate. For example, as described above under the heading "**Elimination of the Federal Family Education Loan Program**" above, HCERA eliminated the ability to originate new FFELP loans after June 30, 2010. In addition, certain legislative changes prior to HCERA (i) made significant changes in interest rates, annual and aggregate borrowing limits, circumstances allowing deferment, Special Allowance Payments, and repayment

provisions relating to student loans made subsequent to such legislation and (ii) made several changes to administrative and eligibility provisions relating to guaranty agencies and lenders. See **EXHIBIT I** under the heading “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.**”

The availability of various federal payments in connection with the FFELP is subject to federal budgetary appropriation. In recent years, federal budgetary legislation has been enacted that has provided, subject to certain conditions, for the mandatory curtailment of certain federal budget expenditures, including expenditures in connection with the FFELP and the recovery of certain advances previously made by the federal government to guaranty agencies in order to achieve certain deficit reduction guidelines. No representation is made as to the effect, if any, of future federal budgetary appropriation or legislation upon expenditures by the Department of Education, or the effect, if any, of any future legislation, regulations or executive actions with respect to the FFELP or other factors that could potentially affect timely payment of principal of and interest on the Notes.

There can be no assurance that any future law, regulation, or executive action will not prospectively or retroactively affect the terms and conditions under which student loans are repaid, guaranteed, and/or reinsured, under which lenders are provided Interest Subsidy Payments or Special Allowance Payments and under which FFELP loans may be consolidated into the FDLP. Such changes, if made, might materially and adversely affect our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

Noncompliance with the Higher Education Act

Noncompliance with the Higher Education Act with respect to Financed 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 Higher Education Act loans are set forth in the Code of Federal Regulations and other documents of the Department of Education, 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 guaranty 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 guaranty claims, and loss of guaranty payments to us could adversely affect our ability to make payments to you of principal of and interest on your Notes and to pay Operating Costs from assets in the Trust Estate, as and when due.

The Financed FFELP Loans Are Unsecured and the Ability of a Guaranty Agency to Honor its Guaranty May Become Impaired

The Higher Education Act requires that all FFELP loans be unsecured. As a result, the only security for payment of the Financed FFELP Loans held in the Trust Estate are the guaranty provided by a guaranty agency. Payments of principal and interest are guaranteed in whole or in part, as herein further described in **EXHIBIT II**, by guaranty agencies to the extent described herein.

A guaranty agency’s financial health could be adversely affected by a number of factors, including the amount of claims made against such guaranty agency as a result of borrower defaults, changes in legislation that may reduce expenditures by the applicable state and federal agencies that support such guaranty agencies, and the amount of claims reimbursed by the Secretary. A deterioration in the financial status of a guaranty agency and its ability to honor guaranty 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 of Education, which results in a reduction of the amount of reimbursement that the Department of Education is obligated to pay the guaranty agency. The Department of Education may also require a guaranty agency to return its reserve funds to the Department of Education upon a finding that the reserves are unnecessary for the guaranty agency to pay its program expenses or to serve the best interests of the federal student loan program. The inability of a Guaranty Agency to meet its guaranty obligations

could reduce the amount of money available to pay principal and interest to you as an owner of Notes or Operating Costs or delay those payments past their due date.

The Authority, the guaranty agency for the Financed FFELP Loans, in accordance with the provisions of the 1998 reauthorization of the Higher Education Act, established a Federal Student Loan Reserve Fund (the “**Federal Fund**”) which may be used by the Authority to remedy defaults on student or parent loans to the extent such defaulted loans are not covered by an existing or future program of federal guaranties or reinsurance. With the elimination of the origination of new FFELP loans and the associated federal default fee, there is no source for the replenishment of the Federal Fund other than reinsurance, and the balance therein has declined from \$19,522,696 as of September 30, 2010, to \$5,481,840 as of September 30, 2015. Continued depletion of the Federal Fund should be expected, and with such depletion, the risk that the Authority might be unable to meet its guaranty obligations would correspondingly increase. See “**THE SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY – Federal Student Loan Reserve Fund.**”

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

Concentration of Guaranty Agency

All of the Financed FFELP Loans are guaranteed by South Carolina State Education Assistance Authority. See the headings “**SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY**” herein and “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM – GUARANTY AND REINSURANCE FOR FFELP LOANS**” in Exhibit II.

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

The Corporation as eligible lender may use the same Department of Education lender identification number for Financed FFELP Loans as it uses for other FFELP loans it holds that are not part of the Trust Estate. If so, the billings submitted to the Department of Education and the claims submitted to a guaranty agency with respect to such Financed FFELP 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 of Education as well as claim payments by the guaranty agency will be made to the Corporation as eligible lender in lump sum form. Those payments must be allocated by the Corporation as eligible lender among FFELP loans in various trust estates that reference the same lender identification number.

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

The Corporation does not currently, and does not intend to, share any Department of Education lender identification number associated with the Financed FFELP Loans with other student loans securing different trust estates unless it has implemented and executed a Joint Sharing Agreement which would contain terms and provisions for proper allocation and reallocation of payments made by the Department of Education (pursuant to a shared or common lender identification number) with respect to Financed FFELP Loans credited to the Trust Estate and with respect to student loans credited to different trust estate. If executed, such a Joint Sharing Agreement would constitute an attempt to mitigate the effect of any improper allocation, but, does not guarantee that there would be no offsetting or shortfall of payments that might adversely affect the amount of funds available to the Trust Estate.

Congressional Actions May Impair Our Financial Condition

Funds for payment of interest subsidies and other payments under the FFELP are subject to annual budgetary appropriation by Congress. In recent years, 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 of Education, and the financial condition of the guaranty agencies.

Borrower Default on the Financed FFELP Loans

If a borrower defaults on a Financed FFELP Loan that is only 98% or 97% guaranteed, the Trust Estate will experience a loss of approximately 2% or 3%, as the case may be, of the outstanding principal and accrued interest on that Financed FFELP Loan. If defaults occur on the Financed FFELP Loans and the credit enhancement described herein is insufficient, the Noteholder may suffer a delay in payment or losses on the Notes. See **EXHIBIT II** hereto entitled “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**” under “- **GUARANTY AND REINSURANCE FOR FFELP LOANS**” for information regarding the guaranty aspects of the FFELP Loans.

The Loan Portfolio included, as of the Statistical Cutoff Date, approximately \$29,352,274 of “rehabilitated loans,” which are student loans that have previously defaulted, but for which the borrower thereunder has made a specified number of on-time payments. On the Statistical Cutoff Date, these “rehabilitated loans” constituted approximately 63.31% of the portfolio of Financed FFELP Loans. See “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS - Rehabilitated Loans**” herein. Although rehabilitated loans benefit from the same guaranties as other FFELP loans, no assurance can be given that rehabilitated loans will not experience re-default rates that are higher than default rates for FFELP loans that have not previously defaulted.

Proposed Rating Agency Changes With Respect to Obligations Secured by FFELP loans

On July 9, 2015, Moody’s Investors Service, Inc. (“**Moody’s**”) published a Request For Comment (the “**RFC**”) in which Moody’s proposed changing some of its cash flow assumption for securities backed by FFELP loans. The RFC states that recent trends in borrower behavior, including low rates of voluntary prepayments and persistently high use of deferment, forbearance, the Income-Based Repayment plan and similar repayment plans, have put some tranches of obligations secured by FFELP loans (“**FFELP ABS**”) at increased risk of not paying off by their final legal maturity dates. In light of these trends, Moody’s placed 118 tranches of FFELP ABS on review for downgrade. In addition, according to a Fitch Ratings (“**Fitch**”) press release dated August 18, 2015, Fitch has placed 65 tranches of FFELP ABS from 27 transactions on Rating Watch Negative reflecting Fitch’s similar concern. None of the Corporation’s outstanding bonds has been placed on review for downgrade by Moody’s or placed on Rating Watch Negative by Fitch; however, any further adverse action by any of the Rating Agencies regarding FFELP ABS may adversely affect the market value of the Notes or any secondary market for the Notes that may develop.

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

Loans made under the FFELP may have been evidenced by a master promissory note. Once a borrower executed a master promissory note with a lender, additional loans made by the lender were 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 has originated a Financed FFELP Loan evidenced by a master promissory note, other parties could claim an interest in the Financed FFELP 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 FFELP 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 FFELP 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 FFELP Loan.

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OFFERING MEMORANDUM

\$198,400,000

SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, 2015-A SERIES

Interest Rate	Stated Maturity	Price to Public	Underwriting Discount	Proceeds to Corporation[†]	CUSIP^{††}
1-month LIBOR plus 1.50%	January 25, 2036	92.00	0.67%	\$181,198,975	83715RAH5

[†] Before deducting expenses estimated to be approximately \$2,119,483.

^{††} CUSIP numbers are copyright by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. This data is being provided solely for the convenience of the owners of the Notes only at the time of issuance thereof, and the Corporation does not make any representation with respect thereto or undertake any responsibility for its accuracy now or at any time in the future. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau.

INTRODUCTION

This Offering Memorandum, which includes the cover page, the Summary of Terms (including the Risk Factors and the Risk Factors Relating to the Financed FFELP Loans) and the Exhibits hereto, is being provided by the South Carolina Student Loan Corporation (the "**Corporation**") with respect to the offering and sale of its \$198,400,000 Student Loan Backed Notes, 2015-A Series (the "**Notes**"). The Notes are issued as LIBOR Indexed Notes pursuant to a General Resolution (the "**General Resolution**") and a Series Resolution (the "**Series Resolution**") and, together with the General Resolution, the "**Resolution**"), both effective on or about November 19, 2015, and approved by the Board of Directors of the Corporation.

The Corporation is a nonprofit, public benefit corporation organized and existing under the laws of the State of South Carolina and a 501(c)(3) corporation and operates in accordance with Title IV, Part B of the Higher Education Act of 1965, as amended (together with any regulations promulgated thereunder, the "**Higher Education Act**").

THE NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF THE CORPORATION AND DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE STATE OF SOUTH CAROLINA (the "State") OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY (the "Authority"). THE CORPORATION HAS NO TAXING POWER.

THE NOTES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND ARE "EXEMPTED SECURITIES," WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. PURSUANT TO AN EXEMPTION CONTAINED IN THE TRUST INDENTURE ACT OF 1939, AS AMENDED, AND TO THE EXTENT PROVIDED IN SUCH ACT, IT IS NOT NECESSARY TO QUALIFY THE GENERAL RESOLUTION THEREUNDER.

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 GENERAL RESOLUTION, BUT WILL NOT HAVE RECOURSE TO ANY OF THE CORPORATION'S OTHER ASSETS.

The initial proceeds of the Notes are being used in connection with the Corporation's Student Loan Finance Program to:

- finance the portfolio of Student Loans that will become part of the Trust Estate on the Issue Date (the "**Loan Portfolio**");

- fund certain Funds and Accounts under the General Resolution including the Program Fund, the Collection Fund, and the Debt Service Reserve Fund; and
- pay costs and expenses associated with the issuance of the Notes. See “**EXPECTED APPLICATION OF NOTE PROCEEDS.**”

No additional bonds, notes, or other obligations may be issued under the General Resolution.

No recycling of revenues into additional Student Loans will be permitted under the Resolution.

All capitalized terms used in this Offering Memorandum and not otherwise defined herein have the same meanings as assigned to them in the Resolution. See **EXHIBIT III – “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”**

Brief summaries and descriptions of the Notes, the Corporation, the Corporation’s Student Loan Finance Program, the Authority, the General Resolution, the Federal Family Education Loan Program (the “**FFELP**”) of the Higher Education Act, the Corporation’s Palmetto Assistance Loan (PAL) Program for Alternative Loans, 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 Resolution 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. Complete and final copies of the Resolution may be obtained after the Issue Date upon email request directed to the Corporation at investor_relations@scstudentloan.org. Loan-level data relating to the Financed Student Loans is available prior to the date of sale of the Notes to prospective investors to which this Offering Memorandum has been provided upon email request directed to the Corporation at investor_relations@scstudentloan.org.

As of the Statistical Cutoff Date, the aggregate principal amount of the Loan Portfolio is \$250,366,968. All Student Loans securing any notes issued and outstanding under the General Resolution are referred to herein as “**Financed Student Loans.**” On and after the Issue Date, the Loan Portfolio will be Financed Student Loans. **As of the Statistical Cutoff Date, Financed Alternative Loans will constitute approximately 81.38% of the principal amount of the Financed Student Loans, and Financed FFELP Loans will constitute approximately 18.62% of the principal amount of the Financed Student Loans.** For the definitions of “**Financed,**” “**Alternative Loans,**” and “**FFELP Loans**” see **EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS.”** **No Student Loan that is a Defaulted Student Loan on and as of the Statistical Cutoff Date will be included in the Loan Portfolio.**

OUTSTANDING BONDS AND NOTES OF THE CORPORATION

The Corporation has outstanding bonds under a 1996 General Resolution, a 2004 General Resolution, a 2008 General Resolution, 2010 General Resolution, a 2013-1 General Resolution. The Corporation issued an aggregate of \$3,657,100,000 of Education Loan Revenue Bonds under the 1996 Resolution of which \$863,769,000 in aggregate principal amount is outstanding. The Corporation issued an aggregate of \$362,000,000 of Student Loan Backed Notes under the 2004 General Resolution of which \$223,800,000 in aggregate principal amount is outstanding on the date hereof, but none of which will be outstanding after the Issue Date. The Corporation issued an aggregate of \$600,000,000 of Student Loan Backed Notes under the 2008 General Resolution of which \$209,491,135 in aggregate principal amount is outstanding. The Corporation issued an aggregate of \$920,000,000 of Student Loan Backed Notes under the 2010 General Resolution of which \$516,554,163 in aggregate principal amount is outstanding. The Corporation issued an aggregate of \$323,620,000 of Student Loan Backed Notes under the 2013-1 General Resolution of which \$217,745,798 in aggregate principal amount is outstanding.

DESCRIPTION OF THE NOTES

General

The Notes are issued pursuant to the authority of the Resolution. U.S. Bank National Association, St. Paul, Minnesota, serves as Trustee (the “**Trustee**”) pursuant to the Resolution. The Notes will be dated, bear interest, and mature as set forth on the cover of this Offering Memorandum.

The Notes will initially be issued only as fully registered notes without coupons and in book-entry form only, registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). As herein further described, delivery of the Notes will be made through DTC, and purchasers will not receive certificates representing their interests in the Notes, except as described herein. Ownership interest is to be recorded in book-entry form by participants of DTC and the interest of such participants is to be recorded in book-entry form by DTC. While DTC is acting as the Securities Depository under the General Resolution, payments of principal of and interest, with respect to the Notes, will be made to DTC (or its nominee) or, in certain instances, participants of DTC. See “**Book-Entry System; Recording and Transfer of Ownership of Notes**” below.

The Notes will be offered in minimum denominations of \$100,000 and multiples of \$1,000 in excess of such amount.

Principal of and interest on the Notes are payable solely from revenues to be derived with respect to the Trust Estate and from other amounts, if any, deposited with the Trustee.

Interest Payments

Interest will accrue on the Notes during each Interest Period. The Initial Period for the Notes will begin on the Issue Date and end on January 24, 2016. For any other Distribution Date, the Interest Period will begin on the prior Distribution Date and end on the day before such Distribution Date. Except as described herein, interest payable on each Distribution Date will be the interest that shall have accrued on the Notes from the most recent Distribution Date for which interest shall have been duly paid or provided for (or in the case of the initial Distribution Date, from the Issue Date of the Notes) through and including the day immediately preceding such Distribution Date.

Interest on the Notes will be payable to the Noteholders on each Distribution Date commencing on January 25, 2016. Subsequent Distribution Dates for the Notes will be on the twenty-fifth (25th) day of each month, or the next Business Day if such day is not a Business Day.

The interest rate on the Notes for each Interest Period will be equal to the Initial LIBOR Indexed Rate or the LIBOR Indexed Rate, as applicable, for the Notes which is the sum of the applicable LIBOR Rate plus 1.50%.

For the Initial Period, the Initial LIBOR Index Rate for the Notes will be determined based on the interpolation calculated by the following formula:

$$x + [(a/b) * (y-x)], \text{ with such fraction to be determined based on the Issue Date,}$$

where: a = the actual number of days from the maturity of two-month LIBOR to the first Distribution Date,

b = the actual number of days from the maturity of two-month LIBOR to the maturity date of three-month LIBOR,

x = two-month LIBOR, and

y = three-month LIBOR, in each case, as of the second Business Day before the start of the Initial Period.

After the Initial Period, the LIBOR rate will be the LIBOR Rate. The LIBOR Rate will be determined and communicated by the Trustee as described below on each Interest Rate Determination Date for each Interest Period. The applicable LIBOR Indexed Rate for the Notes based on such LIBOR Rate will take effect on the Distribution Date immediately succeeding such Interest Rate Determination Date.

The amount of interest distributable to holders of the Notes for each \$1,000 (or fraction thereof) in principal amount will be calculated by applying the applicable interest rate for the Interest Period to the principal amount of \$1,000 or such fraction, multiplying that product by the actual number of days in the Interest Period divided by 360.

“**LIBOR Rate**” for Interest Periods other than the Initial Period means, for any given day, means the rate per annum fixed at 11:00 a.m., London time, on such day relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a one month period. If such a day is not a business day in London, then the rate most recently fixed as the London Interbank Offered Rate for a one month period shall be used. Such rate may be available on the following Bloomberg screen: US0001M<Index>HP or Thomson Reuters LIBOR Rates page 1701 or another page of this or any other financial reporting service in general use in the financial services industry. If the rate is no longer available from Bloomberg, Thomson Reuters, or their successors, the Administrator shall direct the Trustee in writing to the new source for the determination of LIBOR Rate.

The determination of the applicable LIBOR Indexed Rate for the Notes by the Trustee will be conclusive and binding on the Beneficial Owners of the Notes and the Corporation absent manifest error. If the Trustee shall be unable to ascertain the applicable LIBOR Rate or to determine the applicable LIBOR Indexed Rate for the Notes on any Interest Rate Determination Date, the applicable LIBOR Rate will be ascertained and the applicable LIBOR Indexed Rate will be determined and communicated by the Corporation in accordance with the provisions of the Series Resolution described in the immediately succeeding paragraph. If the Corporation shall fail or refuse to determine the applicable LIBOR Indexed Rate for the Notes within two (2) Business Days after any Interest Rate Determination Date, the applicable LIBOR Indexed Rate most recently determined for the Notes will remain in effect.

On each Interest Rate Determination Date the Trustee will (i) ascertain the applicable LIBOR Rate for the Notes for the related Interest Period and (ii) add the Spread Factor to ascertain the applicable LIBOR Indexed Rate to be borne by the Notes for the related Interest Period. Not later than 5pm on the second (2nd) Business Day after each Interest Rate Determination Date, the Trustee will be required to notify *via* Electronic Means (or such other method or address designated by the Administrator and/or Bloomberg LP) the Servicer, the Administrator, and Bloomberg LP (at factors@bloomberg.net) of: (a) the CUSIP number for the Notes; (b) the date of the applicable Distribution Date; (c) the amount of interest to be paid with respect to the Notes (taking into account any principal payments made on the Distribution Date immediately following such Interest Rate Determination Date); and (d) the applicable LIBOR Rate and LIBOR Indexed Rate ascertained by the Trustee for the Notes on the Interest Rate Determination Date which will apply to the Interest Period beginning on such Distribution Date for the Notes.

Principal Distributions

The Distribution Date on which the aggregate outstanding principal balance of the Notes will be due and payable in full is January 25, 2036.

The actual date on which the final distribution of the Notes will be made may be earlier than the maturity date set forth above as a result of a variety of factors including payments and prepayments on the Financed Student Loans or the exercise by the Corporation of its option to redeem the Notes in whole, but not in part, on any Distribution Date when the Pool Balance shall be ten percent (10%) or less of the Initial Pool Balance as more particularly described under “**Optional Redemption**” below.

The Notes will be subject to payments of principal to be made on Distribution Dates from amounts, if any, deposited to the credit of the Principal Account for such purpose. Notice of factors and rates will be provided to DTC by the Trustee in accordance with DTC’s operational arrangements. Any such notices will be required to indicate clearly through the reporting of the Ending Balance Factors that they relate to a “Pro Rata Pass-Through Distribution of Principal.”

If at any time the balance in the Debt Service Reserve Fund, together with other available funds of the Corporation on deposit with the Trustee shall be sufficient to retire all Notes Outstanding, such balance may be applied at the direction of the Corporation to retire all Notes Outstanding.

Optional Redemption

The Notes will be subject to optional redemption in whole, but not in part, at our option on any Distribution Date when the Pool Balance shall be ten percent (10%) or less of the Initial Pool Balance. Such optional redemption will be permitted to be accomplished through the issuance or incurrence of obligations of the Corporation or the sale, transfer, or other disposition of Financed Student Loans. Such optional redemption will not be authorized unless funds available to the Trustee at the time of the optional redemption shall be in an amount sufficient to pay

principal of and interest on all Notes Outstanding together with amounts necessary to pay all other costs and expenses with respect to the General Resolution. The Trustee will be required to make such payment in accordance with the provisions of the Series Resolution described in the third paragraph under the heading “**Principal Distributions**” above.

Pro Rata Pass-Through Distributions of Principal

All payments of principal of the Notes through DTC will be treated by DTC, in accordance with its rules and procedures, as a “Pro Rata Pass-Through Distribution of Principal.”

Other Provisions Relating to the Notes

Method and Place of Payment. The Notes will be issued in the form of fully registered notes in Authorized Denominations. The principal of and interest on the Notes will be payable in lawful money of the United States of America.

The principal of the Notes will be payable to the extent set forth in the General Resolution on the Stated Maturity Date or the Distribution Dates, as applicable, at the designated office of the Paying Agent.

The Notes will initially be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the initial Securities Depository for the Notes. Ownership interests in the Notes will initially be recorded in book-entry form by Participants of DTC, and the interest of such Participants will be recorded in book-entry form by DTC. Payments of principal of and interest on the Notes will be made to the Securities Depository.

In the event the Book-Entry System shall be discontinued, the Paying Agent will be required to maintain a supply of unissued blank Notes to be issued in lieu of Notes mutilated, lost, stolen, or destroyed. Such replacement Notes will be numbered in such fashion as to maintain a proper record thereof.

The Corporation and any Trustee Party will be permitted to deem and treat the person in whose name any Outstanding Note shall be registered upon the books of the Corporation, including any Securities Depository holding Notes in book-entry form, as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of, and interest on, such Note and for all other purposes. All such payments so made to any such Holder of Notes or upon his, her, or its order will be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Corporation nor any Trustee Party will be affected by any notice to the contrary.

Book-Entry System; Recording and Transfer of Ownership of Notes

The Notes will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Securities Depository, and transfers of beneficial ownership of the Notes will be made only through the Securities Depository and its Participants in accordance with rules specified by the Securities Depository.

The Notes will be issued in fully registered form with one certificate for the Notes, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Notes shall become due (or shall be subject to a payment of principal), the Corporation will be required to transmit or cause the Trustee to transmit to the Securities Depository an amount equal to such installment of principal and interest and specify the dollar amount of principal and interest per \$1,000 original face amount of such Notes. Such payments will be made to Cede & Co. or other nominee of DTC as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of DTC will be considered to be the owner of the Notes so registered for all purposes of the Resolution, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of Holders of Notes.

The Securities Depository will be expected to maintain records of the positions of Participants in the Notes, and the Participants and persons acting through Participants will be expected to maintain records of the Beneficial Owners of the Notes. The Corporation and the Trustee make no assurances that the Securities Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the Corporation and the Trustee will have no responsibility for any such maintenance of records or transfer of payments by the Securities Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

If the Securities Depository shall determine not to continue to act as Securities Depository for the Notes, or the Corporation shall have advised the Securities Depository and the Trustee of the Corporation's determination that the Securities Depository is incapable of discharging its duties, the Corporation will be required to attempt to retain another qualified securities depository to replace the Securities Depository. Upon receipt by the Corporation or the Trustee of the Notes together with an assignment duly executed by the Securities Depository, the Corporation will be required to execute and deliver to the successor depository, Notes of the same principal amount, interest rate, and maturity.

If the Corporation shall be unable to retain a qualified successor to the Securities Depository or the Corporation shall have determined 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 Beneficial Owners of the Notes might be adversely affected if the Book-Entry System of transfer is continued (the Corporation undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and shall have made provision to so notify Beneficial Owners of the Notes by mailing an appropriate notice to the Securities Depository, upon receipt by the Corporation of the Notes together with an assignment duly executed by the Securities Depository, the Corporation, at its expense, will be required to execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, Notes in fully registered form and in Authorized Denominations. In such event, payment of principal at maturity will be made upon surrender of such Notes to the Trustee.

EXPECTED USES AND APPLICATION OF NOTE PROCEEDS

The proceeds of the Notes will be used for the purposes of (i) financing the Loan Portfolio, (ii) funding certain Funds and Accounts under the General Resolution including the Program Fund, the Collection Fund, and the Debt Service Reserve Fund, and (iii) paying costs and expenses associated with the issuance of the Notes.

The Initial Pool Balance was approximately \$250,366,968. See “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” herein.

Proceeds of the Notes will equal \$181,198,975.14 (being the principal amount thereof less original issue discount of \$15,872,000.00 and underwriting discount of \$1,329,024.86) will be applied approximately as follows:

Deposit to Program Fund to finance the Loan Portfolio	\$176,756,981
Deposit to the Collection Fund	2,695,926
Deposit to the Debt Service Reserve Fund.....	625,917
Deposit to the Operating Fund	248,250
Deposit to the Department Reserve Fund	84,400
Deposit to Program Fund to pay other Costs of Issuance	787,500
Total	<u>\$181,198,975⁽¹⁾</u>

⁽¹⁾ Total does not foot due to rounding.

THE TRUST ESTATE

General

The Notes are special, limited obligations of the Corporation, secured by and payable from the “*Trust Estate*.” Under the General Resolution, Trust Estate securing the Notes Outstanding means, together with all rights, title, and interest of the Corporation, in the following:

- the Financed Student Loans. See the heading “**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**” herein;
- Interest payments with respect to Financed Student Loans made by or on behalf of borrowers;
- Recoveries of Principal with respect to Financed Student Loans;

- any applicable Special Allowance Payments authorized to be made by Secretary (the “*Secretary*”) of the U.S. Department of Education (the “*Department of Education*”) in respect of the Financed FFELP Loans pursuant to §438 of the Higher Education Act, subject to recapture of excess interest on certain Financed FFELP Loans or similar allowances authorized from time to time by federal law or regulation;
- any applicable Interest Subsidy Payments payable in respect of Financed Student Loans by the Secretary under §428 of the Higher Education Act; and
- any Backup Servicing Agreement, Guaranty Agreement, or Joint Sharing Agreement;
- all moneys and securities from time to time held by the Trustee under the terms of the General Resolution in various Funds and Accounts (excluding moneys and securities held in 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 to the Trustee as and for additional security under the General Resolution.

For a description of the Funds established by the Resolution, see **EXHIBIT IV - “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”**

Credit Enhancement

Credit enhancement for the Notes will include overcollateralization, excess interest on the Financed Student Loans, and cash on deposit in the Debt Service Reserve Fund, as described below under “**Overcollateralization**” and “**The Debt Service Reserve Fund.**” Credit enhancement will not provide protection against all risks of loss and may not guarantee payment to Holders of Notes of all amounts to which they are entitled. If losses or shortfalls occur that exceed the amount covered by the credit enhancement or that are not covered by the credit enhancement, Holders of Notes will bear their allocable share of deficiencies.

The overcollateralization will result from the transfer to the Trust Estate by the Corporation of Student Loans that have a Value in excess of the par amount of the Notes.

Overcollateralization

On the Issue Date, after giving effect to the issuance of the Notes and the transfers to take place on the Issue Date, the overcollateralization will be approximately 126.63, estimated as follows:

Value of the Loan Portfolio.....	\$ 247,671,042
Amounts in the Debt Service Reserve Fund	625,917
Amounts in the Collection Fund	2,695,926
Amounts in the Operating Fund.....	248,250
Total Assets of the Trust Estate	<u>\$251,241,135</u>
Principal amount of the Notes.....	<u>\$198,400,000</u>

Overcollateralization 126.63%

Repurchase Obligation

The Corporation will agree that as long as financial resources shall be available to meet such repurchase obligation, it will purchase from the Trust Estate any Financed Student Loan if any of the following events occur with respect to such Financed Student Loan: (i) with respect to a Financed FFELP Loan that shall have ceased to be eligible as a Financed FFELP Loan under the General Resolution due to any action taken or failed to be taken by the Corporation with respect to servicing or origination that results in the loss of guaranty or federal reinsurance, Interest Subsidy Payments, or Special Allowance Payments, within thirty (30) days of the date on which the Corporation shall become aware that such Financed FFELP Loan shall have become ineligible; and (ii) with respect

to a Financed Student Loan, upon the discovery that such Financed Student Loan did not constitute a Student Loan on the Issue Date, within thirty (30) days of the date on which we shall become aware of such fact.

We will agree to purchase the applicable Financed Student Loan(s) using available cash at an amount equal to (i) with respect to a Financed FFELP Loan, the amount the Guaranty Agency would otherwise have paid but for our error or omission or (ii) with respect to a Financed Alternative Loan, the principal balance thereof plus accrued interest to the repurchase date. We may not have the financial resources to meet this repurchase obligation, and while our failure to repurchase a Financed Student Loan would be a breach of our repurchase obligation, such failure will not be an Event of Default, and will not permit the exercise of remedies under the Resolution.

The Collection Fund

The Trustee will establish the Collection Fund as part of the Trust Estate. We will make a deposit to the Collection Fund on the Issue Date in the amount of \$2,695,926.33. All moneys received by or on behalf of the Corporation as assets of, or with respect to, the Trust Estate will be delivered via electronic transfer in immediately available funds promptly, but no later than two (2) Business Days after the receipt thereof, to the Trustee for deposit into the Collection Fund.

Money on deposit in the Collection Fund will be used as described below under the heading “**Flow of Funds.**”

Flow of Funds

Not later than the twelfth (12th) day of the month following the last day of each Collection Period, the Administrator will be required to notify the Trustee by Electronic Means of the amount of the Pool Balance and the Debt Service Reserve Requirement as of the end of the immediately preceding Collection Period, as well as the Parity Percentage, the Department Reserve Fund Requirement, and the Operating Fund Requirement, each based on the most recent information available when such amounts are provided to the Trustee.

Not later than the sixteenth (16th) day of the month (provided, however, if such day is not a Business Day, then the next succeeding Business Day) following the last day of each Collection Period (as well as any additional date for which the Administrator directs the Trustee in a Certificate), using the Available Funds, as verified by the Trustee (and provided to the Administrator within two (2) Business Days after the receipt of notice from the Administrator), the Trustee will be required to make deposits to the credit of the Funds and Accounts, together with such other payments as are set forth below and directed by the Administrator in writing, in the amounts and in order of priority as follows:

First: to the Department Reserve Fund, an amount that, when added to the amount therein, will equal the Department Reserve Fund Requirement as directed by the Administrator by Electronic Means;

Second: to the Operating Fund, an amount that, when added to the amount therein, will equal the Operating Fund Requirement as directed by the Administrator by Electronic Means for the payment of (a) Ordinary Servicing and Administrator Fees (if the Parity Percentage shall be less than or equal to 125.5%), (b) Surplus Servicing and Administrator Fees (if the Parity Percentage shall be greater than 125.5%), and (c) Trustee Fees;

Third: to the Interest Account, an amount such that, when added to any amount on deposit in the Interest Account on the day of the calculation, would be equal to the Noteholders’ Interest Amount;

Fourth: to the Debt Service Reserve Fund, so much as may be required so that the amount therein shall equal the Debt Service Reserve Requirement;

Fifth: to the Operating Fund, an amount as may be required pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document including, without limitation, any such amounts payable to the Trustee Parties in accordance with the General Resolution or other Operating Cost not previously paid (not to exceed \$50,000 in the aggregate per annum in the absence of an Event of Default), with such amounts, if any, communicated to the Trustee by Electronic

Means by the Administrator (the excess, if any, of the amount by which \$50,000 in the aggregate per annum exceeds the amount actually paid during such year pursuant to this paragraph fifth shall be carried over and shall be accrued for payments pursuant to this paragraph fifth in future years). Such amounts, if any, will be required to be communicated to the Trustee by Electronic Means by the Administrator;

Sixth: to the Principal Account, to pay principal on the Notes until the Noteholders have been paid in full;

Seventh: to the Operating Fund, an amount as may be required to pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document including, without limitation, any such amounts payable to the Trustee Parties in accordance with the General Resolution or other Operating Costs not previously paid, with such amounts, if any, communicated to the Trustee by Electronic Means by the Administrator; and

Eighth: to the Corporation for deposit as directed in a Certificate, any remaining funds.

The Operating Fund

The Trustee will establish the Operating Fund as part of the Trust Estate. We will make a deposit to the Operating Fund on the Issue Date in the amount of 248,250.00. The Operating Fund will also be funded as described in item (ii) under the immediately preceding heading “**Flow of Funds**” from funds available in the Collection Fund. Money on deposit in the Operating Fund will be used to pay all Operating Costs. Such Operating Costs will not be increased beyond the levels detailed below unless (i) the Trustee shall first receive a Rating Agency Condition from any applicable Rating Agency other than S&P and a Cash Flow Certificate and (ii) the Administrator shall provide sixty (60) days’ prior written notice to S&P of any increase in Operating Costs and there has been no indication (as certified by the Corporation in a Certificate to the Trustee at the end of such sixty (60) day period) that such notice of increase will not, in and of itself, result in a downgrade of such Rating Agency’s rating on any Notes Outstanding or cause such Rating Agency to suspend or withdraw its rating on any Notes Outstanding. The Operating Fund will be funded as described under the caption “**Flow of Funds**” above in an amount equal to the Operating Fund Requirement. Amounts in the Operating Fund in excess of the Operating Fund Requirement will be transferred to the Collection Fund on a monthly basis.

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.

Operating Costs	Recipient	Amount
Ordinary Servicing and Administrator Fees	South Carolina Student Loan Corporation	0.530% ⁽¹⁾
Surplus Servicing and Administrator Fees	South Carolina Student Loan Corporation	1.000% ⁽¹⁾
Trustee Fee	U.S. Bank National Association	0.005% ⁽²⁾
Other	Various	\$50,000 ⁽³⁾

⁽¹⁾ Paid monthly in an amount equal to one twelfth (1/12th) of such fees based upon the Principal Balance of all Financed Student Loans as the beginning of the related Collection Period. See “**THE TRUST ESTATE – Flow of Funds**” above.

⁽²⁾ As a percentage of the outstanding principal balance of the Notes; subject to an annual minimum fee of \$6,000.

⁽³⁾ Includes any surveillance fees and other miscellaneous costs.

The Debt Service Fund

The Trustee will establish a Debt Service Fund as part of the Trust Estate and within the Debt Service Fund, a Principal Account and an Interest Account. Moneys in the Interest Account will be applied to pay interest on the Notes, and moneys in the Principal Account will be applied to pay the principal amount of the Notes or to pay the Redemption Price of the Notes.

The Debt Service Reserve Fund

The Trustee will establish a Debt Service Reserve Fund as part of the Trust Estate. The Debt Service Reserve Fund will be subject to a minimum amount equal to the greater of (i) 0.25% of the Pool Balance or (ii) \$375,550. We refer to such a minimum amount as the “**Debt Service Reserve Requirement.**” Moneys in the

Debt Service Reserve Fund will be required to be used to pay principal of and interest on the Notes to the extent moneys in the Principal Account and the Interest Account, respectively, shall be insufficient for such purposes. See the heading “**Application of Funds and Accounts to Avoid a Default; Order of Application**” below. To the extent the amount in the Debt Service Reserve Fund shall fall below the Debt Service Reserve Requirement, the Debt Service Reserve Fund will be required to be replenished on each Distribution Date from funds available in the Collection Fund as described under the caption “**Flow of Funds**” above. Funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Collection Fund.

The Debt Service Reserve Fund is intended to enhance the likelihood of timely distributions of interest to the Holders of the Notes and to decrease the likelihood that the Holders of the Notes will experience losses. In some circumstances, however, the Debt Service Reserve Fund could be reduced to zero. All amounts on deposit in the Debt Service Reserve Fund will be required to be applied for the payment of principal on the Notes Outstanding on the Distribution Date on which amounts on deposit in the Debt Service Reserve Fund shall be equal to or greater than the principal balance of all Notes Outstanding after principal payment on the Notes from funds available in the Collection Fund as described above under the heading “**Flow of Funds.**”

Application of Funds and Accounts to Avoid a Default; Order of Application

Notwithstanding any provision of the General Resolution pertaining to the application of moneys in any Fund or Account (except the Department Reserve Fund), amounts deposited in all Funds and Accounts will be required to be used for the payment of principal of and interest on the Notes if there would otherwise be a default in payment. The order of Funds and Accounts from which moneys shall be transferred in the event that deposits of moneys in the Collection Fund to the Interest Account and Principal Account shall be insufficient to avoid a default in payment of principal of or interest on the Notes will be the Debt Service Reserve Fund and then the Operating Fund.

Retirement of All Notes Outstanding

If at any time the balance in the Funds and Accounts under the General Resolution (excluding the Operating Fund and the Department Reserve Fund) shall be sufficient to retire all Notes Outstanding and subject to retirement, such balance may be applied at the direction of the Administrator to retire all Notes Outstanding.

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CHARACTERISTICS OF THE FINANCED STUDENT LOANS

The following charts provide summary information concerning certain characteristics of the Loan Portfolio as of the Statistical Cutoff Date (i.e., September 30, 2015). This information, particularly specific dollar amounts that change as a result of payments received, may have changed since that date.

Composition of the Student Loan Portfolio
(As of the Statistical Cutoff Date)

Aggregate Current Principal Balance	\$248,871,890
Accrued Interest to be Capitalized	\$1,495,078
Accrued Interest Due	\$2,394,953
Number of Borrowers	15,735
Average Current Principal Balance per Borrower	\$15,816
Number of Loans	34,489
Average Current Principal Balance per Loan	\$7,216
Weighted Average Remaining Term to Maturity (months) ⁽¹⁾	193
Weighted Average Payments Made (months) ⁽²⁾	49
Weighted Average Annual Statutory Student Loan Interest Rate ⁽³⁾	3.87%
Weighted Average Annual Effective Student Loan Interest Rate ⁽⁴⁾	3.78%

- (1) Determined from the Statistical Cutoff Date of September 30, 2015, to the stated maturity date of the applicable loan, including any remaining school period, grace period, current deferment, or forbearance periods and repayment period, but without consideration for term extensions for income-based repayment plans or any deferment or forbearance periods that may be granted in the future.
- (2) Determined as the difference in original repayment term and remaining repayment term.
- (3) Excludes any interest rate reductions earned by borrowers as of the Statistical Cutoff Date.
- (4) Adjusted for interest rate reductions earned by borrowers as of the Statistical Cutoff Date.

Distribution of the Financed Student Loans by Loan Type
(As of the Statistical Cutoff Date)

Loan Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Alternative Loans	\$191,192,880	76.8%	26,590
Consolidation Loan (Alternative)	11,328,363	4.6	312
Unsubsidized Consolidation Loans (FFELP)	11,803,904	4.7	789
Subsidized Consolidation Loans (FFELP)	10,817,621	4.3	844
Unsubsidized Stafford Loans	11,415,912	4.6	2,450
Subsidized Stafford Loans	11,625,600	4.7	3,406
PLUS Loans – Parent	680,589	0.3	96
PLUS Loans – Graduate	2,394	0.0 ⁽¹⁾	1
SLS Loans	4,626	0.0 ⁽¹⁾	1
Total	\$248,871,890⁽²⁾	100.0%⁽²⁾	34,489

- (1) Represents a percentage greater than 0% but less than 0.05%.
- (2) Totals do not foot due to rounding.

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Composition of the Financed Alternative Loan Portfolio
(As of the Statistical Cutoff Date)

Aggregate Current Principal Balance	\$202,521,243
Accrued Interest to be Capitalized	\$1,315,220
Accrued Interest Due	\$1,813,757
Number of Borrowers	13,287
Average Current Principal Balance per Borrower	\$15,242
Number of Loans	26,902
Average Current Principal Balance per Loan	\$7,528
Weighted Average Remaining Term to Maturity (months) ⁽¹⁾	198
Weighted Average Payments Made (months) ⁽²⁾	55
Weighted Average Annual Statutory Student Loan Interest Rate ⁽³⁾	3.58%
Weighted Average Annual Effective Student Loan Interest Rate ⁽⁴⁾	3.49%

⁽¹⁾ Determined from the Statistical Cutoff Date of September 30, 2015, to the stated maturity date of the applicable loan, including any remaining school period, grace period, current deferment, or forbearance periods and repayment period, but without consideration for term extensions for income-based repayment plans or any deferment or forbearance periods that may be granted in the future.

⁽²⁾ Determined as the difference in original repayment term and remaining repayment term.

⁽³⁾ Excludes any interest rate reductions earned by borrowers.

⁽⁴⁾ Adjusted for interest rate reductions earned by borrowers as of the Statistical Cutoff Date.

Distribution of the Financed Alternative Loans by Loan Status
(As of the Statistical Cutoff Date)

Loan Status	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
In School	\$ 855,644	0.4%	104
Grace	616,344	0.3	76
Deferral ⁽¹⁾	13,645,272	6.7	1,662
Forbearance	11,745,602	5.8	1,392
Repayment			
First year of repayment	5,672,150	2.8	541
Second year of repayment	10,754,084	5.3	1,190
Third year of repayment	18,587,334	9.2	2,174
More than three years of repayment	140,644,812	69.4	19,763
Total	\$202,521,243⁽²⁾	100.0%⁽²⁾	26,902

⁽¹⁾ Deferral indicates borrowers who have returned to school or have entered residency.

⁽²⁾ Totals do not foot due to rounding.

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**Distribution of the Financed Alternative Loans by Number
of Months Remaining Until Scheduled Maturity
(As of the Statistical Cutoff Date)**

Number of Months Remaining Until Scheduled Maturity ⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 to 12	\$ 4,904	0.0% ⁽²⁾	4
13 to 24	18,324	0.0 ⁽²⁾	29
25 to 36	172,686	0.1	231
37 to 48	486,571	0.2	522
49 to 60	1,398,577	0.7	878
61 to 72	3,210,731	1.6	1,405
73 to 84	4,234,298	2.1	1,518
85 to 96	6,161,338	3.0	1,822
97 to 108	8,917,225	4.4	2,179
109 to 120	10,379,122	5.1	2,042
121 to 132	10,186,015	5.0	1,837
133 to 144	10,165,381	5.0	1,628
145 to 156	10,177,277	5.0	1,480
157 to 168	12,077,115	6.0	1,564
169 to 180	11,375,588	5.6	1,326
181 to 192	11,919,917	5.9	1,306
193 to 204	10,845,632	5.4	1,077
205 to 216	9,720,545	4.8	926
217 to 228	9,144,178	4.5	802
229 to 240	8,854,317	4.4	754
241 to 252	7,390,451	3.6	598
253 to 264	7,264,207	3.6	534
265 to 276	7,589,702	3.7	423
277 to 288	11,581,106	5.7	581
289 to 300	12,122,238	6.0	591
301 and above	17,123,798	8.5	845
Total	\$202,521,243	100.0% ⁽³⁾	26,902

⁽¹⁾ Determined from the Statistical Cutoff Date of September 30, 2015, the stated maturity date of the applicable loan, including any remaining school period, grace period, current deferment, or forbearance periods and repayment period, but without consideration for term extensions for income-based repayment plans or any deferment or forbearance periods that may be granted in the future.

⁽²⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽³⁾ Total does not foot due to rounding.

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Distribution of the Financed Alternative Loans by Interest Rate
(As of the Statistical Cutoff Date)

Interest Rate⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Prime + 0.00%	\$150,770,643	74.4%	20,347
3-Month LIBOR + 4.50%	32,817,608	16.2	3,527
Prime + 1.00%	17,070,498	8.4	2,410
91 Day T Bill + 2.75%	1,827,205	0.9	600
91-Day T-Bill + 3.25%	35,288	0.0 ⁽²⁾	18
Total	\$202,521,243⁽³⁾	100.0%⁽³⁾	26,902

⁽¹⁾ Excludes any interest rate reductions earned by borrowers.

⁽²⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽³⁾ Totals do not foot due to rounding.

Distribution of the Financed Alternative Loans by FICO Score
(As of the Statistical Cutoff Date)

FICO Score⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
800 or greater	\$ 47,931,755	23.7%	6,860
780 to 799	21,735,705	10.7	2,997
760 to 779	19,845,299	9.8	2,653
740 to 759	19,230,568	9.5	2,527
720 to 739	19,310,767	9.5	2,517
700 to 719	17,367,975	8.6	2,119
680 to 699	14,493,337	7.2	1,745
660 to 679	12,425,350	6.1	1,507
640 to 659	9,253,256	4.6	1,242
620 to 639	7,164,390	3.5	925
600 to 619	4,899,051	2.4	669
580 to 599	3,669,777	1.8	507
560 to 579	2,383,097	1.2	281
Less than 560 ⁽²⁾	2,810,916	1.4	353
Total	\$202,521,243	100.0%⁽³⁾	26,902

⁽¹⁾ The weighted average FICO score for the borrowers and co-signors of the Loan Portfolio was 739 as of March 6, 2015. That weighted average score did not include missing FICO scores.

⁽²⁾ The 'Less than 560' category includes 35 loans whose FICO score was missing totaling \$267,146 in principal.

⁽³⁾ Total does not foot due to rounding.

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Distribution of the Financed Alternative Loans by Co-Sign Status
(As of the Statistical Cutoff Date)

Co-Sign Status	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Co-signed	\$ 159,692,056	78.9%	21,667
Non-co-signed	42,829,187	21.1	5,235
Total	\$202,521,243	100.0%	26,902

Distribution of the Financed Alternative Loans by School Type
(As of the Statistical Cutoff Date)

School Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Four Year/Graduate	\$ 178,166,964	88.0%	23,564
For Profit/Vocational	12,321,786	6.1	1,486
Two Year	6,348,565	3.1	1,655
Unknown/Consolidation	5,683,928	2.8	197
Total	\$202,521,243	100.0%	26,902

Distribution of the Financed Alternative Loans by Top Ten Institutions
(As of the Statistical Cutoff Date)

Institution	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
University of South Carolina—Columbia	\$ 35,326,891	17.4%	6,121
Clemson University	29,567,026	14.6	3,827
Charleston School of Law	17,135,887	8.5	770
Medical University of South Carolina	12,640,138	6.2	1,893
Coastal Carolina University	11,831,691	5.8	1,392
Winthrop University	9,341,126	4.6	1,449
Furman University	7,524,920	3.7	624
Charleston Southern University	4,861,482	2.4	806
Newberry College	4,744,164	2.3	606
Benedict College	4,643,890	2.3	433
Others	53,575,667	26.5	8,669
Consolidation ⁽¹⁾	11,328,363	5.6	312
Total	\$202,521,243⁽²⁾	100.0%⁽²⁾	26,902

⁽¹⁾ School name was not provided for Consolidation Loans (Alternative).

⁽²⁾ Totals do not foot due to rounding.

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Distribution of the Financed Alternative Loans by Number of Payments Made
(As of the Statistical Cutoff Date)

Number of Payments Made	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 to 12	\$ 13,977,698	6.9%	1,442
13 to 24	14,440,270	7.1	1,594
25 to 36	23,396,949	11.6	2,716
37 to 48	30,481,906	15.1	3,639
49 to 60	36,170,999	17.9	4,400
61 to 72	35,940,344	17.7	4,389
73 to 84	26,305,920	13.0	3,684
85 to 96	13,798,009	6.8	2,330
97 to 108	4,373,673	2.2	1,267
Greater than 108	3,635,476	1.8	1,441
Total	\$202,521,243⁽¹⁾	100.0%⁽¹⁾	26,902

⁽¹⁾ Totals do not foot due to rounding.

Distribution of the Financed Alternative Loans in
Repayment by Number of Days Delinquent
(As of the Statistical Cutoff Date)

Number of Days Delinquent	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Not Delinquent	\$151,174,442	86.1%	20,765
1 - 29	15,188,181	8.6	1,800
30 - 59	4,587,384	2.6	586
60 - 89	1,616,812	0.9	212
90 - 119	1,207,189	0.7	133
120 - 149	962,115	0.5	103
150 - 179	922,259	0.5	69
Total	\$175,658,381⁽¹⁾	100.0%⁽¹⁾	23,660

⁽¹⁾ Totals do not foot due to rounding.

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Distribution of the Financed Alternative Loans by Current Principal Balance
(As of the Statistical Cutoff Date)

Range of Current Principal Balance	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Less than or equal to \$2,000	\$ 5,920,607	2.9%	5,483
\$2,000.01 to \$4,000.00	17,159,292	8.5	5,794
\$4,000.01 to \$6,000.00	20,697,039	10.2	4,184
\$6,000.01 to \$8,000.00	20,056,403	9.9	2,882
\$8,000.01 to \$10,000.00	18,635,987	9.2	2,079
\$10,000.01 to \$15,000.00	38,534,187	19.0	3,169
\$15,000.01 to \$20,000.00	26,164,256	12.9	1,518
\$20,000.01 to \$25,000.00	17,328,626	8.6	779
\$25,000.01 to \$30,000.00	11,780,887	5.8	435
\$30,000.01 to \$40,000.00	11,527,045	5.7	335
\$40,000.01 to \$50,000.00	5,596,272	2.8	125
\$50,000.01 to \$60,000.00	2,572,157	1.3	48
Greater than \$60,000	6,548,485	3.2	71
Total	\$202,521,243	100.0%	26,902

Distribution of the Financed Alternative Loans by Servicer
(As of the Statistical Cutoff Date)

Servicer	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
The Corporation	\$202,521,243	100.0%	26,902
Total	\$202,521,243	100.0%	26,902

Distribution of the Financed Alternative Student Loans by Interest Rate Reduction
(As of the Statistical Cutoff Date)

Interest Rate Reduction	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
No Reduction	\$132,872,403	65.6%	17,263
0.25%	69,648,841	34.4	9,639
Total	\$202,521,243⁽¹⁾	100.0%	26,902

⁽¹⁾ Total does not foot due to rounding.

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Distribution of the Financed Alternative Loans by Geographic Location
(As of the Statistical Cutoff Date)

Geographic Location	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Alabama	\$ 1,128,453	0.6%	148
Alaska	90,997	0.0 ⁽¹⁾	16
Arizona	914,908	0.5	125
Arkansas	301,014	0.1	29
California	3,491,896	1.7	431
Colorado	1,192,408	0.6	158
Connecticut	1,153,622	0.6	109
Delaware	493,473	0.2	33
District of Columbia	1,161,814	0.6	123
Florida	6,454,760	3.2	751
Georgia	12,946,796	6.4	1,500
Hawaii	211,124	0.1	26
Idaho	252,925	0.1	25
Illinois	1,625,477	0.8	197
Indiana	677,796	0.3	81
Iowa	181,330	0.1	24
Kansas	100,004	0.0 ⁽¹⁾	24
Kentucky	531,747	0.3	70
Louisiana	826,321	0.4	132
Maine	508,494	0.3	45
Maryland	4,703,664	2.3	500
Massachusetts	1,500,441	0.7	157
Michigan	762,452	0.4	102
Minnesota	390,767	0.2	52
Mississippi	286,104	0.1	26
Missouri	577,823	0.3	58
Montana	131,924	0.1	19
Nebraska	96,384	0.0 ⁽¹⁾	13
Nevada	445,568	0.2	51
New Hampshire	419,595	0.2	31
New Jersey	2,979,818	1.5	282
New Mexico	129,594	0.1	17
New York	5,581,371	2.8	566
North Carolina	14,756,940	7.3	1,868
North Dakota	54,746	0.0 ⁽¹⁾	11
Ohio	2,836,958	1.4	289
Oklahoma	270,903	0.1	37
Oregon	627,009	0.3	94
Other/Unknown	627,778	0.3	71
Pennsylvania	3,349,690	1.7	332
Rhode Island	208,536	0.1	24
South Carolina	112,187,284	55.4	16,373
South Dakota	30,024	0.0 ⁽¹⁾	3
Tennessee	2,864,884	1.4	327
Texas	4,227,120	2.1	537
Utah	164,764	0.1	36
Vermont	176,039	0.1	26
Virginia	5,515,114	2.7	670
Washington	1,012,703	0.5	148
West Virginia	459,857	0.2	43
Wisconsin	736,567	0.4	74
Wyoming	163,465	0.1	18
Total	\$202,521,243⁽²⁾	100.0%⁽²⁾	26,902

⁽¹⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽²⁾ Totals do not foot due to rounding.

Composition of the Financed FFELP Loan Portfolio
(As of the Statistical Cutoff Date)

Aggregate Current Principal Balance	\$46,350,646
Accrued Interest to be Capitalized	\$179,858
Accrued Interest Due	\$581,197
Number of Borrowers	2,517
Average Current Principal Balance per Borrower	\$18,415
Number of Loans	7,587
Average Current Principal Balance per Loan	\$6,109
Weighted Average Remaining Term to Maturity (months) ⁽¹⁾	170
Weighted Average Payments Made (months) ⁽²⁾	26
Weighted Average Annual Interest Rate ⁽³⁾	5.15%
Weighted Average Annual Effective Student Loan Interest Rate ⁽⁴⁾	5.02%

⁽¹⁾ Determined from the Statistical Cutoff Date of September 30, 2015, to the stated maturity date of the applicable loan, including any remaining school period, grace period, current deferment, or forbearance periods and repayment period, but without consideration for term extensions for income-based repayment plans or any deferment or forbearance periods that may be granted in the future.

⁽²⁾ Determined as the difference in original repayment term and remaining repayment term.

⁽³⁾ Excludes any interest rate reductions earned by borrowers.

⁽⁴⁾ Adjusted for interest rate reductions earned by borrowers as of the Statistical Cutoff Date.

Distribution of the Financed FFELP Loans by Loan Status
(As of the Statistical Cutoff Date)

Loan Status	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
In School	\$ 0	0.0%	0
Deferral	4,497,168	9.7	780
Forbearance	6,732,644	14.5	1,274
Repayment			
First year of repayment	8,432,745	18.2	1,537
Second year of repayment	16,917,852	36.5	2,983
Third year of repayment	1,567,749	3.4	136
More than three years of repayment	8,202,489	17.7	877
Total	\$46,350,646⁽¹⁾	100.0%	7,587

⁽¹⁾ Total does not foot due to rounding.

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**Distribution of the Financed FFELP Loans by Number
of Months Remaining Until Scheduled Maturity
(As of the Statistical Cutoff Date)**

Number of Months Remaining Until Scheduled Maturity ⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 to 12	\$ 12,954	0.0% ⁽²⁾	25
13 to 24	12,717	0.0 ⁽²⁾	12
25 to 36	75,901	0.2	53
37 to 48	88,946	0.2	51
49 to 60	126,611	0.3	56
61 to 72	424,871	0.9	133
73 to 84	440,389	1.0	116
85 to 96	770,346	1.7	179
97 to 108	14,210,235	30.7	3,622
109 to 120	7,239,926	15.6	1,745
121 to 132	1,611,461	3.5	301
133 to 144	803,106	1.7	121
145 to 156	709,306	1.5	98
157 to 168	2,252,576	4.9	218
169 to 180	913,327	2.0	73
181 to 192	720,997	1.6	48
193 to 204	463,340	1.0	35
205 to 216	814,635	1.8	48
217 to 228	3,283,627	7.1	169
229 to 240	1,138,930	2.5	54
241 to 252	591,836	1.3	30
253 to 264	764,118	1.6	24
265 to 276	733,858	1.6	23
277 to 288	2,890,322	6.2	206
289 to 300	756,204	1.6	73
301 and above	4,500,108	9.7	74
Total	\$46,350,646⁽³⁾	100.0%⁽³⁾	7,587

⁽¹⁾ Determined from the Statistical Cutoff Date of September 30, 2015, the stated maturity date of the applicable loan, including any remaining school period, grace period, current deferment, or forbearance periods and repayment period, but without consideration for term extensions for income-based repayment plans or any deferment or forbearance periods that may be granted in the future.

⁽²⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽³⁾ Totals do not foot due to rounding.

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Distribution of the Financed FFELP Loans by SAP Index + Margin
(As of the Statistical Cutoff Date)

SAP Index + Margin	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
1 Month LIBOR + 1.340	\$ 784,642	1.7%	183
1 Month LIBOR + 1.740	1,595,174	3.4	415
1 Month LIBOR + 1.940	6,545,097	14.1	1,458
1 Month LIBOR + 2.240	640,328	1.4	47
1 Month LIBOR + 2.340	12,609,991	27.2	3,308
1 Month LIBOR + 2.640	21,984,219	47.4	1,629
91-Day T-Bill + 2.200	81,162	0.2	22
91-Day T-Bill + 2.500	43,549	0.1	12
91-Day T-Bill + 2.800	631,819	1.4	175
91-Day T-Bill + 3.100	1,319,192	2.8	289
91-Day T-Bill + 3.250	110,175	0.2	47
91-Day T-Bill + 3.500	5,298	0.0 ⁽¹⁾	2
Total	\$46,350,646	100.0% ⁽²⁾	7,587

⁽¹⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽²⁾ Total does not foot due to rounding.

Distribution of the Financed FFELP Loans by Type
(As of the Statistical Cutoff Date)

Loan Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Consolidation	\$22,621,525	48.8%	1,633
Stafford	23,041,512	49.7	5,856
PLUS	682,983	1.5	97
SLS	4,626	0.0 ⁽¹⁾	1
Total	\$46,350,646	100.0%	7,587

⁽¹⁾ Represents a percentage greater than 0% but less than 0.05%.

Distribution of the Financed FFELP Loans by Guaranty Percentage
(As of the Statistical Cutoff Date)

Guaranty Percentage	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
100%	\$ 169,934	0.4%	67
98%	18,255,204	39.4	3,273
97%	27,925,509	60.2	4,247
Total	\$46,350,646 ⁽¹⁾	100.0%	7,587

⁽¹⁾ Total does not foot due to rounding.

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Distribution of the Financed FFELP Loans by Initial Disbursement Date
(As of the Statistical Cutoff Date)

Origination Date	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Pre 4/1/2006	\$16,486,724	35.6%	3,139
4/1/2006 and later	29,863,922	64.4	4,448
Total	\$46,350,646	100.0%	7,587

Distribution of the Financed FFELP Loans by School Type
(As of the Statistical Cutoff Date)

School Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Unknown/Consolidation Loan	\$22,621,525	48.8%	1,633
Four Year/Graduate	15,407,703	33.2	3,394
Two Year	7,408,477	16.0	2,342
For Profit/Vocational	912,941	2.0	218
Total	\$46,350,646	100.0%	7,587

Distribution of the Financed FFELP Loans by ACH Loan Reduction
(As of the Statistical Cutoff Date)

Loan Reduction (ACH)⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0.25% interest rate reduction (receiving) ⁽²⁾	\$ 2,604,583	5.6%	617
0.25% interest rate reduction (eligible) ⁽³⁾	29,553,314	63.8	5,810
0.50% interest rate reduction (receiving) ⁽²⁾	4,024,432	8.7	351
0.50% interest rate reduction (eligible) ⁽³⁾	10,168,317	21.9	809
Total	\$46,350,646	100.0%	7,587

⁽¹⁾ This borrower benefit and the eligibility requirements therefor is described under the caption "Repayment Incentives to Borrowers and Borrower Benefits" herein.

⁽²⁾ Receiving this borrower benefit as of the Statistical Cutoff Date.

⁽³⁾ Eligible but not receiving this borrower benefit as of the Statistical Cutoff Date.

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**Distribution of the Financed FFELP Loans in
Repayment by Rebate/Interest Reduction
(As of the Statistical Cutoff Date)**

Rebate/Interest Reduction Description ⁽¹⁾	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
None ⁽²⁾	\$39,425,141	85.1%	6,887
1% interest rebate after 36 months (receiving) ⁽³⁾	3,332,567	7.2	327
1% interest rebate after 36 months (eligible) ⁽⁴⁾	2,690,916	5.8	169
2% interest rebate after 36 months (receiving) ⁽³⁾	3,501	0.0 ⁽⁵⁾	1
2% interest rebate after 36 months (eligible) ⁽⁴⁾	898,522	1.9	203
Total	\$46,350,646⁽⁶⁾	100.0%	7,587

(1) All of the borrower benefits in this table and the eligibility requirements therefor are described under the caption “Repayment Incentives to Borrowers and Borrower Benefits” herein.

(2) Not eligible or benefits that have already been paid or expired.

(3) Receiving this borrower benefit as of the Statistical Cutoff Date.

(4) Eligible but not receiving this borrower benefit as of the Statistical Cutoff Date.

(5) Represents a percentage greater than 0% but less than 0.05%.

(6) Totals do not foot due to rounding.

**Distribution of the Financed FFELP Loans by Servicer
(As of the Statistical Cutoff Date)**

Servicer	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
The Corporation	\$46,350,646	100.0%	7,587
Total	\$46,350,646	100.0%	7,587

**Distribution of the Financed FFELP Loans by Top Ten Institutions
(As of the Statistical Cutoff Date)**

Institution	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
University of South Carolina—Columbia	\$ 3,476,788	7.5%	779
Greenville Technical College	2,167,086	4.7	568
Trident Technical College	1,767,124	3.8	580
South Carolina State University	1,738,160	3.8	387
Charleston Southern University	1,196,214	2.6	238
University of South Carolina—Upstate	1,095,107	2.4	248
Francis Marion University	1,082,689	2.3	227
Coastal Carolina University	996,166	2.1	228
Horry - Georgetown Technical College	904,291	2.0	234
Midlands Technical College	903,553	1.9	370
Others	8,417,834	18.2	2,096
Consolidation ⁽¹⁾	22,605,635	48.8	1,632
Total	\$46,350,646⁽²⁾	100.0%⁽²⁾	7,587

(1) School name was not provided for FFELP consolidation loans.

(2) Totals do not foot due to rounding.

Distribution of the Financed FFELP Loans by Number of Payments Made
(As of the Statistical Cutoff Date)

Number of Payments Made	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 to 12	\$16,602,578	35.8%	3,160
13 to 24	18,204,057	39.3	3,240
25 to 36	2,304,906	5.0	187
37 to 48	1,940,183	4.2	148
49 to 60	1,639,707	3.5	142
61 to 72	1,115,586	2.4	122
73 to 84	1,163,150	2.5	141
85 to 96	1,245,716	2.7	135
97 to 108	930,567	2.0	115
Greater than 108	1,204,195	2.6	197
Total	\$46,350,646⁽¹⁾	100.0%	7,587

⁽¹⁾ Totals do not foot due to rounding.

Distribution of the Financed FFELP Loans in
Repayment by Number of Days Delinquent
(As of the Statistical Cutoff Date)

Number of Days Delinquent	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Not Delinquent	\$21,371,322	60.9%	3,263
1 – 29	2,420,920	6.9	399
30 – 59	4,147,168	11.8	729
60 – 89	1,943,596	5.5	284
90 – 119	1,271,072	3.6	185
120 – 149	831,682	2.4	108
150 – 179	589,543	1.7	122
180 and above	2,545,532	7.2	443
Total	\$35,120,835⁽¹⁾	100.0%⁽¹⁾	5,533

⁽¹⁾ Total does not foot due to rounding.

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Distribution of the Financed FFELP Loans by Current Principal Balance
(As of the Statistical Cutoff Date)

Range of Current Principal Balance	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Less than or equal to \$2,000	\$ 2,036,937	4.4%	1,842
\$2,000.01 to \$4,000.00	6,655,538	14.4	2,216
\$4,000.01 to \$6,000.00	6,642,015	14.3	1,352
\$6,000.01 to \$8,000.00	5,858,517	12.6	849
\$8,000.01 to \$10,000.00	3,479,155	7.5	394
\$10,000.01 to \$15,000.00	4,660,075	10.1	383
\$15,000.01 to \$20,000.00	3,070,070	6.6	177
\$20,000.01 to \$25,000.00	2,647,539	5.7	119
\$25,000.01 to \$30,000.00	2,212,961	4.8	81
\$30,000.01 to \$40,000.00	2,607,385	5.6	76
\$40,000.01 to \$50,000.00	1,761,950	3.8	39
\$50,000.01 to \$60,000.00	889,981	1.9	16
Greater than \$60,000	3,828,522	8.3	43
Total	\$46,350,646⁽¹⁾	100.0%	7,587

⁽¹⁾ Total does not foot due to rounding.

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Distribution of the Financed FFELP Loans by Geographic Location
(As of the Statistical Cutoff Date)

Geographic Location	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Alabama	\$ 131,808	0.3%	13
Alaska	12,540	0.0 ⁽¹⁾	4
Arizona	194,691	0.4	19
Arkansas	274	0.0 ⁽¹⁾	1
California	561,479	1.2	62
Colorado	251,482	0.5	31
Connecticut	252,261	0.5	18
District of Columbia	65,633	0.1	12
Florida	1,357,091	2.9	198
Georgia	2,657,833	5.7	354
Hawaii	20,657	0.0 ⁽¹⁾	2
Illinois	190,582	0.4	35
Indiana	36,814	0.1	6
Iowa	67,022	0.1	14
Kansas	20,897	0.0 ⁽¹⁾	6
Kentucky	150,898	0.3	22
Louisiana	481,797	1.0	23
Maine	6,166	0.0 ⁽¹⁾	2
Maryland	320,654	0.7	39
Massachusetts	12,453	0.0 ⁽¹⁾	3
Michigan	118,827	0.3	20
Minnesota	120,959	0.3	20
Mississippi	101,964	0.2	15
Missouri	55,553	0.1	3
Montana	19,175	0.0 ⁽¹⁾	1
Nevada	70,820	0.2	13
New Jersey	202,217	0.4	19
New York	197,395	0.4	28
North Carolina	2,529,598	5.5	330
North Dakota	12,504	0.0 ⁽¹⁾	2
Ohio	51,985	0.1	11
Oklahoma	45,011	0.1	3
Oregon	4,997	0.0 ⁽¹⁾	3
Pennsylvania	277,595	0.6	44
South Carolina	33,608,496	72.5	5,948
South Dakota	69,392	0.1	5
Tennessee	358,770	0.8	44
Texas	450,653	1.0	89
Utah	186,837	0.4	4
Vermont	14,131	0.0 ⁽¹⁾	2
Virginia	801,007	1.7	76
Washington	34,257	0.1	9
West Virginia	95,842	0.2	12
Wisconsin	30,853	0.1	8
Other	98,775	0.2	14
Total	\$46,350,646⁽²⁾	100.0%⁽²⁾	7,587

⁽¹⁾ Represents a percentage greater than 0% but less than 0.05%.

⁽²⁾ Totals do not foot due to rounding.

Rehabilitated Loans

A student loan originated under the FFELP that has previously defaulted, but satisfies the conditions described below, is known as a “rehabilitated loan.” The Loan Portfolio included approximately \$29,352,274 of rehabilitated loans as of the Statistical Cutoff Date. To rehabilitate a student loan originated under FFELP, a borrower must pay the applicable guaranty agency at least nine full payments of an amount that is reasonable and

affordable as agreed to by the borrower and the guaranty agency within twenty (20) days of their monthly due dates over a ten-month period. Once the borrower has made the required payments, the loan may be purchased by an eligible lending institution. After a rehabilitated loan is purchased, it is eligible for all benefits under the Higher Education Act for which it would have been eligible if no default had occurred. See **EXHIBIT II – “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM – Rehabilitation of Defaulted Loans.”**

Repayment Incentives to Borrowers and Borrower Benefits

The Corporation has offered certain borrower benefits for Financed FFELP loans in the form of interest rate reductions for prompt and regular payments and/or payments made by automatic bank draft. As of the Statistical Cutoff Date, approximately 5.6% of the Financed FFELP Loans were receiving a 0.25% interest rate reduction for using automatic bank draft and 8.7% of the Financed FFELP Loans were receiving a 0.50% interest rate reduction for using automatic bank draft. As of the Statistical Cutoff Date, approximately 7.2% of the Financed FFELP Loans were receiving a 1.0% or 2.0% interest rate reduction for making thirty-six (36) consecutive on-time payments. As of the Statistical Cutoff Date, the weighted average interest rate reduction for all of the Financed FFELP Loans was 0.13%. The Financed Alternative Loans are only eligible to receive a 0.25% reduction for payments made by automatic bank draft. As of the Statistical Cutoff Date, approximately 34.4% of Financed Alternative Loans were receiving this reduction.

THE CORPORATION

The Corporation is a nonprofit, public benefit corporation incorporated on November 15, 1973, pursuant to the laws of the State of South Carolina. The Corporation received its final 501(c)(3) determination letter from the Internal Revenue Service (“**IRS**”) on June 30, 1979, which determination letter has not been amended, revoked, withdrawn or rescinded.

Under its Restated and Amended Articles of Incorporation, the Corporation has the power to receive, invest, administer, and disburse funds for educational purposes so as to enable persons to attend eligible educational institutions beyond the secondary school level and to make, handle, service and deal with student and parent loans as provided in the Higher Education Act. The Corporation has been designated by the Authority as an “Eligible Lender” pursuant to Title IV of the Higher Education Act and, as agent of and independent contractor with the Authority, the Corporation serves as the principal servicer of FFELP loans guaranteed by the Authority. In 1996, the Corporation began making Alternative Loans and has serviced all Alternative Loans it has made. See **EXHIBIT I – “DESCRIPTION OF THE ALTERNATIVE LOAN PROGRAM.”**

Management and Administration

The Corporation is governed by its Board of Directors, which may officially act by a majority of its members. The Corporation’s Chairman and other Directors are as follows:

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Board of Directors of the Corporation

Name of Director	Principal Occupation	Term Ends June 30
Frederick T. Himmelein, Esq., Chairman	Self Employed, Legal and Financial Consultant	2016
William M. Mackie, Jr. Vice Chairman	Retired President and CEO, South Carolina Student Loan Corporation	2016
J. Thornton Kirby, Esq., Treasurer	President and CEO, South Carolina Hospital Association	2017
Charlie C. Sanders, Jr., Secretary	President and CEO, South Carolina Student Loan Corporation	2016
Renee R. Brooks	Chief Administrative Officer and Corporate Secretary, South State Bank	2018
Neil E. Grayson, Esq.	Partner, Nelson Mullins Riley & Scarborough, LLP	2017
Jeffrey R. Scott	Retired Senior Vice President and Human Resources Director, Community Resource Bank	2018
Barbara F. Weston	Retired Educator, Richland School District One	2017
D. Grant Carwile	Managing Director, Student Loan Capital Strategies	2017
Fred L. Green, III	President and CEO, South Carolina Bankers Association	2016
Harry R. Brown	Retired CFO, South Carolina Student Loan Corporation	2017

The Corporation's principal office is located at 8906 Two Notch Road, Columbia, South Carolina 29223, and its telephone number is (803) 772-9480. The Corporation employs a staff of approximately 131 people. The Corporation's Senior Management is as follows:

Senior Management

Charlie C. Sanders, Jr., *President and CEO*
 Jane W. Honeycutt, *Chief Financial Officer*
 David A. Simon, III, *Chief Information Officer*
 Anne Harvin Gavin, *Senior Vice President – Administrative Services*
 Cynthia G. Callaham, *Vice President – Audit & Compliance*
 Denise L. Easterling, *Vice President – SC3 Solutions*
 Michael E. Fox, *Vice President – Guaranty Services*
 Gerald I. Long, *Vice President - Repayment Operations*
 David C. Roupe, *Vice President – Repayment Services*
 Donna E. Weathersbee, *Director of Human Resources*

Charlie C. Sanders, Jr. serves as President and CEO of the South Carolina Student Loan Corporation and is responsible for the day-to-day management and coordination of all corporate business activities. Mr. Sanders served as Director of Investments and Debt Management for the South Carolina State Treasurer's Office from 1988 to 2001. He received his B.S. in Banking and Finance from the University of South Carolina. Mr. Sanders serves on the Board of Trustees of Anderson University, Board of Trustees of the South Carolina Independent Colleges and Universities, and serves as Chairman of Directors of the Greater Columbia Educational Advancement Foundation. He has served as Chairman of the Board of Directors of the Education Finance Council and Chairman of the Board of Trustees of Anderson University.

Jane W. Honeycutt serves as Chief Financial Officer of the South Carolina Student Loan Corporation and is responsible for the day-to-day management of all Financial Services activities, such as accounting, internal and external reporting, compliance, budgeting and internal controls. Prior to joining the Corporation in 2010, Ms. Honeycutt worked with both Price Waterhouse (now PricewaterhouseCoopers) and Elliott Davis, LLC in public accounting. She also served as the Financial Manager of the Columbia, South Carolina, office of Price Waterhouse. Her other work experience has concentrated in the financial services industry including NetBank, Inc. as a Senior Financial Analyst. She received her Bachelor of Business Administration from Augusta College and her Master of Accountancy from the University of Georgia. She is a licensed Certified Public Accountant with the State of South Carolina.

Origination of Student Loans

The Corporation has served as a central, statewide lender and assists students and parents in obtaining funds to attend institutions of post-secondary education within or beyond the boundaries of the State of South Carolina. Since its inception, the Corporation has originated more than 2 million loans to more than 473,000 students and parents.

Servicing of Student Loans

Alternative Loans. During fiscal 1995-96, the Corporation began a private-credit-based student loan program called the Palmetto Assistance Loan Program pursuant to which the Alternative Loans were originated. This program was discontinued in December of 2008, but was restructured and reoffered beginning in October of 2009. The Corporation has serviced all of the Alternative Loans it has made. In March of 2010, the Corporation began collecting all newly defaulted Alternative Loans internally, reducing fees paid to collection agencies, and allowing the Corporation to leverage local legal resources to increase defaulted loan recoveries. The Corporation provides the personnel necessary to perform all servicing of Alternative Loans, which services include, but is not limited to: (i) maintaining and updating all loan records; (ii) performing due diligence necessary to collect Alternative Loans according to standards set by the Corporation; (iii) taking any action necessary to collect delinquent Alternative Loans; and (iv) performing any other functions associated with the servicing of Alternative Loans.

As of September 30, 2015, the Corporation had made an aggregate of \$420 million of Alternative Loans (including \$26 million alternative consolidation loans) and the amount of Alternative Loans being serviced by the Corporation was \$333 million.

Since 1979, the Corporation has serviced Student Loans for itself, the Authority, and various commercial banks. Total servicing volume (FFELP and private loans) was \$2.2 billion as of September 30, 2015, in comparison to \$5.3 billion as of December 31, 2012 (which also included FDLP loans), and \$3.2 billion as of December 31, 2011.

FFELP Loans. Since May 31, 1979, the Corporation has serviced all FFELP loans originated by the Corporation and all FFELP loans financed or owned by various commercial banks, pending purchase by the Corporation of such loans from the proceeds of a series of bonds.

The Corporation provides the personnel necessary to perform all servicing of FFELP loans, which services include, but are not limited to: (i) verifying that all required documents for each FFELP loan have been delivered and that each loan qualifies as a FFELP loan; (ii) maintaining and updating all loan records; (iii) performing due diligence necessary to collect loans according to standards set by the Secretary and the Authority, as applicable; (iv) taking any action necessary to collect delinquent loans; and (v) performing any other functions associated with the servicing of FFELP loans.

As of September 30, 2015, the aggregate principal amount of FFELP loans being serviced by the Corporation was approximately \$1.9 billion. Since the inception of the Corporation, the cumulative aggregate principal amount of FFELP and private loans originated and serviced by the Corporation totals approximately \$8.3 billion.

Shown in the table below is information with respect to guaranty claims filed by the Corporation in the last five (5) years with regard to FFELP loans serviced by the Corporation. There can be no assurance that the Corporation's experience, as reflected in the table below, will not be materially different in the future.

Static Analysis of Guaranty Claims, Rejects, and Cures

Federal Fiscal Year	Total Claims Filed ⁽¹⁾	Gross Reject Amount ⁽¹⁾	Gross Reject Rate	Cure Amount ⁽²⁾	Net Reject Amount	Net Reject Rate
2010	66,999,771	173,336	0.26	125,454	47,882	0.07
2011	73,219,881	407,447	0.56	268,921	138,526	0.19
2012	96,726,865	117,334	0.12	54,623	62,711	0.06
2013	116,031,895	150,004	0.13	69,978	80,026	0.07
2014	88,778,396	244,263	0.28	94,916	149,347	0.17
Total	441,756,808	1,092,334	0.25	613,892	478,492	0.11

⁽¹⁾ Includes 100% of principal and interest, rather than only the guaranteed portion. Also includes lender-of-last-resort loan claims as well as claims for deaths, disabilities, and bankruptcies. Loans that are subsequently rehabilitated or repurchased are not netted from the claims filed.

⁽²⁾ Amount of the rejects that had been cured as of September 30, 2015.

Shown in the table below is the historical delinquency data on all FFELP loans originated and serviced by the Corporation. The delinquencies are measured as a percentage of the outstanding principal balance of all FFELP loans in repayment at the end of each of the last sixteen (16) fiscal years. There can be no assurance that the Corporation's experience, as reflected in the table below, will not be materially different in the future.

FFELP Delinquencies

As of June 30	31-60 Days	61-90 Days	91 to 120 Days	121 to 180 Days	181 to 270 Days	271 or more Days
2000	3.0%	2.8%	1.7%	1.7%	1.8%	0.5%
2001	3.2%	2.7%	1.8%	2.1%	1.8%	0.6%
2002	3.1%	2.9%	2.0%	2.0%	1.8%	0.6%
2003	2.7%	2.3%	1.3%	1.5%	1.5%	0.5%
2004	3.1%	2.7%	1.6%	1.5%	1.3%	0.3%
2005	3.0%	2.6%	1.5%	1.6%	1.4%	0.7%
2006	3.1%	2.7%	1.7%	1.8%	1.2%	0.5%
2007	3.0%	2.3%	1.6%	1.8%	1.3%	0.7%
2008	3.1%	2.6%	1.6%	1.7%	1.4%	0.7%
2009	3.4%	2.7%	1.8%	1.8%	1.3%	0.5%
2010	3.2%	2.4%	1.6%	1.7%	1.6%	0.6%
2011	4.0%	3.1%	2.1%	2.3%	2.0%	0.8%
2012	4.2%	2.8%	2.1%	2.5%	2.6%	1.0%
2013	5.2%	3.1%	2.4%	2.8%	3.0%	1.4%
2014	4.3%	3.1%	2.0%	2.4%	2.4%	1.0%
2015	4.7%	3.1%	2.5%	2.8%	2.1%	0.9%

Other Programs and Activities

Education Improvement Act. During fiscal 1984-85, the Corporation assumed responsibility for the administration of the Teacher Loan Program that was established by the Education Improvement Act of 1984 (the "*Education Improvement Act*"). In the Education Improvement Act, the Corporation was named as the administrator of this program. The funds for operations and for making loans are provided by state appropriations.

EdVantage. On January 1, 2011, the Corporation entered into an agreement with Performant Financial Corporation ("**PFC**") to provide debt collection services as a subcontractor to PFC for loans held by the Department of Education. On April 1, 2011, the Corporation formed EdVantage Corporation ("*EdVantage*"), which is a

controlled affiliate of the Corporation, for the purpose of providing this subcontractor service. EdVantage filed its IRS Form 1023 “Application for Exemption Under 501(c)(3) of the Internal Revenue Code” in January of 2013 and received its determination letter dated June 25, 2015, affirming its exemption under §501(c)(3) of the Internal Revenue Code. EdVantage ceased providing subcontractor services for PFC as of April 1, 2014; however, EdVantage has maintained the required licensing. Currently EdVantage is providing collection services for the South Carolina State Education Assistance Authority.

EdManage. In December of 2014, the Corporation received approval to utilize funds of the Authority to perform default prevention/financial literacy services for colleges throughout the State of South Carolina. The Corporation has contracted with twenty-eight (28) colleges to date to perform these services. These services are performed by a functional area of the Corporation that does business as EdManage.

Campus Partners. The Corporation owns Educational Loan Servicing, LLC (“*ELS*”) d/b/a Campus Partners (“*Campus Partners*”), a vendor providing a platform and servicing functionality intended to meet the requirements for Perkins Loans. On June 11, 2015, ELS entered into an agreement with Heartland Payment Systems, Inc. (“*Heartland*”) resulting in the sale of all Campus Partners contracts to Heartland. The contracts include managing the servicing, accounting, and processing of Perkins and institutional loans.

Palmetto Investment Holding, Inc and SC3 Solutions, LLC. On September 10, 2015 Palmetto Investment Holdings, Inc. (“*PIHI*”), a South Carolina corporation (C-Corp) was organized as a wholly-owned subsidiary of the Corporation. PIHI will serve as the holding company for future for-profit ventures within the consolidated Corporation corporate structure. Also, effective September 10, 2015, SC3 Solutions, LLC (“*SC3*”) was formed as a wholly-owned subsidiary of PIHI. SC3 will initially focus on call center ventures and entered its first contract with a large health care facility on September 24, 2015 to perform call center services.

Financial Information

Certain financial information with respect to the Corporation is provided in **EXHIBIT VI** hereto. Such financial information is furnished as of the date shown thereon; and, although the Corporation believes such information to be materially correct as of its date, there can be no assurance that the financial condition of the Corporation has not changed between the date of such information and the date of this Offering Memorandum. The Corporation makes no representation that such changes have not occurred.

As of June 30, 2015, the Corporation had total assets of approximately \$2.7 billion, total liabilities of approximately \$2.2 billion, and a fund balance of approximately \$539 million.

As of June 30, 2015, the Corporation had approximately \$2.2 billion of bonds and notes outstanding issued under other, unrelated resolutions securing separate trust estates.

The Corporation is indebted to the Authority under a loan agreement securing a trust estate relating to the Authority and to the Authority’s outstanding bonds issued under a 2009 PAL General Resolution adopted by the Board of Directors of the Corporation effective as of October 29, 2009. The obligations of the Corporation under such loan agreement are secured by, and payable only from, a pool of Student Loans that is not part of the Trust Estate. As of June 30, 2015, the approximate amount of such indebtedness was \$54,200,000.

The Corporation has the ability to incur additional unsecured indebtedness in such amounts as its Board of Directors may deem appropriate subject to any covenant limitation contained in any loan or finance documentation (currently \$25,000,000). The Corporation may also incur additional secured indebtedness. To the extent that any such additional secured indebtedness is so incurred, it would be secured by, and payable only from, assets that are not pledged to the Trust Estate.

No Prior Defaults

The Corporation has not previously experienced any defaults with respect to the payment of principal of or interest on any of its bonds, notes, or lines of credit.

Bankruptcy Status of the Corporation

Under current law the Corporation cannot be forced into an involuntary bankruptcy proceeding under the federal bankruptcy code, nor can it file a voluntary petition for bankruptcy under the federal bankruptcy code without the approval of all members of its Board of Directors entitled to vote at the time any petition is authorized.

Change to Index for Calculation of Special Allowance Payments

The Corporation made an affirmative election under Public Law 112-74 to change the index for Special Allowance Payments permanently on all of the FFELP loans held by the Corporation and disbursed on or after January 1, 2000, from the three-month commercial paper rate to the one-month LIBOR index, commencing with Special Allowance Payments for the calendar quarter that began April 1, 2012. See **EXHIBIT II** attached hereto under the heading “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM – SPECIAL ALLOWANCE PAYMENTS.**”

SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY

The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. It was created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina, 1976, as amended (the “*Act*”). The constitutionality of the Act was sustained in *Durham v. McLeod*, 259 S.C. 409,192 S.E. 2d 202 (1972), appeal dismissed 413 U.S. 902 (1973). The Authority was originally created in order to provide a means of making loans to students in order to enable them to attend institutions of higher learning, post-secondary business, trade or technical educational schools, and vocational and training schools that have been approved by the Authority. Such institutions may be located within or beyond the boundaries of the State.

The Authority is governed by its members who, under the Act, are the members of the State Budget and Control Board (now known as the State Fiscal Accountability Authority) of South Carolina, *ex officio*. The Authority’s mailing address is Office of State Treasurer, Post Office Box 11778, Columbia, South Carolina 29211.

As of the date hereof, the members of the Authority are as follows:

Members of the Authority

Name of Member	Office Held
The Honorable Nikki R. Haley	Governor of South Carolina
The Honorable Curtis M. Loftis, Jr.	State Treasurer of South Carolina
The Honorable Richard Eckstrom	Comptroller General of South Carolina
The Honorable Hugh K. Leatherman, Sr.	Chairman, South Carolina Senate Finance Committee
The Honorable W. Brian White	Chairman, South Carolina House of Representatives Ways and Means Committee

Student Loan Insurance Program

In May of 1978, the Authority initiated its student loan insurance program and commenced guaranteeing FFELP loans as the guaranty agency for the State under §428(c) of the Higher Education Act. In order to administer its student loan insurance program effectively, the Authority processes loans submitted for guaranty, issues loan guaranties, provides collection assistance for delinquent loans, pays claims for loans in default, collects loans on which default claims have been paid, and makes appropriate responses to the Secretary. The Authority is also responsible for initiating policy and performing compliance reviews as required by the Higher Education Act with respect to certain schools participating in the student loan insurance program. As of September 30, 2015, the outstanding principal amount of FFELP loans guaranteed by the Authority and originated and serviced by the Corporation was approximately \$1.9 billion of which approximately \$1.81 billion was in repayment status. The Authority has no employees of its own, but contracts with the Corporation for performance of its duties as a Guaranty Agency.

For a further description of the terms and conditions of these types of loans, see **EXHIBIT II** hereto entitled “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**” herein.

Pursuant to the Authority’s student loan insurance program, any eligible holder of a FFELP loan guaranteed by the Authority, including the Corporation in its capacity as an eligible holder, is currently entitled to reimbursement from the Authority for 100% of any proven loss incurred resulting from the following: (i) the default of a loan disbursed prior to October 1, 1993; (ii) the death or permanent and total disability of a borrower; (iii) the discharge of a loan due to false certification or closed school; (iv) the bankruptcy of the borrower; or (v) ineligible borrower claims for loans first disbursed on or after July 1, 2006. Subject to the foregoing circumstances, the Corporation is currently entitled to 98% reimbursement for loans made October 1, 1993, through June 30, 2006, and 97% reimbursement for loans made July 1, 2006, through September 30, 2012. See **EXHIBIT II** hereto entitled “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**” herein.

The Authority must pay a lender for a defaulted FFELP loan prior to submitting a claim to the Secretary for reimbursement. The Authority’s experience is that reimbursement from the Secretary occurs approximately forty-five (45) days from the time that a request is submitted for reimbursement. The Higher Education Act requires the Authority to submit a request for reimbursement by the Secretary within thirty (30) days from the date the claim is paid. Under present practice, after the Secretary reimburses the Authority for a default claim paid on a FFELP loan, the Authority must continue to seek repayment from the borrower. Following are the Authority’s default and recovery rates for the federal fiscal years set forth below:

Federal Fiscal Year Ended September 30	Default Claims	Default Rate (Trigger Rate) ⁽¹⁾	Recoveries	Recovery Rate
2009	\$16,691,818	0.82%	\$29,426,392	29.99%
2010	24,601,037	1.11	27,412,391	25.29
2011	30,853,750	1.29	35,043,168	26.41
2012	37,169,984	1.50	58,096,381	35.28
2013	56,026,005	2.41	62,608,722	30.58
2014	35,013,309	1.64	68,425,667	26.45

⁽¹⁾ Trigger Rate indicates the loan balances defaulted during a federal fiscal year divided by the loan balances in repayment at the beginning of such fiscal year. Under the Higher Education Act, as currently in effect, if a guaranty agency’s Trigger Rate exceeds 5%, then the applicable percentage at which the Secretary reinsures loans guaranteed by that guaranty agency begins to decline below the otherwise applicable level.

If a payment on a FFELP loan is received after reimbursement by the Secretary, the Secretary is entitled to receive an equitable share of such payment. An equitable share is deemed to be the balance remaining after the Authority deducts an amount equal to (i) the complement of the reimbursement percentage in effect at the time of reimbursement and (ii) certain administrative costs, to the extent such costs do not exceed 19.58%. Under this formula, the Authority retains 16% of the borrower’s payment and remits the balance to the Secretary. See **EXHIBIT II** hereto entitled “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.**”

Federal Student Loan Reserve Fund

The 1998 reauthorization of the Higher Education Act required each guaranty agency to establish a Federal Student Loan Reserve Fund (the “**Federal Fund**”) into which all federal reserves are to be deposited and, subject to some transitional exceptions, such amounts deposited in the Federal Fund can only be used to pay lender claims on defaulted loans and to disburse default aversion fees to an agency operating fund (“**Agency Operating Fund**”). All loan processing and issuance fees, account maintenance fees, and default aversion fees paid by the Secretary as well as the unreinsured portion of default collections (after payment of the Secretary’s equitable share and excluding required deposits in the Federal Fund) are required to be deposited in the Agency Operating Fund. Except for funds transferred from the Federal Fund, the Agency Operating Fund is considered to be the property of the respective guaranty agency. As of June 30, 2015, the balance in the Authority’s Agency Operating Fund was \$58,547,941.

The fund that the Authority established pursuant to the Act that satisfies such Federal Fund requirement is also referred to in the Act as the “State Education Assistance Authority Loan Guarantee Reserve Fund,” which may be used by the Authority to remedy defaults on student or parent loans to the extent such defaulted loans are not covered by an existing or future program of federal guaranties or reinsurance. With the elimination of the FFELP,

there is no source of funds for the replenishment of the Federal Fund other than reinsurance, and amounts therein have decreased from \$19,522,696 as of September 30, 2010, to \$5,481,840 as of September 30, 2015.

Moneys in the Federal Fund may not be pledged to the repayment of any bonds. The liability of the Authority to guarantee student and parent loans does not constitute a pledge of the full faith and credit of the State of South Carolina, but is payable solely from moneys in the Federal Fund.

See also the discussion of the Federal Student Loan Reserve Fund in **EXHIBIT II** hereto under the heading “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM - GUARANTY AND REINSURANCE FOR FFELP LOANS.**”

A guaranty agency’s reserve ratio is determined by dividing its Federal Fund balance by the original principal amount of outstanding loans it has agreed to guarantee. The following table sets forth the Authority’s reserve ratio for the federal fiscal years set forth below:

Federal Fiscal Year Ended September 30	Original Principal Amount of Outstanding Loans	Federal Fund Balance	Reserve Ratio
2009	\$3,856,635,107	\$17,382,928	0.45%
2010	3,240,852,340	19,522,696	0.60
2011	2,877,664,529	16,280,065	0.57
2012	2,514,046,955	13,135,055	0.52
2013	2,224,154,831	9,695,404	0.44
2014	1,982,262,409	6,214,594	0.39

See also the discussion of amendments to the Higher Education Act related to guaranty agency reserves in **EXHIBIT II** hereto entitled “**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.**”

THE BACKUP SERVICING AGREEMENTS

General

On or about the Issue Date, the Corporation and the Trustee will enter into a Backup Third Party Servicing Agreement (the “**Alternative Loan Backup Servicing Agreement**”) with Nelnet Servicing, LLC d/b/a Firstmark Services (the “**Backup Servicer**”) relating to the Financed Alternative Loans. In general, the Alternative Loan Backup Servicing Agreement sets forth the terms and conditions under which all Financed Alternative Loans being serviced by the Corporation would be converted to servicing under the Backup Servicer’s servicing system (an “**Alternative Loan Portfolio Conversion**”).

On or about the Issue Date, the Corporation and the Trustee will enter into an Amended and Restated Backup Third Party Servicing Agreement (the “**FFELP Loan Backup Servicing Agreement**,” together with the Alternative Loan Backup Servicing Agreement, the “**Backup Servicing Agreements**,” and each, a “**Backup Servicing Agreement**”) with the Backup Servicer relating to the Financed FFELP Loans. In general, the FFELP Loan Backup Servicing Agreement sets forth the terms and conditions under which all Financed FFELP Loans being serviced by the Corporation would be converted to servicing under the Backup Servicer’s servicing system (a “**FFELP Loan Portfolio Conversion**,” together with an Alternative Loan Portfolio Conversion Loan, the “**Loan Portfolio Conversions**,” and each, a “**Loan Portfolio Conversion**”).

The Corporation has entered into a nonexclusive, perpetual license agreement with 5280 Solutions, LLC, an affiliate of the Backup Servicer, with respect to such affiliate’s Student Loan Servicing System (“**SLSS**”) platform to service alternative loans and FFELP loans. The SLSS platform is also used by the Backup Servicer as its primary servicing platform for FFELP loans; however the Backup Servicer’s primary servicing platform for alternative loans is not the SLSS platform, but its proprietary “Star” Servicing System (the “**Star Servicing System**”) platform.

In the Backup Servicing Agreements, the Corporation and the Backup Servicer agree to undertake the necessary actions to transfer servicing of the Financed Alternative Loans and/or the Financed FFELP Loans to the Backup Servicer if a Portfolio Conversion shall occur.

The Corporation will agree in the Backup Servicing Agreements that it will maintain all relevant computer and information systems to be reasonably consistent and compatible with the Backup Servicer's electronic conversion processes or exchange file formats in anticipation of a Loan Portfolio Conversion.

The Backup Servicer will be required, upon the request of the Corporation, to deliver a written notice to the Corporation (a) indicating all known inconsistencies and incompatibilities of the relevant computer and information systems of the Corporation that could materially and adversely affect the Backup Servicer's or Corporation's ability to perform their respective obligations under the applicable Backup Servicing Agreement, and (b) in the case of the FFELP Loan Backup Servicing Agreement, specifying the exchange file formats, electronic conversion process, and procedures anticipated to be used by the Backup Servicer in a Loan Portfolio Conversion.

Servicer Transfer Trigger

Under each of Backup Servicing Agreements, the Backup Servicer will become the Servicer for the applicable Financed Student Loans upon the occurrence of a "**Servicer Transfer Trigger**" as defined in the General Resolution. Under the General Resolution, a Servicer Transfer Trigger applies to any Servicer for the Financed Student Loans, including the Corporation, as the current Servicer, and means any of the following events:

(i) the applicable Servicer shall determine that it will no longer service any portion of the Financed Student Loans and shall provide written notice to the Backup Servicer and other parties as required under the applicable Backup Servicing Agreement and prompt written notice to the Trustee of the transfer of servicing pursuant to such Backup Servicing Agreement,

(ii) a material weakness regarding the applicable Servicer shall have been identified in any Servicer Compliance Report related to that Servicer and such weakness shall continue for a period of thirty (30) days after the Corporation's receipt of such report identifying such material weakness and a Majority of the Noteholders shall have directed the Trustee and the Administrator in writing to proceed with a transfer of servicing,

(iii) the applicable Servicer shall be in a material violation of its duties under the General Resolution (including, but not limited to, those duties with respect to Accepted Servicing Procedures) or, with respect to the FFELP Loan Backup Servicing Agreement, under the Higher Education Act and such material violation shall continue for a period of thirty (30) days after such Servicer shall have become aware of such material violation and a Majority of the Noteholders shall have directed the Trustee and the Corporation in writing to proceed with a transfer of servicing, or

(iv) the occurrence of any of Event of Insolvency of the applicable Servicer.

"**Servicer Compliance Report**" means (i) any report generated by the Department of Education, Office of the Inspector General, specifically relating to any Servicer and (ii) a third party review of a Servicer conducted under the provisions of the Statements on Standards for Attestation Engagements No. 16, "Reports on the Processing of Transactions by Service Organizations" or an A-133 Higher Education Act annual compliance audit, as applicable, in either case, performed annually by a firm of independent public accountants.

Under the Backup Servicing Agreements, in the event of a Servicer Transfer Trigger, the applicable Servicer will be required to send written notice as soon as practicable after becoming aware of the same to the Trustee and the Backup Servicer. Upon the Backup Servicer's receipt of the notice, the applicable Servicer and the Backup Servicer will be required to work together to achieve a Loan Portfolio Conversion. Within one hundred fifty (150) days of receipt of the notice and in accordance with the schedule provided by the Backup Servicer, the applicable Servicer will be required to have transmitted the necessary electronic files, copies, and/or records (or such other format acceptable to the Backup Servicer) to the Backup Servicer to enable the Backup Servicer to convert each Financed Student Loan then serviced by the applicable Servicer to the Backup Servicer's system for servicing. Under the FFELP Loan Backup Servicing Agreement, the Backup Servicer will not have any obligation to convert the applicable Financed FFELP Loans for servicing prior to one hundred fifty (150) days after the Backup Servicer's receipt of the notice; however, the Corporation will be required to conduct the transmission of the electronic files and records within a shorter period of time upon request of the Backup Servicer, with such shorter period of time not to be less than thirty (30) days of receipt of notice of a Servicer Transfer Trigger. Under the Alternative Loan

Backup Servicing Agreement, the Backup Servicer will not have any deadline to convert the applicable Financed Alternative Loans for servicing. Under the Backup Servicing Agreements, the Backup Servicer will be required to notify the Corporation and the Trustee that the Portfolio Conversion has been completed within two (2) Business Days after such completion. Such Servicer will be responsible for the continued servicing of the applicable Financed Student Loans until such Portfolio Conversion shall have been completed. The Backup Servicer will not have any obligations with respect to any Student Loans at any time prior to conversion of such Student Loans to the Backup Servicer's system for servicing, other than to remain prepared to convert the applicable Financed Student Loans to the Backup Servicer's system for servicing by the Backup Servicer. A Portfolio Conversion will not necessarily include delivery of all records relating to the applicable Financed Student Loans, to the extent such records are not required for completion of the Portfolio Conversion.

Under the FFELP Loan Backup Servicing Agreement, although the Corporation and the Backup Servicer have one hundred and fifty (150) days to make the above-described transfer, the time for the Backup Servicer to begin servicing the applicable Financed FFELP Loans may be in excess of one hundred and eighty (180) days from the initial occurrence of the events described above due to various cure periods and notice requirements in the General Resolution and the FFELP Loan Backup Servicing Agreement.

Term of Backup Servicing Agreements

General. Each Backup Servicing Agreement has an initial term of five (5) years; provided that the term will extend for successive one (1) year periods, unless, prior to receipt of a notice of a Servicer Transfer Trigger, any party thereto notifies the other parties of its intent to terminate the agreement by written notice provided to such other parties at least ninety (90) days prior to the next scheduled termination date. The term of each Backup Servicing Agreement will automatically extend, without any further act of the parties, until the payment in full of all the Financed Student Loans that have been the subject of a Portfolio Conversion. The Backup Servicer will agree that the servicing of the applicable Financed Student Loans after a Portfolio Conversion will be serviced in accordance with the applicable Servicing Standards set forth therein for the amount set forth therein on the applicable Fee Schedule until such time as all of the Financed Student Loans subject to a Portfolio Conversion shall have been paid in full.

Termination by the Corporation. Each Backup Servicing Agreement may be terminated at the option of the Corporation upon the occurrence of any of the following (each a "**Backup Servicer Termination Event**"):

(i) The Backup Servicer shall fail to perform or observe any of the material provisions or covenants of the applicable Backup Servicing Agreement and such failure shall materially and adversely affect the Corporation's ability to perform its obligations thereunder;

(ii) If the Backup Servicer (a) shall discontinue business, **or** (b) generally shall not pay its debts as such debts shall become due, **or** (c) shall make a general assignment for the benefit of creditors, **or** (d) shall admit 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) shall suffer or permit to continue unstayed and in effect for thirty (30) consecutive days, any judgment, decree, or order, entered by a court of competent jurisdiction, that 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 shall 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 the Backup Servicer to perform its obligations under the applicable Backup Servicing Agreement;

(iv) With respect to the Alternative Loan Backup Servicing Agreement, the Backup Servicer shall fail to remain eligible to service alternative loans under any applicable state and federal law or the terms and conditions of Alternative Loan Backup Servicing Agreement, and with respect to the FFELP Loan Backup Servicing Agreement, the Backup Servicer shall fail to remain eligible to service FFELP loans under the Higher Education Act, the related regulations, any applicable state and federal law, or the terms and conditions of FFELP Loan Backup Servicing Agreement; or

(v) The Corporation shall terminate the applicable Backup Servicing Agreement in accordance with the provisions thereof described under “*General*” above.

In the event of the occurrence of an event set forth in (i) or (iii) above, the Backup Servicer will have the right to cure any such breach or error to the full satisfaction of the Corporation or the Trustee within sixty (60) days of the earlier of (i) receipt by the Backup Servicer of written notice of such breach or error or (ii) actual discovery of such breach or error by the Backup Servicer.

Upon the occurrence of a Backup Servicer Termination Event, the Corporation will have the right, in its discretion, to direct the Backup Servicer to convert the applicable Financed Student Loans to another backup servicer’s system in a commercially reasonable manner. Under the Alternative Loan Backup Servicing Agreement, the cost of this conversion will be required to be borne by the Corporation, provided, the Backup Servicer will be required to absorb its internal costs associated with the removal of the Financed Alternative Loans from its servicing system. Under the FFELP Loan Backup Servicing Agreement, the cost of this conversion will be required to be borne by the Backup Servicer.

Termination by the Backup Servicer. Either Backup Servicing Agreement may be terminated at the option of the Backup Servicer upon the occurrence of any of the following (each, a “*Termination Event*”):

(i) The Corporation shall fail to perform or observe any of the material provisions or covenants of such Backup Servicing Agreement and such failure shall materially and adversely affect the Backup Servicer’s ability to perform its obligations thereunder;

(ii) The Backup Servicer shall determine that it is no longer able to perform its obligations as a backup third party servicer and shall give one hundred eighty (180) days’ written notice to the Corporation and the Trustee;

(iii) With respect to the Alternative Loan Backup Service Agreement, the Corporation shall discontinue utilizing the Star Servicing System platform or another reasonably compatible system, and with respect to the FFELP Loan Backup Service Agreement, the Corporation shall discontinue utilizing the SLSS platform or another reasonably compatible system, as set forth in the FFELP Loan Backup Servicing Agreement; or

(iv) The Backup Servicer shall terminate the applicable Backup Servicing Agreement in accordance with the provisions thereof described under “*General*” or because of the failure by the Corporation to pay for its services thereunder.

In the event of the occurrence of an event set forth in (i) above, the Corporation will have the right to cure any such breach or error to the Backup Servicer’s full satisfaction within sixty (60) days of written notice of such breach or error. In the event such breach shall not be cured within the cure period, the Backup Servicer will be permitted to terminate the applicable Backup Servicing Agreement.

Upon the occurrence of a Termination Event, the Corporation will have the right, in its discretion, to direct the Backup Servicer to convert the applicable Financed Student Loans to another backup servicer’s system in a commercially reasonable manner. The cost of this conversion will be required to be borne by the Corporation.

Payment of the Notes and/or the Financed Student Loans. Each Backup Servicing Agreement will also terminate upon the payment of the Notes in full and the satisfaction of the General Resolution. Notwithstanding the foregoing, the provisions of the Alternative Loan Backup Servicing Agreement relating to Alternative Loans subject to an Alternative Loan Portfolio Conversion will remain in effect until such Financed Alternative Loans shall be paid in full, and the provisions of the FFELP Loan Backup Servicing Agreement relating to Financed FFELP Loans subject to a FFELP Loan Portfolio Conversion will remain in effect until such Financed FFELP Loans shall be paid in full, in either case, unless otherwise terminated as described in “*Termination by the Corporation*” or “*Termination by the Backup Servicer*” above.

Backup Servicer's Limited Liability

If the Backup Servicer shall take or fail to take any action in connection with servicing the Financed FFELP Loans (whether or not such action or inaction amounts to negligence) that causes any Financed FFELP Loan to be denied the benefit of any applicable interest subsidy payment, special allowance payment, or guaranty, the Backup Servicer will be permitted a reasonable time to cause such benefits to be reinstated. If such benefits shall not be reinstated within twelve (12) months of such denial, the Backup Servicer will be obligated to purchase the applicable Financed FFELP Loans at an amount equal to the amount the applicable guaranty agency would otherwise have paid but for the Backup Servicer's error or omission. The Trustee's and the Corporation's remedies for breach of the FFELP Loan Backup Servicing Agreement by the Backup Servicer will be limited as described in this paragraph.

If the Backup Servicer shall take or fail to take any action in connection with servicing the Financed Alternative Loans (whether or not such action or inaction amounts to negligence) that causes any Financed Alternative Loan to be unenforceable, the Backup Servicer will be permitted a reasonable time to cure the account. If such cure does not provide sufficient enforceability of the Financed Alternative Loan within twelve (12) months of identification of the error or omission, the Backup Servicer will be obligated to purchase the applicable Financed FFELP Loans at an amount equal to the outstanding principal balance thereof and accrued interest thereon. The Trustee's and the Corporation's remedies for breach of the Alternative Loan Backup Servicing Agreement by the Backup Servicer will be limited as described in this paragraph.

In no event will the Backup 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 damages, each of which is excluded regardless of whether or not the Backup Servicer has been advised of the possibility of such damages. Any action for the breach of any provisions of either Backup Servicing Agreement will be required to be commenced within one (1) year after the applicable Financed Student Loans leave the Backup Servicer's servicing system.

Notwithstanding the foregoing, if the Corporation or the Backup Servicer shall be rendered unable, in whole or in part, by a force not reasonably within the control of that party (including acts of God, acts of war, riots, insurrections, illegality of performance, strikes, or other industrial disturbances, breakage, or accident to machinery or equipment, fires, earthquakes, hurricanes, floods, and other disasters) to satisfy its obligations under the applicable Backup Servicing Agreement, such party will not be deemed to have breached any such obligation upon delivery of written notice of such event to the other party hereto, for so long as such party remains unable to perform such obligation as a result of such event.

THE TRUSTEE

U.S. Bank National Association ("**U.S. Bank**"), a national banking association, will act as Trustee. U.S. Bancorp, with total assets exceeding \$419 billion as of June 30, 2015, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of June 30, 2015, U.S. Bancorp served approximately 18 million customers and operated over 3,000 branch offices in 25 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 51 Domestic and 2 International cities. U.S. Bank has provided corporate trust services since 1924. As of June 30, 2015, U.S. Bank was acting as trustee with respect to over 85,000 issuances of securities with an aggregate outstanding principal balance of over \$3.3 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment application to an investor's acquisition and holding of securities such as the Notes. 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 the Notes.

REPORTS TO NOTEHOLDERS

The Corporation will post investor reports on its website located at <http://www.scstudentloan.org/investor> on or prior to the last day of each month. The Investor Report will be dated as of the Distribution Date and contain the information described below.

All of the Investor Reports provided by the Corporation will be required to contain or incorporate by reference loan data for Financed Student Loans and contain, at a minimum: summary information about the Financed Student Loans, the Outstanding principal balances of the Notes, the interest rates on the Notes, the principal and interest to be paid to Noteholders on such Distribution Date, funds reconciliation and activity, waterfall transfers and interest rates on the Notes for the upcoming month. Additionally, the Investor Reports filed in January, April, July, and October will also include the following information: loan type distribution, loan status distribution, school type distribution, delinquency distribution, collection activity on the Financed Student Loans, CPR prepayment experience of the Financed Student Loans, the Pool Balance, defaults, recoveries, gross and net rejects and the Parity Percentage.

The Corporation will also cause the Servicer to provide it with its Servicer Compliance Report, and the Corporation will, within three (3) business days of receipt thereof, file such Servicer Compliance Report with each Repository and make such Servicer Compliance Report available on the Corporation's website (www.scstudentloan.org) to all Beneficial Owners at no cost to the Beneficial Owners.

Loan level data relating to the Financed Student Loans, including all material loan characteristics, in a format acceptable to the Corporation and the Servicer will be made available to all Beneficial Owners monthly upon email request directed to the Corporation at investor_relations@scstudentloan.org.

The Administrator will be required to keep proper books and accounts in which complete and accurate entries shall be made of all transactions relating to the Student Loan Finance Program, and all Funds and Accounts established by the General Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the Beneficial Owners of an aggregate of not less than twenty five percent (25%) in principal amount of Notes then Outstanding or their representatives duly authorized in writing.

Within one hundred twenty (120) days from the end of each fiscal year of the applicable Servicer, the Corporation will be required to cause each Servicer to provide its annual audited financial statements to the Corporation and to post such annual audited financial statements on the website of the Corporation.

Within one hundred twenty (120) days from the end of each fiscal year of the Corporation, the Corporation will post its annual audited financial statements on the website of the Corporation.

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

The Corporation will be relying on an exclusion or exemption under the Investment Company Act contained in §3(c)(10) under the Investment Company Act of 1940, as amended, although there may be additional exclusions or exemptions available to the Corporation.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

This summary is included for general information only and may not be applicable depending on a Holder's particular situation. Holders are strongly urged to consult their tax advisor as to the specific tax consequences to them of the ownership of the Notes, including the applicability and effect of federal, state, local, and foreign income and other tax laws in their particular circumstances.

The following is a summary of certain United States federal income tax consequences resulting from the ownership and disposition of the Notes, for the Holders described below. This summary does not consider all the possible United States federal income tax consequences of the ownership or disposition of the Notes, and is not intended to reflect the particular tax situation of any Beneficial Owner. Moreover, this summary addresses only Holders who acquire the Notes and who hold the Notes as capital assets within the meaning of §1221 of the Code. It does not address special tax rules that may apply to certain Holders, including, without limitation, banks and other financial institutions, insurance companies, dealers in securities or currencies, tax-exempt entities, individual

retirement and other tax deferred accounts, persons who hold the Notes as a part of a straddle, conversion or integrated transaction, and persons that have a “functional currency” other than the U.S. dollar.

This summary is based upon the United States federal tax laws and Treasury regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or the interpretations of tax laws, any of which may be applied retroactively. The Corporation has not sought any ruling from the Internal Revenue Service with respect to statements made and conclusions reached in this discussion, and there can be no assurance that the Internal Revenue Service will agree with these statements and conclusions. This summary does not discuss the tax laws of any state, local or foreign governments.

As used herein, the term “**U.S. Holder**” means a Beneficial Owner of the Notes that is for United States federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, including an entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including, the District of Columbia); (iii) an estate the income of which is subject to United States federal income taxation regardless of its source; or (iv) a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

The tax treatment of a partner in a partnership (including an entity treated as a partnership for United States federal income tax purposes) will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult their tax advisors about the United States federal income tax consequences of the ownership and disposition of the Notes.

The purchasers of the Notes are expected to be U.S. Holders and the remainder of this discussion assumes that the sole Holders of the Notes will be U.S. Holders.

As used herein, the term “**Remaining Redemption Amount**” means the total of all future payments to be made with respect to a Note other than payments of qualified stated interest, and the term “**Weighted Average Maturity**” means the number of years to its maturity, based on the anticipated weighted average life of the Notes, calculated using the “prepayment assumptions,” if any, and weighting each payment by reference to the number of full years elapsed from the closing date prior to the anticipated date of such payment.

Tax Characterization of the Corporation, the Notes and the Trust Created by the Resolution

Characterization of the Corporation. The Corporation has been determined by the Internal Revenue Service to be an organization exempt from tax under §501(c)(3) of the Code. The Corporation is listed in the September 14, 2015, update of Exempt Organizations Select Check which is the electronic successor to Internal Revenue Service Publication 78, Cumulative List of Organizations described in §170(c) of the Code. The Corporation believes that it has not taken any action or omitted to take an action that would result in the Internal Revenue Service revoking the Corporation’s status as an organization described in §501(c)(3) of the Code. The Corporation has determined that it will not have unrelated business taxable income with respect to the student loans that are part of the trust estate created by the Resolution. It is possible that the Internal Revenue Service and the courts may disagree with such determinations.

Characterization of the Notes as Debt. Although there is no authority directly on point, the Notes should be treated as debt for federal income tax purposes, rather than as an interest in the student loans and other assets of the trust estate created under the Resolution. This determination is based on the representations, warranties and covenants set forth in the Resolution and upon an assumption that the terms of the Resolution will be complied with, that the terms and characteristics of the Notes will be as described in this Offering Memorandum and that the financial information and projections set forth in this Offering Memorandum are accurate and complete in all material respects. The determination that the Notes constitute debt for federal income tax purposes will also be based upon certain representations and certifications of the Corporation, relating to certain factual matters, including, but not limited to, a management expected case cash flows. The determination that the Notes constitute debt for federal income tax purposes will not be binding on the courts or the Internal Revenue Service. There is no assurance that the Internal Revenue Service will not assert a contrary position or that a court would not agree with such contrary position. The Corporation will treat the Notes as debt for all federal income tax purposes. The U.S.

Holders by acceptance of the Notes agree to treat the Notes as debt for federal income tax purposes and to take no action inconsistent with that treatment.

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 Internal Revenue Service and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form. The Corporation believes that it has retained the preponderance of the primary benefits and burdens associated with ownership of the Financed Student Loans and that as a result, the Corporation should be treated as the owner of the Financed Student Loans for federal income tax purposes. If, however, the Internal Revenue Service were successfully to assert that this transaction should be treated as a sale of the Financed Student Loans, the Internal Revenue Service could further assert that the trust estate created pursuant to the Resolution, 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. See discussion under heading “*Tax Characterization of the Trust Estate Created by Resolution*” below.

The Corporation has not requested, nor does the Corporation intend to request, a ruling from the Internal Revenue Service regarding the characterization of the Notes. The Internal Revenue Service could assert that, for federal income tax purposes, the issuance of the Notes contemplated by this Offering Memorandum constitutes a sale of the assets comprising the trust estate (or an interest therein) to the U.S. Holders of the Notes or that the relationship which will result from the issuance of Notes is that of a partnership between Corporation and the U.S. Holders of the Notes or as an equity interest in the Corporation. U.S. Holders should consult their own tax advisors regarding the tax consequences to them if the Notes are held to constitute interests in the assets comprising the trust estate or partnership interests, including material adverse effects to U.S. Holders who are tax-exempt persons.

Except as noted herein, the remainder of this discussion assumes that the Notes will be treated as debt for federal income tax purposes.

Tax Characterization of the Trust Estate Created by the Resolution. The Corporation is treating the trust estate created by the Resolution as assets of the Corporation and the Notes as debt of the Corporation. If the Notes are not treated as debt of the Corporation for federal income tax purposes, the Corporation intends to treat the trust estate created under the Resolution as a partnership, and not as an association taxable as a corporation. If the trust estate is deemed to be a partnership for federal income tax purposes, the Corporation intends to take the position that the trust estate is not treated as a publicly traded partnership by reason of §7704(c) of the Code (dealing with the exemption for partnerships with passive-type income). The foregoing exemption does not apply to passive income derived by certain financial companies. If this position is upheld, the resulting partnership would not be subject to federal income tax. Rather, the Corporation and each U.S. Holder of the Notes would be taxed individually on their respective distributive shares of the partnership’s income, gain, loss, deductions and credits, regardless of any cash distributions on the Notes. If the Internal Revenue Service holds that the Notes constitute partnership interests, or interests in the assets comprising the trust estate, rather than debt, the amount and timing of items of income and deduction of U.S. Holders of the Notes could differ materially from the tax consequences set forth in the following summary and U.S. Holders (especially tax-exempt entities) may suffer adverse consequences in such event. Further, such entity could be treated as a corporation and subject to entity level tax.

The Corporation has not requested, nor does it intend to request a ruling from the Internal Revenue Service regarding the classification of the trust estate created by the Resolution for federal income tax purposes. If the Internal Revenue Service were to successfully assert that the trust estate created by the Resolution was properly classified as an association, or a publicly traded partnership, taxable as a corporation, that entity would be subject to United States federal income tax on the income derived from the Financed Student Loans which could materially reduce cash available to make payments on the Notes. Cash payments to the U.S. Holders of the Notes treated as equity owners generally would be treated as dividends for tax purposes to the extent of such corporation’s accumulated and current earnings and profits. A similar result would apply if the U.S. Holders of the Notes were deemed to have acquired stock or other equity interests in the Corporation.

Ownership and Disposition of the Notes.

Treatment as Variable Rate Debt Instruments. The Corporation intends to treat the Notes as variable rate debt instruments governed by §1.1275-5 of the Treasury regulations (the “**VRDI Regulations**”).

The Corporation’s determination that the Notes will be treated as variable rate debt instruments is binding on all U.S. Holders unless a U.S. Holder expressly discloses its differing position in a statement attached to its timely filed United States federal income tax return for the taxable year during which the Notes were acquired. The Corporation’s determination is not, however, binding on the Internal Revenue Service, and it is possible that the Internal Revenue Service could assert a contrary position.

If the Notes were treated as contingent payment debt instruments, the timing, amount and character of income recognized may be materially different from the consequences described below. U.S. Holders should consult their own tax advisor regarding the tax consequences that would apply if the Notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will be treated as variable rate debt instruments.

Notes—Stated Interest. Stated interest on the Notes will constitute qualified stated interest under the VRDI Regulations, and will generally be taxable as ordinary income at the time it is paid or accrued, in accordance with the U.S. Holder’s usual method of accounting for tax purposes.

Original Issue Discount (“OID”). A Note will be treated as issued with OID if the Note’s “stated redemption price at maturity” equals or exceeds its issue price by more than a *de minimis* amount. For these purposes, a “*de minimis* amount” means the product of 0.25% of the Note’s stated redemption price at maturity and the Weighted Average Maturity of such Note. Generally, the issue price of a Note is the first price at which a substantial amount of the Notes is sold to persons other than placement agents, underwriters, brokers or wholesalers. The stated redemption price at maturity of a Note is generally equal to all payments on a Note other than payments of “qualified stated interest.” Assuming that the stated interest on the Note is qualified stated interest, the stated redemption price would equal the par amount of the Note. Any *de minimis* OID must be included in income as principal payments are received on the Notes in the proportion that each such payment bears to the original principal balance of the Notes.

If the Notes are treated as issued with OID, a U.S. Holder will be required to include OID in income before the receipt of cash attributable to such income using a constant yield method. The amount of OID generally includible in income is the sum of the daily portions of OID with respect to a Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder holds the Note. Special provisions apply to debt instruments which are subject to *pro rata* prepayments. Under these provisions, the computation of OID on such debt instruments must be determined by taking into account both the prepayment assumption, if any, used on the issuance of the debt instrument and the actual prepayment experience. As a result of these special provisions, the amount of OID on the Notes issued with OID that will accrue in any given accrual period may either increase or decrease depending upon the actual prepayment rate. The rules regarding OID are complex and the rules described above may not apply in all cases. Accordingly, U.S. Holders should consult their own tax advisors regarding the tax treatment of OID.

Market Discount. If a U.S. Holder purchases a Note in a secondary market transaction at a price that is less than the Remaining Redemption Amount of such Note, the Note may have “market discount.” Market Discount generally is the excess, if any, of the Remaining Redemption Amount of the Note over the U.S. Holder’s tax basis in the Note immediately after its acquisition, unless the excess is less than 0.25% of the Remaining Redemption Amount of such Note multiplied by the Weighted Average Maturity of such Note, in which case the market discount is treated as zero.

In general terms, market discount is treated as accruing ratably over the term of the note, or, at the election of the U.S. Holder, under a constant yield method. A U.S. Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis). Any such election, if made, applies to all market discount notes acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent to the Internal Revenue Service. In general, the market

discount rules treat principal payments and gain on the disposition of a debt instrument as ordinary income to the extent of the accrued market discount.

Premium. A U.S. Holder that purchases a Note at a cost greater than its Remaining Redemption Amount will be considered to have purchased such note at a premium and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of such note. Such election, once made, generally applies to all notes held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without consent of the Internal Revenue Service.

Sale, Redemption, Exchange or Other Taxable Disposition. A U.S. Holder generally will recognize gain or loss on the sale, exchange or retirement of the Notes equal to the difference between the amount realized on the sale or retirement (other than amounts attributable to accrued interest which will be taxable as interest at ordinary income rates) and the U.S. Holder's adjusted tax basis in the Notes. A U.S. Holder's tax basis in the Notes will generally equal the amount the U.S. Holder paid for the Notes reduced by any payments on the Notes that are not payments of stated interest, increased by any original issue discount included in the U.S. Holder's income with respect to the Notes or, if applicable, by any market discount previously included in gross income at the U.S. Holder's election as such market discount accrued, and reduced by any premium the U.S. Holder elected to amortize during its holding period.

Except to the extent attributable to accrued interest not previously included in income, and subject to the market discount rules discussed under the heading "*Market Discount*" above, gain or loss recognized on the sale, exchange or retirement of the Notes will be capital gain or loss and will be long-term capital gain or loss if the holding period of the Notes is more than one year. Under current United States federal income tax law, net long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for taxation at preferential rates. The deductibility of capital losses is subject to certain limitations.

Medicare Tax on Unearned Income. Certain non-corporate U.S. Holders who are individuals, trusts, or estates and whose income exceeds certain thresholds generally will be subject to an additional 3.8% tax on some or all of their "net investment income" (or their undistributed "net investment income" in the case of estates and trusts). For these purposes, net investment income includes interest and OID realized on the Notes and the net gain from the sale, exchange, redemption, retirement or other taxable disposition of the Notes, less certain deductions. U.S. Holders should consult their own tax advisors regarding the applicability of this tax.

Information Reporting and Back-up Withholding

Payments made to U.S. Holders with respect to the beneficial ownership of the Notes generally will be subject to information reporting and will be reported to the Internal Revenue Service, unless the U.S. Holder is an exempt recipient (including corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts).

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under reports its tax liability, each payment of interest and principal on the Notes may be subject to backup withholding tax at the rates specified in the Code. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the Holder furnishes the required information to the Internal Revenue Service.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the acquisition, ownership and disposition of the Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.

Tax Disclaimer

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATION IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE, NOR DOES IT PURPORT TO CONTAIN OR DISCUSS ALL OF THE TAX MATTERS THAT SHOULD BE CONSIDERED BY A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX

ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL, OR FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGES IN APPLICABLE LAWS AND THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

STATE TAX CONSIDERATIONS

In addition to the federal income tax consequences described under the heading “**CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**” herein, potential U.S. 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 the acquisition, ownership and disposition of the Notes.

COMPLIANCE WITH FOREIGN ACCOUNT TAX COMPLIANCE ACT

BY PURCHASING THE NOTES AND BECOMING A BENEFICIAL OWNER, EACH BENEFICIAL OWNER AGREES TO COLLECT AND PROVIDE THE NOTEHOLDER TAX IDENTIFICATION INFORMATION AND NOTEHOLDER FACTA INFORMATION (BOTH AS DEFINED IN EXHIBIT III - “GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS”) TO THE TRUSTEE UPON REQUEST. EACH BENEFICIAL OWNER OF A NOTE OR AN INTEREST THEREIN, BY ACCEPTANCE OF SUCH NOTE OR SUCH INTEREST IN SUCH NOTE, WILL BE DEEMED TO HAVE AGREED TO PROVIDE SUCH INFORMATION TO THE TRUSTEE. IN ADDITION, EACH BENEFICIAL OWNER OF A NOTE WILL BE DEEMED TO UNDERSTAND THAT THE TRUSTEE HAS THE RIGHT TO WITHHOLD INTEREST PAYABLE WITH RESPECT TO SUCH NOTE (WITHOUT ANY CORRESPONDING GROSS UP) ON ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THESE PROVISIONS.

ERISA CONSIDERATIONS

General

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**”). §4975 of the Code imposes substantially similar prohibited transaction restrictions on certain employee benefit plans, including tax-qualified retirement plans described in §401(a) of the Code (“**Qualified Retirement Plans**”) and on individual retirement accounts and annuities described in §§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 §3(32) of ERISA), and, if no election has been made under §410(d) of the Code, church plans (as defined in §3(33) of ERISA) (“**Non-ERISA Plans**”), are not subject to the requirements set forth in ERISA or the prohibited transaction restrictions under §4975 of the Code. Accordingly, the assets of such Non-ERISA Plans may be invested in the Notes without regard to 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 §401(a) and exempt from taxation under §501(a) of the Code is, nevertheless, subject to the prohibited transaction rules set forth in §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, §406 of ERISA and §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 §502(i) of ERISA or §4975 of the Code unless a statutory, class or administrative exemption is available. §502(l) of ERISA requires the Secretary of the 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 §408(e) of the Code, the IRA will 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 the 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 Assets Regulation

The DOL has promulgated a regulation set forth at 29 C.F.R. §2510.3-101 (the “*Plan Assets 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 §4975 of the Code, when a Plan acquires an “equity interest” in such entity. Depending upon a number of factors set forth in the Plan Assets 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 heading, the terms “plan assets” (“*Plan Assets*”) and the “assets of a Plan” have the meaning specified in the Plan Assets Regulation 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 Assets 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 Assets Regulation are applicable. An “equity interest” is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. 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 Assets Regulation.

Significant Participation Exception

In the event that the Notes cannot be treated as indebtedness for purposes of ERISA, under an exception to the Plan Assets 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 twenty-five percent (25%) or more of the value of any class of equity interests in such entity, as calculated under §3(42) of ERISA and the Plan Assets Regulation.

Because the availability of this exception depends upon the identity of the U.S. Holders of the Notes 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 the Notes in reliance upon the availability of this exception under the Plan Assets Regulation.

Prohibited Transactions

The acquisition or holding of the Notes by or on behalf of a Plan could give rise to a prohibited transaction if the Corporation or any of its respective affiliates 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 or any of its respective affiliates will not be or become a Party in Interest or a Disqualified Person with respect to a Plan that acquires the Notes.

Each Underwriter, the Trustee, the Corporation, 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 of the Notes, the acquisition of the 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 of Title I of ERISA or §4975 of the Code. Accordingly, the Notes may not be acquired using the assets of any Plan if any of either of the Underwriters, the Trustee, the Corporation, or their affiliates have investment authority for those assets, or is an

employer maintaining or contributing to the plan, unless an applicable prohibited transaction exemption is available to cover such acquisition.

Prohibited Transaction Exemptions

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).

Purchaser’s/Transferee’s Representations and Warranties

Each U.S. Holder of a Note (including a Plan’s fiduciary, as applicable) shall be deemed to represent and warrant that (i) 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 (ii) the acquisition and holding of 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 §406 of ERISA or §4975 of the Code or similar law and will not subject the Corporation or the Underwriters 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 the 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 the 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 §406 of ERISA and §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 “qualified retirement plan” that proposes to acquire or hold the Notes should consult with counsel with respect to the applicable federal, state, and local laws.

PLAN OF DISTRIBUTION

Morgan Stanley & Co., LLC on behalf of, and as representative of, the Underwriters shown on the cover page hereof (the “*Underwriters*”), has agreed, subject to certain conditions set forth in a Note Purchase Agreement (the “*Note Purchase Agreement*”) with the Corporation, that the Underwriters will purchase the Notes at the initial public offering price of the Notes at a price equal to \$181,198,975.14 (being \$198,400,000.00), the principal amount thereof, less \$15,872,000.00 of original issue discount and \$1,329,024.86 of Underwriters’ discount). The Underwriter is committed to take and pay for all of the Notes if any are taken.

The Notes are being offered for sale to the public at the prices shown on the cover page hereof. The Underwriters reserve the right to lower such initial offering prices as it deems necessary in connection with the marketing of the Notes. The Underwriters may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the initial public offering price or prices shown on the cover page hereof. The Underwriters reserve the right to join with dealers and other underwriters in offering the Notes to the public. The obligation of the Underwriters to accept delivery of the Notes is subject to the terms and conditions set forth in the Note Purchase Agreement, the approval of legal matters by counsel, and other conditions. The Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Each of the Underwriters and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment

management, principal investment, hedging, financing and brokerage services. Each of the Underwriters and its affiliates have, from time to time, performed, and/or may in the future perform, various investment banking services for the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, each of the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

Each of the Underwriters and its affiliates may also communicate independent investment recommendations, market color, or trading ideas and/or publish or express independent research views in respect of such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

Each of the Underwriters or its affiliates may retain a material percentage of the Notes for their own accounts. The retained Notes may be resold by such Underwriter or such affiliate at any time in one or more negotiated transactions at varying prices to be determined at the time of sale.

No action has been or will be taken by the Corporation or either of the Underwriters that would permit a public offering of the Notes in any country or jurisdiction other than in the United States, where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum, nor any circular, prospectus, form of application, advertisement or other material may 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.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements presented in this Offering Memorandum constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from such expectations. Investors should not place undue reliance on those forward-looking statements. When used in this Offering Memorandum, the words “estimate,” “intend,” “expect,” “assume,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, prospective investors in the Notes should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. Please review the factors described in this Offering Memorandum under “**RISK FACTORS - Experience May Vary from Assumptions**” which could cause the actual results to differ from expectations.

RATINGS

The Corporation has applied for ratings of the Notes by Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business (“**S&P**”), and Fitch Ratings (“**Fitch**”). While it is expected that the Notes will be rated “A(sf)” by S&P” and “Asf” by Fitch, there can be no assurance that such expectations will be realized. A condition to the purchase of the Notes by the Underwriters under the Note Purchase Agreement will be that the Notes be rated in one of the three highest rating categories by S&P. Such ratings reflect only the views of the respective Rating Agencies at the time such ratings are assigned. An explanation of any such respective ratings can only be obtained from such Rating Agencies. There can be no assurance that such ratings will continue for any given period of time or that any or all will not be revised downward, limited or withdrawn entirely. Any such downward revision, limitation or withdrawal may adversely affect the market price of the Notes.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened or, to the knowledge or information of the Corporation, any basis therefor, 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 moneys or security provided for the payment of the Notes or the due existence or powers of the Corporation or the Authority.

APPROVAL OF LEGALITY

The legality of the authorization, issuance and sale of the Notes is subject to the approving legal opinion of Note Counsel, McNair Law Firm, P.A., Charleston, South Carolina. Certain legal matters will be passed on for the Corporation by McNair Law Firm, P.A., Charleston, South Carolina and for the Underwriters by their counsel, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina.

FINANCIAL STATEMENTS

Attached hereto as **EXHIBIT VI** are certain financial statements of the Corporation as of and for the twelve (12) month period ended June 30, 2015, and the report thereon of Elliott Davis Decosimo LLC, independent certified public accountants. Such financial statements have been included herein in reliance upon the report of Elliott Davis Decosimo LLC in their professional capacity as independent certified public accountants. To the best of the knowledge, information, and belief of the Corporation, the financial statements included in **EXHIBIT VI** are generally representative of the financial condition of the Corporation as of the date hereof, and no event has occurred or failed to occur as of the date hereof that has or could cause the financial condition of the Corporation to vary in any materially adverse way from that shown in the financial statements included in **EXHIBIT VI**.

FINANCIAL ADVISOR TO THE CORPORATION

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 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 by the Financial Advisor 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 with respect to the accuracy and completeness of or any other matter related to such information or this Offering Memorandum.

CONFLICTS OF INTEREST; RELATIONSHIPS

D. Grant Carwile is a Managing Director of the Financial Advisor, is a member of the Corporation’s Board of Directors, is currently working as a paid part-time adviser to the Corporation (independently of his work as Financial Advisor), and has accepted an offer to become an employee and officer of the Corporation to be effective as of January 1, 2016.

MISCELLANEOUS

All quotations from, and summaries and explanations of, the Higher Education Act, the Act, the General Resolution and the Series Resolution contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. The Exhibits attached hereto are a part of this Offering Memorandum.

Any statements in this Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Offering Memorandum is not to be construed as a contract or agreement between the Corporation and the purchasers or registered owners of any of the Notes.

DESCRIPTION OF THE ALTERNATIVE LOAN PROGRAMS

General

Substantially all of the Alternative Loans within the Trust Estate were originated by the Corporation pursuant to its Palmetto Assistance Loan program. A small portion of the Alternative Loans consist of Consolidation Loans offered to borrowers by the Corporation to consolidate their existing private/alternative loans, which did not have to be private/alternative loans originally made by the Corporation. See the heading “CHARACTERISTICS OF THE FINANCED STUDENT LOANS” in the Offering Memorandum.

Eligible Borrowers and Eligible Schools

The Alternative Loans were offered to citizens or permanent residents of the United States who met certain credit requirements and who were in good standing on any other educational loans held by the Corporation; however, a non citizen borrower was required to provide a creditworthy co-signer that was a U.S. citizen. The Alternative Loans were offered to students or parents of students enrolled in approved certificate or degree programs on at least a half time basis, and the proceeds of such Alternative Loans were required to be used solely for educational expenses. The school was required to certify that (i) the student was accepted for enrollment on at least a half time basis and was making satisfactory academic progress in a program that is eligible for the loan type certified, (ii) the applicant was not incarcerated, (iii) that the applicant had been determined eligible for the loan amount certified and (iv) that the disbursement schedule complied with the school’s academic calendar. A school was permitted to certify a loan for a borrower for a single term, multiple terms, or for a full academic year. Undergraduate students who were less than twenty-four (24) years old (other than undergraduate student borrowers who are attending Medical University of SC) or who did not meet the minimum credit requirements were required to have a co-signer. Co-signers must have been at least twenty-four (24) years of age, employed or retired, and able to satisfy certain credit criteria.

The Corporation offered certain Consolidation Loans for private/alternative loans of borrowers that were in either a grace or repayment status. A borrower under a consolidation loan was required to have at least \$5,000 in private/alternative loans eligible to be consolidated.

An eligible school was defined as one that was deemed eligible by the Department of Education for participation in the Title IV programs under the Higher Education Act, including eligible foreign schools. An exception was made for the Charleston School of Law, which was deemed an eligible school.

Origination

The annual maximum amount of an Alternative Loan was the cost of attendance at the eligible school less any estimated financial assistance awarded during the enrollment period, and each Alternative Loan was made co payable to the school and the borrower and was sent to the school for disbursement (except for a foreign school). Consolidation Loans were disbursed directly to the lender(s) identified on the borrower’s application/promissory note. The aggregate maximum amount per borrower of an Alternative Loan was \$150,000. After January 1, 2002, there were no origination or guaranty fees on the Alternative Loans. If the borrower received Alternative Loan funds prior to the first day of classes and the registered student did not attend classes, never enrolled, withdrew, or was expelled prior to the first day of classes, then the borrower was required to repay the Alternative Loan funds to the Corporation or the school. If the borrower failed to do so, then the borrower was considered an ineligible borrower and the Corporation demanded immediate repayment from the borrower.

If a school delivered Alternative Loan proceeds to or on behalf of a student on or after the first day of the period of enrollment for which the loan was intended, and the school was unable to document that the student attended classes on at least a half time basis during the enrollment period, then the borrower was ineligible for those funds due to a school error and the school was required to promptly return the Alternative Loan funds to the Corporation. If a student dropped to less than half time status during a loan period, the Corporation determined whether the borrower was eligible for funds that had been already disbursed or were still scheduled as future disbursements. If a determination was made that the borrower was ineligible for funds that were already disbursed, a request for the return of such Alternative Loan funds was made to either the school or the student, as applicable. If

a determination was made that the borrower was eligible for future disbursements, the Corporation corrected the separation date to allow for such future disbursement to occur.

A school was permitted to revise a borrower's eligibility for Alternative Loan funds. If a student received additional financial aid, the school may have been required to decrease the amount of the Alternative Loan originally certified. If a disbursement had already been made, adjustments were made to future disbursements. A school was also permitted to increase the borrower's eligibility up to the amount requested by the borrower and co-signer (if applicable). If the borrower desired to borrow additional Alternative Loan funds in excess of that originally requested, the borrower was required to complete a new application and promissory note.

Interest Rates

Interest on Alternative Loans is variable, with most being indexed to the Prime Rate or LIBOR (London Inter-Bank Offered Rate). The Alternative Loans with applications received prior to May 1, 2008, bear interest indexed off of the current Prime Rate published by Bloomberg, L.P.[®] (plus one percent (1%) for borrowers with certain lower FICO scores), adjusted each calendar quarter. The Alternative Loans with applications received on or after May 1, 2008, but prior to June 1, 2008, bear interest at a variable rate, indexed off of the current Prime Rate published by Bloomberg, L.P.[®] The Prime Rate is defined by the "bank prime loan" interest rate as reported on the last business day prior to the beginning of each calendar quarter. The Alternative Loans with applications received on or after June 1, 2008, bear interest indexed off of the 3 month LIBOR rate published by Bloomberg, L.P.[®] plus four and one-half percent (4.5%), adjusted each calendar quarter. The LIBOR rate is defined as the quoted 3-month rate two business days prior to the end of each calendar quarter. Certain of the Alternative Loans were indexed to the bond equivalent yield on 91 day U.S. Treasury Bills, plus a specified spread. The Annual Percentage Rate (APR) on an Alternative Loan may increase during the term of such Alternative Loan if the corresponding interest rate index increases. Any increase in an interest rate will take the form of higher periodic payments, more payments of the same amount, or a larger amount due at maturity. Alternative Loan borrowers are eligible for a twenty-five hundredths percent (0.25%) interest rate reduction when signed up for making their Alternative Loan payments by bank drafts. See the heading "**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**" in the Offering Memorandum.

Interest on an Alternative Loan begins to accrue on the date of each disbursement and continues to accrue until the principal is paid in full. Interest accrues on the unpaid principal balance, and on any unpaid accrued interest added to the principal balance at repayment or at the end of any forbearance or grace period. Interest is calculated on the basis of 365.25 days in a year.

The Alternative Loan program has a six(6) month grace period which begins when the student ceases to be enrolled on at least a half time basis. When an Alternative Loan converts to a repayment status after the end of any grace period, any unpaid interest is added to the current outstanding principal balance of the loan; however, a Consolidation Loan does not have a grace period.

A borrower under an Alternative Loan may be granted forbearance or deferment for the following reasons: (i) enrollment in school on at least a half time basis, (ii) internship or residency, (iii) military mobilization, (iv) natural disaster, (v) bankruptcy, (vi) economic hardship, and (vii) unemployment. Forbearances for economic hardship and unemployment are at the discretion of the Corporation and are limited to twelve (12) months in any twenty-four (24) month period and to forty-eight (48) months during the life of the Alternative Loan. Interest continues to accrue on the borrower's account during any period of forbearance, and the accrued interest will be capitalized at the end of each period of forbearance. If a borrower has used the grace period in its entirety, then such borrower is no longer eligible for another grace period and must enter a repayment status after any period of forbearance for at least half time enrollment.

Repayment Terms

Three months after the student's graduation/separation date, the borrower is sent a Repayment Schedule and Disclosure Statement complying with the Regulation Z, Truth and Lending Requirements, including:

- (i) the estimated amount of interest that is scheduled to accrue over the life of the loan;
- (ii) the total amount of principal plus estimated accrued interest;

- (iii) a breakdown of the amount financed, including the amount paid directly to the borrower, the amount paid to the educational institution and the amount of unpaid interest that has capitalized; and
- (iv) the number of payments, the amount of payments and the payment due date.

The maximum repayment terms for Alternative Loans (other than Consolidation Loans) are as follows:

Loan Amount	Maximum Repayment Term
Less than \$10,000	12 years
\$10,000—\$19,999	15 years
\$20,000—\$39,999	20 years
\$40,000—\$59,999	25 years
\$60,000 or more	30 years

The maximum repayment terms for Consolidation Loans are as follows:

Loan Amount	Maximum Repayment Term
Less than \$7,500	10 years
\$7,500—\$9,999	12 years
\$10,000—\$19,999	15 years
\$20,000—\$39,999	20 years
\$40,000—\$59,999	25 years
\$60,000 or more	30 years

An Alternative Loan borrower may have a standard or graduated (twenty-five percent (25%) increase every twenty-four (24) months) repayment schedule.

Payments are applied first to outstanding fees (such as late charges and insufficient funds charges), then to accrued interest and then to principal. A borrower is not charged a prepayment penalty for paying off all or any portion of an Alternative Loan prior to its maturity date. If a borrower makes a large lump sum prepayment on an Alternative Loan and requests that the Alternative Loan be re-disclosed for a smaller payment amount, an Alternative Loan may be re disclosed as long as the re-disclosure is made within the applicable loan term.

If a payment is more than ten (10) days' late, the borrower is charged a late charge of five percent (5%) of the unpaid amount, not to be less than \$6.20 or more than \$15.50. These amounts may be increased if permitted by South Carolina law. A \$25.00 fee will be charged to a borrower's account if a payment is returned due to insufficient funds or any other reason.

Payments on Alternative Loans may be combined by a borrower with any payments on a FFELP Loan made by the Corporation to such borrower. Payment allocation is prorated by the Corporation based on the outstanding balance of each loan at the time the payment is received if all the due dates are the same.

All schools, except foreign schools, are required to report student enrollment status changes. The Corporation verifies such data to determine whether a student was enrolled for the period for which the Alternative Loan was intended and also to verify the student separation date. The Corporation updates a borrower's loan status based upon data received, and once the student is no longer enrolled on at least a half time basis the student's separation date is updated on the system and the corresponding Alternative Loan is placed in a grace period status.

Default Aversion Activities

Collection activity begins on an Alternative Loan when it is sixteen (16) days' delinquent. Collection activity consists of an initial "courtesy" telephone call, continued diligent telephone calls, written collection notices, skip tracing (if necessary), reporting such delinquencies to credit agencies (at sixty (60) days' delinquent) and a final demand letter (at one hundred forty-five (145) days' delinquent). The Corporation continues its collection efforts until the account is 180 days delinquent, at which time the account is declared in default and may be referred to a

private collection agency or continue to be collected by the Corporation. Once an account reaches one hundred eighty (180) days' delinquent, South Carolina law permits the Corporation to attempt debt recovery through state income tax refund off set. An Alternative Loan which is deemed uncollectable may be written off; however, collection activities continue on the Alternative Loan.

Default is defined as the failure of a borrower (or co-signer, if any) to make installment payments when due, or to meet other terms of the promissory note or other written agreement(s) with the Corporation under circumstances where the Corporation reasonably concludes that the borrower no longer intends to honor the borrower's obligation to repay the loan, provided that this failure persists for the most recent period of one hundred eighty (180) consecutive days. If the borrower defaults on the loan, the borrower is required to pay reasonable court costs and attorney fees not to exceed fifteen percent (15%) of the amount due. Defaults of a borrower (and co-signer, if any) are reported to the appropriate national credit bureau organizations.

A borrower under an Alternative Loan may declare bankruptcy. Bankruptcy is a judicial action to halt the normal collection of debts against the petitioner, and cause those debts to be satisfied at the direction of the court. Generally, student loans may not be discharge due to bankruptcy. Alternative Loans are subject to the limitations on dischargeability in bankruptcy contained in the provisions of the United States Bankruptcy Code, including, but not limited to, 11 U.S.C. §523. See the heading "**RISK FACTORS - Changes in Relevant Laws**" in the body of the Offering Memorandum. If the Corporation is notified that a borrower or a co-signer has filed a petition for relief in bankruptcy, the Corporation must immediately suspend any collection efforts against the borrower or co-signer that are outside of the bankruptcy proceeding. If the Corporation receives notice that a borrower or co-signer is seeking an undue hardship discharge, the Corporation is permitted to contest the relief sought by the borrower or co-signer. Upon notice from the bankruptcy court that the borrower's or co-signer's bankruptcy petition has been dismissed or if the Alternative Loan is determined nondischargeable, the Corporation will place the borrower's account back into the account status it was in prior to the bankruptcy petition. During the pendency of a bankruptcy proceeding, the Alternative Loan(s) will be treated as if they were in a forbearance status and accrued interest will be capitalized. If notified by the bankruptcy court that all or a portion of the borrower's Alternative Loan(s) have been discharged, the Corporation will take action to write off those portions.

Upon the death of a borrower, the Alternative Loan may be discharged; however, the Corporation reserves the right to pursue the unpaid portion of the Alternative Loan against the borrower's estate. If there is a co-signer on the Alternative Loan(s) and a balance of \$5,000 or more remains, the Corporation will attempt collections from the co-signer as it would a normal borrower. The borrower will remain liable for the unpaid portion of the Alternative Loan owed in the event of death of the co-signer. There are no provisions to release a borrower or co-signer from the unpaid portion of an Alternative Loan due to total and permanent disability of the borrower, the student or any co-signer, and both the borrower and any co-signer remain liable for such Alternative Loan.

EXHIBIT II

**SUMMARY OF CERTAIN PROVISIONS OF
THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**

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**SUMMARY OF CERTAIN PROVISIONS OF
THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**

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INTRODUCTION

Generally

The Federal Family Education Loan Program (“*FFELP*”), formerly known as the Guaranteed Education Loan Program, is part of a number of federal education programs contained in the Higher Education Act of 1965, as amended (the “*Higher Education Act*”) and was originally enacted by the U.S. Congress and signed into law as Public Law 89-329. FFELP provisions are presently contained in Title IV, Part B of the Higher Education Act and are codified at 20 United States Code, §§1071 *et seq.*

FFELP included:

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

FFELP attempted to assure access of students and their parents to loans for postsecondary educational endeavors by providing lenders with certain federal incentives to make what otherwise would be unsecured higher risk loans. Toward that end, qualifying loans under FFELP are either (i) guaranteed by a state guaranty agency or authorized private guaranty agency and reinsured by the U.S. Government or (ii) insured directly by the U.S. Secretary of Education (the “*Secretary*”). One type of FFELP loan made to need-qualified students is subject to special treatment under which the Secretary pays interest on the loan while the student is in school and prior to the time the student is scheduled to begin loan repayment. Several types of FFELP loans are subject to so-called “Special Allowance Payments” where the Secretary makes periodic payments to loan holders to make up the difference between the interest rate paid by the borrower and the calculated market interest rates or where the Secretary recaptures excess interest on certain FFELP loans.

A federal direct student loan program (“*FDDL*”) was created by the Student Loan Reform Act of 1993 and became operational for the 1994-1995 academic year. Unlike the FFELP, which relied on a national network of private for-profit and nonprofit lenders as well as state and local governmental and quasi-governmental lenders for the origination and funding of loans, the FDDL utilizes direct federal funding of student loans through participating educational institutions.

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

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

Legislative and Administrative Matters

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

regulatory actions upon expenditures by the Department of Education or upon the financial condition of the Corporation.

Elimination of the Federal Family Education Loan Program

The Health Care and Education Reconciliation Act of 2010 was signed into law on March 30, 2010, and, among other things, requires that all new federal student loans be originated through the FDLP effective July 1, 2010. The Corporation's ability to originate new FFELP loans terminated on June 30, 2010.

The Bill also allows borrowers having loans in both FFELP and FDLP to consolidate during in-school and grace periods from July 1, 2010, to June 30, 2011, which is earlier than is currently allowed by law.

THE FEDERAL STAFFORD LOAN PROGRAM

Generally. FFELP currently provides for (a) a Stafford Loan Program, which includes (i) federal insurance or separate guaranty and federal reinsurance (described below), (ii) interest subsidy payments ("**Interest Subsidy Payments**") to eligible lenders for certain eligible borrowers with "subsidized" loans, and (iii) in some circumstances, special allowance payments ("**Special Allowance Payments**") paid by the Secretary to holders of certain eligible loans or paid by holders to the Secretary; and (b) an unsubsidized Stafford Loan Program, which includes federal insurance or separate guaranty and federal reinsurance and Special Allowance Payments in some circumstances. The authority to originate new Stafford Loans has expired for loans that were not first disbursed before July 1, 2010.

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

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

(a) had been accepted for enrollment or was enrolled and 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 was pursuing, as determined by such institution,

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

(d) met the applicable "need" requirements,

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

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

(g) had not been convicted of or pled guilty or nolo contendere to a crime involving fraud in obtaining Title IV Assistance unless the funds that were obtained fraudulently had been repaid in full, and

(h) was in compliance with Selective Service System registration requirements.

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

Promissory Notes. Each loan, whether subsidized or unsubsidized, was to be evidenced by an unsecured unendorsed promissory note. Beginning on July 1, 2000, and continuing through June 30, 2010, all such loans were evidenced by a "Master Promissory Note." A Master Promissory Note was designed to be used as both a single year and as a multi-year note. Under the Master Promissory Note process, most borrowers signed a promissory note once, at the time they first borrowed. They may have obtained additional loans, based on that same note, during the same year or in subsequent years. Generally, a lender's ability to make subsequent loans to a borrower, based on the Master Promissory Note, expires upon the earliest of (i) twelve (12) months after the original Master Promissory Note is signed if no disbursements have been made using that Master Promissory Note, (ii) ten (10) years from the date the Master Promissory Note is signed, or (iii) the date the lender receives written notice from the borrower that the Master Promissory Note may no longer be used as the basis for making additional loans.

Maximum Loan Amounts. Prior to July 1, 2010, the annual Stafford Loan limit for an academic year were as follows:

- (i) \$3,500 for the first year of undergraduate study,
- (ii) \$4,500 for the second year of undergraduate study,
- (iii) \$5,500 per year for the remainder of undergraduate study, and
- (iv) \$8,500 per year for graduate and professional students.

The aggregate limit on total Stafford Loans was generally \$23,000 for undergraduates (excluding PLUS and SLS loans) and \$65,500 for graduate and professional students. These loan limits may have been increased substantially in some circumstances. See "**SLS AND UNSUBSIDIZED STAFFORD LOAN PROGRAMS - Loan Amounts.**"

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

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

Required Conversion Of Older Fixed Rate Loans To Annual Variable Rates. Pursuant to the Higher Education Technical Amendments of 1993, which was signed into law on December 20, 1993, lenders were required to convert all fixed rate loans disbursed on or after July 23, 1993, to an annual variable rate by January 1, 1995. The annual variable rate to which such loans were converted is adjusted each July 1 to a rate equal to the bond equivalent rate of the 91-day Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus a spread of three and one-quarter percent (3.25%) for loans first disbursed to new borrowers on or after July 1, 1988, for which the otherwise applicable fixed interest rate was ten percent (10%); or, in the case of a loan made on or after October 1, 1992, to a borrower with outstanding loans under FFELP, the bond equivalent rate of the 91-day Treasury Bill, determined as described above, plus three and one-tenth percent (3.1%).

Variable Interest Rates. Loans first disbursed to new borrowers on or after October 1, 1992, and before July 1, 1994, bear interest at an annual variable rate which is reset each July 1 and which is equal to the bond equivalent rate of the 91-day Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus a spread of three and one-tenth percent (3.1%) with a cap on the rate of nine percent (9%). For loans first disbursed (whether to a new or existing borrower) on or after July 1, 1994, the cap on the rate is reduced to eight and one-quarter percent (8.25%). For loans first disbursed on or after July 1, 1995, and before July 1, 1998, the permitted spread above the bond equivalent rate of the 91-day Treasury Bill is reduced to two and one-half percent (2.50%) during the period of the loan prior to the commencement of repayment and during the deferment of repayment and the rate is capped at eight and one-quarter percent (8.25%). For loans first disbursed on or after July 1, 1998, and before July 1, 2006, the permitted spread is one and seven-tenths percent (1.7%) during the in-school period, the grace period and certain deferment periods and two and three-tenths percent (2.3%) during the repayment period and any periods of forbearance, in each case with the maximum rate capped at eight and one-quarter percent (8.25%). FFELP specifically provides that the foregoing interest rates are maximum rates only and that lenders may charge interest rates that are lower than the applicable FFELP rates.

Fixed Interest Rates. All Stafford Loans disbursed on or after July 1, 2006, and before July 1, 2010, bear a fixed interest rate of not greater than six and eight-tenths percent (6.8%), except that subsidized Stafford Loans to undergraduate students having first disbursement dates as follows will have the following permitted fixed interest rates:

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

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

- (a) during a period which the borrower is enrolled at least half-time in an eligible institution,
- (b) during a six (6) month grace period pending commencement of repayment of the loans,
- (c) during certain deferment periods,
- (d) in the case of loans initially disbursed prior to October 1, 1981, during a six (6) month grace period following any authorized deferment period before repayment is required to resume, and
- (e) for a period not to exceed three (3) consecutive years from the established repayment period start date on each subsidized Stafford Loan or the subsidized portion of the borrower's Federal Consolidation loan repaid under the Income-Based repayment plan if the borrower's monthly payment amount is not sufficient to pay the accrued interest, except for any period during which the borrower receives an economic hardship deferment.

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

FFELP limits the Secretary's authority to make Interest Subsidy Payments to the period ending at the close of business on September 30, 2012, for eligible loans to new borrowers and September 30, 2016, for eligible loans to existing borrowers.

Grace Period, Deferment Periods, Forbearance. Repayment of principal of a FFELP loan (other than a PLUS or Consolidation Loan) must generally commence following a period of (a) not less than nine (9) months or more than twelve (12) months with respect to loans for which the applicable interest rate is seven percent (7%) per annum, and (b) not more than six (6) months with respect to loans for which the applicable interest rate is other than seven percent (7%) after the student borrower ceases to pursue at least a half-time course of study (a "**Grace Period**"). However, during certain other periods and subject to certain conditions, no principal repayments need be made, including periods when the student has returned to an eligible educational institution on at least a half-time basis, is pursuing a full-time course of study in an approved graduate fellowship program, is in a full-time rehabilitation training program, is in an approved internship or residency program, or is teaching in a designated teacher shortage area, or when the student is a member of the Armed Forces, the Public Health Service, or the National Oceanic and Atmospheric Administration, or a volunteer under the Peace Corps Act, the Domestic Volunteer Service Act of 1973, or for an approved tax-exempt organization, or when the borrower is temporarily totally disabled, or during which the borrower is unable to secure employment, or when the borrower is experiencing economic hardship (the "**Deferment Periods**"). The lender may also, and in some cases must, allow periods of forbearance during which the borrower may defer principal and/or interest payments because of temporary financial hardship. The 1992 Reauthorization Bill simplified the deferment categories for new loans and expanded the opportunities for students to obtain forbearance from lenders due to temporary financial hardship, medical or dental residency programs, National Guard duty and for periods during which the borrower is performing qualifying service pursuant to teacher loan forgiveness or Department of Defense loan forgiveness programs.

Repayment. Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student in school, but generally begins on the day following the sixth (6th) month after the qualified student ceases to carry the required course load at an eligible institution. In general, each such loan must be scheduled for repayment over a period of not more than ten (10) years after the commencement of repayment (excluding any Deferment Period or Forbearance Period as defined in the Higher Education Act).

FFELP currently requires that not less than thirty (30) nor more than one hundred fifty (150) days prior to the date on which a borrower's first payment is due, the lender must offer Stafford Loan borrowers the option of repaying the loan in accordance with

- (i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed ten (10) years, except that the borrower must repay annually a minimum amount equal to the lesser of \$600 or the borrower's loan balance;
- (ii) a graduated repayment plan paid over a fixed period of time, not to exceed ten (10) years;
- (iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed ten (10) years, except that the borrower's scheduled payments cannot be less than the amount of interest due;
- (iv) for new borrowers on or after October 7, 1998, who accumulate (after such date) outstanding Stafford Loans (subsidized and unsubsidized) totaling more than \$30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed twenty-five (25) years; and
- (v) an income-based repayment plan, effective July 1, 2009,

except that with respect to plans described in (ii) through (iv) above, in no instance may the payment be less than the amount of interest due and payable, and with respect to the plan described in (v) above, the payment may be less than the amount of interest due and payable.

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

Loan Forgiveness. §428J of the Higher Education Act authorizes the U.S. Department of Education to repay a maximum of \$5,000 (combined total for loans obtained under both the FFELP and the FDLP of a qualified borrower's Stafford loan obligations, and Consolidation loan obligations to the extent that a Consolidation loan repaid a borrower's qualifying Stafford loan(s) for qualifying teaching service. No borrower may receive benefit for the same teaching service under both the Teacher Loan Forgiveness Program and subtitle D of Title I of the National and Community Service Act of 1990 (AmeriCorps). The Taxpayer-Teacher Protection Act of 2004 increased the maximum repayment to \$17,500 for certain qualified borrowers.

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

Effective July 1, 2010, a FFELP borrower may obtain a consolidation loan under the FDLP to consolidate FFELP loans and/or other FDLP loans for the purposes of using the FDLP Public Service Loan Forgiveness Program.

THE FEDERAL SLS AND UNSUBSIDIZED STAFFORD LOAN PROGRAMS

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

Loan Amounts. Both the SLS and unsubsidized Stafford Loan Programs were designed to facilitate borrowing for students who do not qualify for the full subsidized Stafford Loan after application of the required need analysis methodology. Such students were entitled to borrow the difference between the unsubsidized Stafford Loan maximum and their subsidized Stafford eligibility through the new program so long as the total loan does not exceed their cost of attendance. The amount of an unsubsidized Stafford Loan was determined by subtracting from the student's estimated cost of attendance any estimated financial assistance reasonably available to such student. Annual loan limits were those applicable to subsidized Stafford Loans but were increased by \$2,000 for dependent students, excluding those whose parent is unable to borrow under the FFELP PLUS Program or the FDLP PLUS Program, or by the amounts indicated below for independent students or students whose parents were unable to borrow under the FFELP PLUS Program or the FDLP PLUS Program:

- (i) \$6,000 during the first and second years of undergraduate study,
- (ii) \$7,000 for undergraduate study after the first and second years,
- (iii) \$7,000 for those borrowers who either have a baccalaureate degree and must take preparatory courses prior to entering a graduate program, or who are in a teacher certification program; and
- (iv) \$12,000 for graduate or professional study.

Aggregate loan limits were generally the same as for subsidized Stafford Loans but were increased to reflect any applicable increases in annual limits for the unsubsidized Stafford Loans and do not include any capitalized interest. Aggregate limits of \$31,000 for a dependent undergraduate, \$57,500 for an independent undergraduate and certain dependent undergraduates if the parent was denied a PLUS loan, and \$138,500 for a graduate student (may be increased to \$224,000 for a graduate and professional student enrolled in certain health profession programs), include the total of outstanding loans under the Stafford Loan Program, SLS Loan Program and loans under the FDLP

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

Interest Rates.

Unsubsidized Stafford Loans. Interest rates on unsubsidized Stafford Loans, like subsidized Stafford Loans, vary significantly depending, among other things, on the time period during which the loan or its first disbursement was made. Interest accruing on an unsubsidized Stafford Loan while the borrower is in school or in grace or deferment is either capitalized and added to the principal amount of the loan when it enters repayment or paid monthly or quarterly by the student. Amortization of unsubsidized Stafford Loans is established by assuming an interest rate equal to the applicable rate at the time the repayment of the principal amount of the loan commences. At the option of the lender, the periodic payment amount may be adjusted annually or the period of repayment of principal may be lengthened or shortened in order to reflect adjustments in applicable interest rates.

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

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

For SLS Loans made and disbursed on or after July 1, 1987, the permitted spread is three and one-quarter percent (3.25%) and the maximum rate is twelve percent (12%) per annum. For SLS Loans first disbursed on or after October 1, 1992, the permitted spread is three and one-tenth percent (3.1%) and the maximum rate is eleven percent (11%) per annum. Since the SLS Program was eliminated as a separate program in 1993, no new SLS Loans have been originated since June 30, 1994. On or after July 1, 2001, the interest rate on outstanding SLS Loans will be based on the weekly average one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, in substitution for the bond equivalent rate of auctioned 52-week Treasury Bills.

Repayment. See information above under “**THE FEDERAL STAFFORD LOAN PROGRAM - Repayment.**”

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

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

A lender was not authorized to refinance SLS and PLUS Loans together to obtain a single repayment schedule.

THE FEDERAL PLUS LOAN PROGRAM

History. Under the 1980 amendments to the Higher Education Act (which became effective, with respect to Part B of Title IV of the Higher Education Act, on January 1, 1981), the U.S. Congress established a program to provide educational loans to parents of eligible dependent undergraduate students, and for loans certified on or after July 1, 2006, eligible graduate and professional students. Loans under this program were designated Parent Loans for Undergraduate Students or “PLUS Loans.” To be eligible for a PLUS Loan, borrowers or a loan endorser, as

applicable, could not have an adverse credit history. With Parent PLUS Loans, the student's parents may have elected to borrow jointly or separately for the student. If they borrowed separately, the loan limits on behalf of dependent students applied to the total of both loans, not to each loan individually. If the parents borrowed jointly, both are liable for repayment of the loan as co-makers. The authority to originate new Federal PLUS Loans has expired for loans that were not first disbursed before July 1, 2010.

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

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

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

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

For PLUS Loans made and disbursed on or after July 1, 1987, the permitted spread is three and one-quarter percent (3.25%) and the maximum rate is twelve percent (12%) per annum. For PLUS Loans first disbursed on or after October 1, 1992, the permitted spread is three and one-tenth percent (3.1%) and the maximum rate is ten percent (10%). For PLUS Loans first disbursed on or after July 1, 1994, the permitted spread is three and one-tenth percent (3.1%) and the maximum rate is nine percent (9%). For PLUS Loans first disbursed on or after July 1, 1998, but before July 1, 2006, the interest rate for any twelve (12) month period beginning on July 1 and ending on June 30 will be determined at the final auction held prior to the immediately preceding June 1 and will be equal to the lesser of (i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to June 1 plus three and one-tenth percent (3.1%) or (ii) nine percent (9%). On or after July 1, 2001, the interest rate on outstanding PLUS Loans disbursed on or after July 1, 1987, but before July 1, 1998, will be based on the weekly average one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, in substitution for the bond equivalent rate of auctioned 52-week Treasury Bills.

All new PLUS Loans disbursed on or after July 1, 2006, but before July 1, 2010, bear a fixed interest rate of not greater than eight and one-half percent (8.5%).

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

Refinancing of PLUS Loans. A lender was authorized to refinance multiple outstanding PLUS Loans to the same borrower under a single repayment schedule for principal and interest, with a new repayment period

calculated from the date of repayment of the most recent included loan. Unless the borrower elected a variable interest rate, the interest rate of such a consolidated PLUS Loan was the weighted average of the rates of all loans being refinanced.

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

A lender was not authorized to refinance PLUS and SLS Loans together to obtain a single repayment schedule.

THE FEDERAL CONSOLIDATION LOAN PROGRAM

History. In 1986, the U.S. Congress established a program to provide loans to eligible borrowers for consolidating their FFELP loans. Amendments to the Consolidation Loan Program were made in 1992, 1993 and 1998. The authority to originate new FFELP Consolidation Loans has expired for loans that were not first disbursed before July 1, 2010. The Corporation suspended originations under the Federal Consolidation Loan Program on April 1, 2008.

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

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

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

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

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

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

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

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

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

Federal Direct Student Loan Program Loans. If, before July 1, 2010, a borrower was unable to obtain a Consolidation Loan with income-sensitive repayment terms acceptable to the borrower from the holders of the borrower's outstanding loans (which were selected for consolidation), or from any other lender, the Secretary was required to offer the borrower, if the borrower so requested, a direct Consolidation Loan under the FDLP. Such FDLP Consolidation Loan was required to be repaid either pursuant to income-contingent repayment or any other repayment provisions under the Consolidation Loan provisions.

SPECIAL ALLOWANCE PAYMENTS

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

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

For Stafford Loans disbursed on or after July 1, 1998, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus two and two-tenths percent (2.2%) while borrowers are in school, grace or deferment status, or two and eight-tenths percent (2.8%) while borrowers are in repayment periods. For PLUS Loans disbursed on or after July 1, 1998, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus three and one-tenth percent (3.1%) to the extent such computation exceeds nine percent (9%). The rate of Special Allowance Payments is subject to reduction by the amount of certain origination fees charged to borrowers and may be reduced as a result of certain federal budget deficit reduction measures.

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

For eligible loans first disbursed on or after January 1, 2000 (or in the case of Consolidation Loans, applications received on or after January 1, 2000), but before July 1, 2010, the Special Allowance Payment is calculated based on the average of the bond equivalent rates of the quotes of the three (3) month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) (the "**CP Rate**") plus the following rates:

Loan Type	Loans Made January 1, 2000, through September 30, 2007	Loans Made on or after October 1, 2007, but before July 1, 2010, and Held by For-Profit Holder	Loans Made on or after October 1, 2007, but before July 1, 2010, and Held by Eligible Not-For-Profit Holder
Stafford Loan ⁽¹⁾	1.74%/2.34%	1.19%/1.79%	1.34%/1.94%
PLUS Loan	2.64%	1.79%	1.94%
Consolidation Loan	2.64%	2.09%	2.24%

⁽¹⁾ The lower figures listed in each category for Stafford Loans indicate the applicable spread to the CP Rate during the in-school period, the grace period, and deferment periods, while the higher figures indicate the applicable spread to the CP Rate during repayment and forbearance periods.

The Consolidated Appropriations Act, 2012 (P.L. 112-74), signed into law on December 23, 2011, amended the Higher Education Act to allow FFELP lenders and beneficial holders to make an affirmative election to change the index for Special Allowance Payments on FFELP loans disbursed on or after January 1, 2000, permanently from the CP Rate to 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 (the "**One-Month LIBOR Rate**"), commencing with the Special Allowance Payments for the calendar quarter that began on April 1, 2012. Such election to change the index for Special Allowance Payments permanently must have been made by April 1, 2012 and included a waiver of all contractual, statutory or other legal rights to have the Special Allowance Payments calculated using the formula in effect at the time the loans were first disbursed.

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

The foregoing table and the paragraph preceding it describe the "special allowance support level." For loans disbursed prior to April 1, 2006, but before July 1, 2010, lenders are entitled to retain interest income in excess of the special allowance support level in instances when the loan rate exceeds the special allowance support level. However, lenders are not allowed to retain interest income in excess of the special allowance support level on loans

disbursed on or after April 1, 2006, and are required to rebate any such “excess interest” to the federal government on a quarterly basis. This modification effectively limits lenders’ returns to the special allowance support level.

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

GUARANTEE AND REINSURANCE FOR FFELP LOANS

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

	Guarantee Percentage
Loans made (i) prior to October 1, 1993; (ii) pursuant to a lender of last resort program; or (iii) pursuant to any agreement resulting from a guaranty agency insolvency	100%
Any non-default claim as a result of the death, disability or bankruptcy of the borrower, false certification claim, or closed school claim	100%
Loans made October 1, 1993 through June 30, 2006	98%
Loans made July 1, 2006 through June 30, 2010	97%

Federalization and Recall of Guaranty Agency Reserves.

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

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

§422B requires each guaranty agency to establish an Agency Operating Fund within forty-five (45) days of enactment of the proposed reauthorization legislation. All loan processing and issuance fees, portfolio maintenance fees and default prevention fees paid by the Secretary as well as the unreinsured portion of default collections (after payment of the Secretary’s equitable share and excluding required deposits in the Federal Fund) must be deposited in the Agency Operating Fund. Funds in the Agency Operating Fund may only be used for application processing, loan disbursement, enrollment and repayment status management, permitted default prevention activities, default

collection activities, school and lender training, compliance monitoring and other student financial aid related activities as determined by the Secretary and for voluntary irrevocable transfers to the Federal Fund. Except for funds transferred from the Federal Fund, the Agency Operating Fund may be considered to be the property of the guaranty agency.

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

Federal Reinsurance Payments to Guaranty Agencies.

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

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

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

⁽¹⁾ Other than loans made pursuant to the lender-of-last resort program or student loans transferred by an insolvent guaranty agency or loans that meet the definition of exempt claim, both of which are reinsured at one hundred percent (100%).

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

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

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

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

The Secretary may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental guarantee agreement between a guaranty agency and the Secretary is subject to termination for cause by the Secretary. All guaranty agencies are required to comply with certain due diligence requirements established pursuant to the Secretary's regulations regarding collection procedures to be exercised on loans for which the guaranty agency pays a default claim. In particular, since March 1987, guaranty agencies have been required to institute civil litigation against certain borrowers within a specified time period, unless: (i) the cost of litigation would exceed the likelihood of recovery or (ii) the borrower has insufficient means to satisfy a substantial portion of a judgment on the debt. Noncompliance with this requirement may result in a guaranty agency being required to repay reinsurance payments received on such loans. In addition, the Secretary may, among other remedial actions available to it, elect to withhold payments to the guaranty agency and suspend or terminate all agreements with the guaranty agency.

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

Under the guarantee agreements and the supplemental guarantee agreements, if a payment on an eligible loan guaranteed by a guaranty agency is received after reimbursement by the Secretary, the guaranty agency is entitled to receive a share of the payment. Guaranty agency retention on such collections was reduced to sixteen percent (16%) for payments received on or after October 1, 2007.

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

REHABILITATION OF DEFAULTED LOANS

Under the Higher Education Act, the Secretary of Education is authorized to enter into an agreement with a guaranty agency pursuant to which the guaranty agency sells defaulted loans that are eligible for rehabilitation to an eligible lender. For a defaulted loan to be rehabilitated, the borrower must request rehabilitation and the guaranty agency must receive an on-time, voluntary, full payment each month for twelve (12) consecutive months. However, effective July 1, 2006, for a loan to be eligible for rehabilitation, the guaranty agency must receive nine (9) payments made within twenty (20) days of the due date during 10 consecutive months. Beginning July 1, 2014, the guaranty agency must establish a payment amount for each borrower based on income and family size, with a minimum payment of \$5. Each rehabilitation payment must be reasonable and affordable, be made voluntarily for the full amount required, and received within 20 days of the due date for the payment. A reasonable and affordable payment is defined as a payment amount equal to 15 percent of the amount by which the borrower's Adjusted Gross Income exceeds 150 percent of the poverty guideline amount applicable to the borrower's family size and State, divided by 12, except that if this amount is less than \$5, the borrower's monthly rehabilitation payment is \$5. If the borrower objects to the monthly payment determined in this manner, the guaranty agency must recalculate the payment amount based solely on information provided on the Department of Education's Financial Disclosure for Reasonable and Affordable Rehabilitation Payments and, if requested, supporting documentation. Upon rehabilitation, a loan is eligible for all the benefits under the Higher Education Act for which it would have been eligible had no default occurred.

Effective July 1, 2014, the guaranty agency is required to repay the Secretary of Education an amount equal to one hundred percent (100%) of the outstanding principal balance of the loan at the time of sale to the lender multiplied by the reimbursement percentage in effect at the time the loan was disbursed. 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.

Effective July 1, 2014, the guaranty agency may charge the borrower and retain collection costs in an amount not to exceed sixteen percent (16%) of the outstanding principal and interest balance at the time of the sale of the rehabilitated loan.

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**GLOSSARY OF CERTAIN DEFINED TERMS
FROM THE GENERAL AND SERIES RESOLUTIONS**

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**GLOSSARY OF CERTAIN DEFINED TERMS
FROM THE GENERAL AND SERIES RESOLUTIONS**

The following are some of the terms defined in the Corporation's General Resolution and Series Resolution pursuant to which the Notes are issued. Where appropriate or necessary for a clearer indication of meaning for purposes of this Offering Memorandum, some of the following definitions have been slightly modified. For purposes of such definitions, unless the context otherwise requires:

(i) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities including public bodies, as well as natural persons.

(ii) The terms "hereby," "hereof," "hereto," "herein," "hereunder", and any similar terms, as used in this Resolution, refer to this Resolution or sections or subsections of this Resolution and the term "hereafter" means after the date of adoption of the General Resolution.

Some of these terms are used in this Offering Memorandum and, unless the context in which such terms are herein used clearly indicates some other meaning, such terms used herein shall have the same meanings ascribed to them in the General Resolution or the Series Resolution, as appropriate.

Defined Terms

"Accepted Servicing Procedures" means, with respect to any Financed Student Loan, servicing procedures (including collection procedures) that comply with applicable federal (including but not limited to the Higher Education Act to the extent applicable), state and local law, that are in accordance with standards set by the Secretary and the accepted student loan servicing practices of prudent lending institutions that service student loans of the same type in the United States; provided, however, with respect to Alternative Loans, such loans shall also be serviced in accordance with the PAL Program Manual.

"Account or Accounts" means one or more of the separate accounts which are established within Funds created pursuant to the General Resolution.

"Act" means Chapter 115 of Title 59 of the Code of Laws of South Carolina, 1976, as amended, as existing at the date of adoption of the General Resolution, or as thereafter amended.

"Administrator" means the Corporation or any other organization with which the Corporation has entered into an administration agreement with respect to the Student Loan Finance Program and, in any case, so long as such party acts as administrator with respect to Financed Student Loans.

"Administrator Fees" means the fees payable to the Administrator from the Operating Fund to cover operation and administration of the Student Loan Finance Program. Such fees payable to the Administrator shall cover, but are not limited to, the Administrator's reasonable and necessary expenses for operation and administration of the Student Loan Finance Program.

"Alternative Loan" means a Student Loan, the payment of principal of and interest on which is not insured by a Guaranty Agency or reinsured by the Secretary under the Higher Education Act with such loans having been originated in accordance with the terms and provisions of the PAL Program Manual.

"Alternative Loan Backup Servicing Agreement" means the agreement between the Corporation and the Backup Servicer relating to the servicing of the Financed Alternative Loans after a Servicer Transfer Trigger.

"Applicable Rating Criteria for Investment Obligations" mean:

(i) for as long as Fitch is a Rating Agency, a rating by Fitch no lower than AA- and F-1+, as appropriate; or if not rated by Fitch, a rating by another Nationally Recognized Rating Service no lower than AA (or the equivalent) or F-1+ (or the equivalent), as appropriate;

(ii) for as long as Moody's is a Rating Agency, a rating by Moody's no lower than (a) with respect to Investment Obligations with maturities less than 3 months, A1 and P-1, (b) with respect to Investment Obligations with maturities less than 6 months but at least 3 months, Aa3 and P-1, or (c) with respect to Investment Obligations with maturities of 6 months or more, Aaa and P-1, as appropriate; provided that, if such Investment Obligations consist of money market funds as described herein, such Investment Obligations must bear a rating by Moody's of Aaa; and

(iii) for as long as S&P is a Rating Agency, a rating by S&P no lower than AA-, A-1+ or AAAM-G, as appropriate.

"Authority" means the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina.

"Authorized Denomination" means \$100,000 and multiples of \$1,000 in excess of such amount.

"Authorized Newspaper" means a newspaper of general circulation in the State.

"Authorized Officer" mean (i) in the case of the Authority, the State Treasurer, Deputy State Treasurer or other officer designated in writing by the State Treasurer, and (ii) in the case of the Corporation, its Chairman, its President or any other officer designated in writing by the Chairman or the President.

"Available Funds" means the sum of, to the extent not previously distributed: (i) any amount by which the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, (ii) any amount by which the amount on deposit in the Department Reserve Fund exceeds the Department Reserve Fund Requirement subject to such funds being transferred to the Collection Fund as described in paragraph (d) under **"SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE -- Application of Moneys in Other Funds and Accounts"** in **EXHIBIT IV** attached hereto, (iii) any amount by which the amount on deposit in the Operating Fund exceeds the Operating Fund Requirement subject to such funds being transferred to the Collection Fund as described in paragraph (c) under **"SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE -- Application of Moneys in Other Funds and Accounts"** in **EXHIBIT IV** attached hereto, (iv) all funds on deposit in the Collection Fund having been received by the Servicer with respect to the Financed Student Loans for the immediately preceding Collection Period, as certified by the Administrator to the Trustee by Electronic Means by the twelfth (12th) day of each calendar month, and (v) all interest earned on Investment Obligations and any other amounts having been deposited into the Collection Fund during the immediately preceding Collection Period.

"Backup Servicer" means Nelnet Servicing, LLC or any other organization with which the Corporation has entered into a Backup Servicing Agreement with respect to the Financed Student Loans.

"Backup Servicing Agreements" means, collectively, FFELP Loan Backup Servicing Agreement and the Alternative Loan Backup Servicing Agreement (each, a **"Backup Servicing Agreement"**).

"Beneficial Owner" means, so long as the Notes are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Note held by the Securities Depository. If at any time the Notes are not held in the Book-Entry System, Beneficial Owner means the Noteholder.

"Business Day" means (i) for purposes of determining 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, St. Paul Minnesota, or the city in which the designated corporate trust office of the Trustee is located are authorized or permitted by law or executive order to close.

"Cash Flow Certificate" means a Certificate of an Authorized Officer of the Administrator establishing that for the current and each year until all Notes are no longer Outstanding, earnings and other amounts received with respect to the Trust Estate in each such year are anticipated to be fully sufficient to pay when due principal of

and interest on all Notes Outstanding, as well as Department Reserve Fund Amounts and Operating Costs for each such year, which Certificate may rely upon data and computations made on behalf of the Administrator.

“Certificate” means a document signed by an Authorized Officer attesting to or acknowledging the circumstances or other matters therein stated.

“Chairman” means the Chairman of the Board of Directors of the Corporation.

“Collection Fund” means the fund so designated which is created by the General Resolution.

“Collection Period” means any one-month period ending on the last day of each month, except that the first Collection Period shall begin on the day following the Cutoff Date and end on December 31, 2015.

“Corporation” means the South Carolina Student Loan Corporation, a private, not-for-profit corporation established in 1973 under Title 33, Chapter 31, Code of Laws of South Carolina, 1976, as amended, acting in its capacity as an Eligible Lender or as agent of the Authority in administering certain components of the Student Loan Insurance Program, and its successors and assigns.

“Costs of Issuance” means the costs of issuing the Notes.

“Counsel’s Opinion” means an opinion in writing, including supplemental opinions thereto, signed by such attorney or firm of attorneys of recognized national standing as note counsel on student loan backed note transactions as may be selected by the Corporation.

“Cutoff Date” means November 21, 2015.

“Debt Service Fund” means the Fund so designated which is created by the General Resolution.

“Debt Service Reserve Fund” means the Fund so designated which is created by the General Resolution.

“Debt Service Reserve Requirement” means, as of any particular date of calculation by the Administrator, the greater of (i) 0.25% of the Pool Balance or (ii) \$375,550. The Debt Service Reserve Requirement may be composed of cash or Investment Obligations or any combination of the two, as the Administrator may determine.

“Default Payment” means moneys received, realized or recovered through proceedings taken by the Corporation in the event of a default in respect of any Financed Student Loan or in respect of any insurance or guaranty with respect to any Financed Student Loan, including moneys received pursuant to a contract of insurance in respect of any Financed Student Loan.

“Defaulted Student Loan” means a Financed Alternative Loan pursuant to which the borrower is more than one hundred eighty (180) days delinquent on a monthly payment.

“Department Reserve Fund” means the Fund so designated that which is created by the General Resolution.

“Department Reserve Fund Amount” means amounts required to be on deposit for (i) payments due and payable to the U.S. Department of Education related to the Financed FFELP Loans, (ii) any other payment due and payable to a Guaranty Agency relating to its guaranty of Financed FFELP Loans or (iii) any other payment due to the Servicer, the Eligible Lender or another entity or trust estate, if amounts due under the General Resolution to the U.S. Department of Education or a Guaranty Agency with respect to Financed FFELP Loans were paid by the Servicer, the Eligible Lender, or such other entity or trust estate, pursuant to a joint sharing agreement, an intercreditor agreement, or otherwise.

“Department Reserve Fund Requirement” means, as of any date, an amount equal to the Department Reserve Fund Amount for the current month and such additional amount as the Administrator deems appropriate as shall be certified by the Administrator by Electronic Means to the Trustee; provided, in no event shall the Department Reserve Fund Requirement exceed four (4) months of Department Reserve Fund Amounts as determined by the Administrator.

“Distribution Date” means January 25, 2016, and the twenty-fifth (25th) day of each month thereafter, or the next Business Day if such day is not a Business Day. Distribution Dates constitute Interest Payment Dates under the General Resolution.

“Electronic Means” means telecopy, facsimile transmissions, email transmissions, or other similar electronic means of communication capable of producing a written record.

“Eligible Institution” means any educational institution that is an eligible institution as described in the Higher Education Act and also so described in the Act.

“Eligible Lender” means the Corporation and all other entities that are eligible lenders as described in the Higher Education Act (including but not limited to “eligible lender trustees”) that have in force a contract with a Guaranty Agency providing for loan guaranties to be issued by such Guaranty Agency to such entity, all in compliance with the Higher Education Act and the Act.

“Ending Balance Factor” means, for any given day, the number calculated by the Trustee by dividing the unpaid principal balance of the Notes (after any payments of principal are made) by the original principal balance of such Notes and rounding the result to nine decimal places.

“Event of Default” means the occurrence of one or more of the events described under the heading **“SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – DEFAULTS AND REMEDIES -- Events of Default”** in EXHIBIT IV attached hereto.

“Event of Insolvency” means the occurrence of one or more of the following events:

- (i) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of the Corporation or the Servicer, as applicable;
- (ii) the commencement by or against the Corporation or the Servicer, as applicable, of a case or other proceeding seeking liquidation, reorganization or other relief with respect to the Corporation or the Servicer, as applicable, for its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for the Corporation or the Servicer, as applicable, or any substantial part of its property;
- (iii) the making by the Corporation or the Servicer, as applicable, of an assignment for the benefit of creditors;
- (iv) the inability or failure of the Corporation or the Servicer, as applicable, to generally pay its debts as they become due or any admission by the Corporation or the Servicer, as applicable, in writing of its inability to pay its debts as they become due;
- (v) the declaration of a moratorium with respect to the payment of the debts of the Corporation or the Servicer, as applicable; or
- (vi) the initiation by the Corporation or the Servicer, as applicable, of any action in furtherance of or to authorize any of the foregoing.

“FATCA” means the Foreign Account Tax Compliance Act, as amended.

“FATCA Withholding Tax” means any withholding or deduction pursuant to an agreement described in §1471(b) of the Code or otherwise imposed pursuant to §§1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof.

“FFELP Loan” means a Student Loan, the payment of principal of and interest on which is guaranteed by a Guaranty Agency and reinsured as to principal amount and interest by the Secretary to the maximum extent then authorized under the Higher Education Act and agreements entered into by a Guaranty Agency and the Secretary

pursuant to the Higher Education Act; or such an obligation for which there is a commitment by the Secretary to so insure or by the Guaranty Agency and the Secretary to so guarantee and reinsure.

“FFELP Loan Backup Servicing Agreement” means the agreement between the Corporation and the Backup Servicer relating to the servicing of the Financed FFELP Loans after a Servicer Transfer Trigger.

“Federal Reimbursement Contract” means any agreement between a Guaranty Agency and the Secretary providing for the payment by the Secretary of amounts authorized to be paid pursuant to the Higher Education Act, including (but not necessarily limited to) partial reimbursement of amounts paid or payable upon defaulted Financed FFELP Loans and other student loans guaranteed or insured by the Guaranty Agency and Interest Subsidy Payments to holders of qualifying student loans guaranteed by the Guaranty Agency.

“Financed” when used with respect to Student Loans, means Student Loans financed with proceeds from or credited to the Program Fund, but, in any event, shall not include Student Loans released as security under the General Resolution.

“Fitch” means Fitch Ratings, its successors and assigns.

“Fund” or **“Funds”** means one or more of the special trust funds which are created hereby.

“General Resolution” means “A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, AND OTHER MATTERS RELATING THERETO” adopted November 19, 2015, as amended.

“Guaranty Agency” means the Authority acting in its capacity as a state guaranty agency under the Higher Education Act or other authorized guaranty agency under the Higher Education Act.

“Guaranty Agency Event of Default” means an event which causes a Guaranty Agency not to pay claims on Financed FFELP Loans.

“Guaranty Agreements” means the blanket guaranty or other guaranty agreements by or from any Guaranty Agency to the Eligible Lender for the purpose of guaranteeing Financed FFELP Loans, and any amendment of any of the foregoing entered into in accordance with the provisions thereof or hereof.

“Higher Education Act” means the United States Higher Education Act of 1965 including any regulations thereto, as amended, or any successor legislation or regulation pursuant to which programs are established for the direct federal insurance of student loans, reinsurance of loans (including FFELP Loans) insured by a Guaranty Agency, and other purposes.

“Indemnified Amounts” means damages, losses, claims, liabilities, obligations, penalties, actions, suits, judgments and related costs and expenses, including reasonable attorneys’ and agents’ fees and disbursements.

“Initial LIBOR Indexed Rate” means 1.803%.

“Initial Period” means the period beginning on the Issue Date and ending on the day before the first Distribution Date for the Notes.

“Initial Pool Balance” means \$250,366,968, which is the Pool Balance as of the Statistical Cutoff Date, of the Student Loans to become Financed on the Issue Date.

“Interest Account” means the Account so designated within the Debt Service Fund that is established by the General Resolution.

“Interest Period” means the Initial Period and thereafter, the period commencing on a Distribution Date and ending on the day prior to the next Distribution Date.

“Interest Rate Determination Date” means the second (2nd) Business Day immediately preceding the commencement of an Interest Period.

“Interest Subsidy Payments” means interest subsidy payments payable in respect to any Financed FFELP Loans by the Secretary under §428 of the Higher Education Act.

“Investment Obligations” means any of the following securities, if and to the extent the same are at the time legal for investment of moneys and funds held under this 2013-A 2015-A General Resolution, provided that such investments meet the Applicable Rating Criteria for Investment Obligations:

- (i) direct obligations of the United States of America or obligations guaranteed as to full and timely payment both as to principal and interest by the United States of America; and
- (ii) investments in a money market fund invested in securities issued by the United States of America or its agencies, or repurchase agreements collateralized fully by U.S. Treasury and government agency securities.

Each of the Investment Obligations may be purchased by the Trustee or through an affiliate of the Trustee.

“Investor Report” means the report prepared by the Corporation which sets forth certain information for the benefit of the Beneficial Owners while the Notes are Outstanding. Such Investor Report shall be in substantially the form attached to the General Resolution.

“Issue Date” means November 25, 2015.

“Joint Sharing Agreement” means an agreement which sets forth the terms and provisions for proper allocation and reallocation of payments made by the U.S. Department of Education (pursuant to a shared or common lender identification number) with respect to Financed Student Loans credited to the Trust Estate and with respect to student loans credited to different trust estates.

“LIBOR Indexed Rate” means the interest rate established and communicated in accordance with the General Resolution with respect to the Notes on each Interest Rate Determination Date and equal to the LIBOR Rate plus the Spread Factor.

“LIBOR Rate” for Interest Periods other than the Initial Period means, for any given day, means the rate per annum fixed at 11:00 a.m., London time, on such day relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a one month period. If such a day is not a business day in London, then the rate most recently fixed as the London Interbank Offered Rate for a one month period shall be used. Such rate may be available on the following Bloomberg screen: US0001M<Index>HP or Thomson Reuters LIBOR Rates page 1701 or another page of this or any other financial reporting service in general use in the financial services industry. If the rate is no longer available from Bloomberg, Thomson Reuters, or their successors, the Administrator shall direct the Trustee in writing to the new source for the determination of LIBOR Rate.

“Majority of the Noteholders” means the Holders of more than fifty percent (50%) in aggregate principal amount of the Notes Outstanding.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Nationally Recognized Statistical Rating Organization” means any of S&P, Moody’s, and Fitch (or the successor to any of such Persons) or other nationally recognized securities rating agency.

“Note” or **“Notes”** means any one or more of the \$198,400,000 South Carolina Student Loan Corporation Student Loan Backed Notes, 2015-A Series authorized by the Series Resolution and issued under the General Resolution.

“Note Purchase Agreement” means the agreement pursuant to which the Notes may be sold to Morgan Stanley & Co., LLC, as representative of the underwriters.

“Noteholder” or **“Holder”** means the registered owner of a Note Outstanding, including the Securities Depository.

“Noteholder FATCA Information” means information sufficient to eliminate the imposition of, or determine the amount of, U.S. withholding tax under FATCA.

“Noteholder Tax Identification Information” means properly completed and signed tax certifications (generally, in the case of U.S. Federal Income Tax, IRS Form W-9 (or applicable successor form) in the case of a person that is a “United States Person,” within the meaning of §7701(a)(30) of the Code or the appropriate IRS Form W-8 (or applicable successor form) in the case of a person that is not a “United States Person,” within the meaning of §7701(a)(30) of the Code).

“Noteholders’ Interest Amount” means, with respect to any Distribution Date, the amount of interest accrued at the Initial LIBOR Indexed Rate or the LIBOR Indexed Rate, as applicable, for the related Interest Period on the Notes Outstanding immediately prior to such Distribution Date, as determined by the Administrator.

“Operating Costs” means all expenses of the Corporation, the Administrator, and the Servicer in carrying out and administering the Student Loan Finance Program under the General Resolution and shall include, without limiting the generality of the foregoing, Paying Agent fees, Servicing Fees, Administrator Fees, Rating Agency fees, and Trustee Fees and the expenses of the Trustee Parties (including the Trustee Parties’ attorneys’ fees and expenses) in accordance with the provisions of the General Resolution described under **“SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - CONCERNING TRUSTEE PARTIES - Compensation”** in **EXHIBIT IV** attached hereto, any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document and Costs of Issuance not otherwise paid or provided for from the proceeds of Notes, all to the extent properly allocable to a financing under the General Resolution.

“Operating Fund” means the fund so designated which is created by the General Resolution.

“Operating Fund Requirement” means as of any date, an amount equal to the Operating Costs for the current month and such additional amount as the Administrator deems appropriate as shall be certified by the Administrator by Electronic Means to the Trustee; provided, in no event shall the Operating Fund Requirement exceed four (4) months of Operating Costs as determined by the Administrator.

“Ordinary Servicing and Administrator Fees” means the Administrator Fees and Servicing Fees payable as described in this Offering Memorandum in item (a) under the heading **“THE TRUST ESTATE – Flow of Fund - Second,”** subject to the limitations that are described in this Offering Memorandum under the heading **“THE TRUST ESTATE – Operating Fund.”**

“Outstanding” when used with reference to any Notes, means, as of any date, all Notes theretofore or then being authenticated and delivered under the General Resolution except:

- (i) any Notes canceled by the Trustee at or prior to such date;
- (ii) Notes (or portions thereof) for the payment of which there shall be held in trust under the General Resolution (whether at or prior to maturity) cash, equal to the principal amount or Redemption Price thereof, with interest to the Stated Maturity Date or Distribution Date, as applicable; and
- (iii) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to Article III of the General Resolution.

“PAL Program Manual” means any applicable South Carolina Student Loan Corporation program policies and procedures manual as may be or have been amended and/or supplemented from time to time at the discretion of the Corporation (or documents substantially similar thereto), that outlines and/or outlined policies and procedures for any applicable Alternative Loan program relating to the Financed Alternative Loans.

“Participant,” “Direct Participant,” or “Indirect Participant” means a participant in the electronic, computerized book-entry system of transferring beneficial ownership interest in any of the Notes administered by the Securities Depository.

“Parity Percentage” means the ratio expressed as a percentage of the Value of the Trust Estate divided by the sum of the principal amount and accrued interest of the Notes Outstanding plus accrued but unpaid Operating Costs.

“Pass-Through Payments of Principal” means a payment of principal known as a Pass-Through Payment of Principal for Notes designated for such payments in accordance with a Series Resolution.

“Paying Agent” means any bank with trust powers, trust company or other company or financial institution whether foreign or domestic so designated pursuant to the General Resolution, and its successor or successors hereafter appointed, as paying agent for the Notes.

“Perfected Interest” means a security interest in personal property as to which all necessary steps to perfect the same under the Higher Education Act and the UCC, as applicable, have been taken.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, incorporated organization or government or any agency or political subdivision thereof.

“Pool Balance” means for any date the aggregate Principal Balance of all Financed Student Loans that are not Defaulted Student Loans on that date plus accrued interest that is expected to be capitalized as determined by the Administrator.

“Principal Account” means the Account so designated within the Debt Service Fund that is established by the General Resolution.

“Principal Balance” when used with respect to a Financed Student Loan, means the unpaid principal amount thereof (including any unpaid interest thereon that has been capitalized as authorized under the Higher Education Act or the Student Loan Finance Program) as of a given date.

“Program Fund” means the fund established by the General Resolution.

“Rating Agency” or **“Rating Agencies”** means any Nationally Recognized Statistical Rating Organization to the extent any such rating service has been requested in writing by the Corporation to issue a rating on the Notes and such rating service has issued and continues to maintain a rating on the Notes at the time in question.

“Rating Agency Condition” means, as of any date, a letter addressed to the Trustee or the Corporation, or public notice from each Rating Agency other than S&P confirming that the action proposed to be taken by the Corporation as described in such letter or notice will not, in and of itself, result in a downgrade of such Rating Agency’s rating on any Notes Outstanding or cause such Rating Agency to suspend or withdraw its rating on any Notes Outstanding.

“Record Date” means such date as shall be determined in the Series Resolution with respect to payments to be made thereunder.

“Recoveries of Principal” means all amounts received in respect of payment of principal of Financed Student Loans, including Default Payments, scheduled, delinquent and advance payments, payouts or prepayments, and proceeds from the sale, assignment or other disposition of a Financed Student Loan.

“Redemption Price” means the total of principal and accrued but unpaid interest on any Note redeemed on a Distribution Date.

“Registrar” means the Paying Agent, and its successor or successors hereafter appointed, as registrar for the Notes.

“Repurchase Obligation” means the Corporation’s obligation to purchase Financed Student Loans from the Trust Estate upon the occurrence of the circumstances, and subject to the limitations contained in the General Resolution that are described in this Offering Memorandum under the heading **“THE TRUST ESTATE – Repurchase Obligation.”**

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of the General Resolution.

“Resolution” means, collectively, the General Resolution and the Series Resolution.

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns.

“Secretary” means the United States Secretary of Education, or any other officer, board, body, commissioner or agency succeeding to the functions thereof under the Higher Education Act.

“Securities Depository” means The Depository Trust Company, New York, New York or any additional or successor securities depository for the Notes.

“Series Resolution” means “A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) SOUTH CAROLINA STUDENT LOAN CORPORATION STUDENT LOAN BACKED NOTES, 2015-A SERIES; AND OTHER MATTERS RELATING THERETO” effective as of November 19, 2015.

“Servicer” means the Corporation and any other organization whose regular business includes the servicing of loans for post secondary education with which the Corporation has entered into a servicing agreement and, in any case, so long as such party acts as servicer of Financed Student Loans.

“Servicer Compliance Report” means (i) any report generated by the U.S. Department of Education, Office of the Inspector General, specifically relating to any Servicer, and (ii) a third party review of each Servicer conducted under the provisions of the Statement on Standards for Attestation Engagements No. 16, SSAE 16 (or any other successor standards) or an A-133 Higher Education Act annual compliance audit, as applicable, in either case, performed annually by a firm of independent public accountants.

“Servicer Transfer Trigger” means one of the following events:

(i) the applicable Servicer shall determine that it will no longer service any portion of the Financed Student Loans and shall provide written notice to the Backup Servicer and other parties as required under the applicable Backup Servicing Agreement and prompt written notice to the Trustee of the transfer of servicing pursuant to such Backup Servicing Agreement,

(ii) a material weakness regarding the applicable Servicer shall have been identified in any Servicer Compliance Report related to such Servicer and such material weakness shall continue for a period of thirty (30) days after the Administrator’s receipt of such report identifying such material weakness and a Majority of the Noteholders shall have directed the Trustee and the Administrator in writing to proceed with a transfer of servicing,

(iii) the applicable Servicer shall be in a material violation of its duties under the General Resolution (including but not limited to, those with respect to Accepted Servicing Procedures) or, with respect to the FFELP Loan Backup Servicing Agreement, under the Higher Education Act and such material violation shall continue for a period of thirty (30) days after such Servicer shall have become aware of such material violation and a Majority of the Noteholders shall have directed the Trustee and the Administrator in writing to proceed with a transfer of servicing, or

(iv) an Event of Insolvency of the applicable Servicer.

“Servicing Fees” means the fees payable to the Servicer from the Operating Fund to cover, *inter alia*, the Servicer’s reasonable and necessary expenses in connection with servicing the Financed Student Loans, or if another

entity besides the Corporation is acting as Servicer, the fees and expenses that the Corporation is contractually bound to pay the Servicer for servicing the Financed Student Loans. Such Servicing Fees shall also include any fees payable to any Backup Servicer.

“*Special Allowance Payments*” means special allowance payments authorized to be made by the Secretary in respect of the Financed FFELP Loans pursuant to §438 of the Higher Education Act or similar allowances authorized from time to time by federal law or regulation.

“*Spread Factor*” means 1.50% per annum.

“*State*” means the State of South Carolina.

“*Stated Maturity Date*” means the date designated as such in the Series Resolution on which the final payment of principal of and interest on the Notes is due and payable, to the extent not previously paid.

“*Student Loan*” means a student loan having the following characteristics:

(i) such obligation constitutes an instrument, account, or a general intangible as defined in the UCC as in effect in the jurisdiction that governs the perfection of the interests therein;

(ii) with respect to FFELP Loans the borrower thereunder is an eligible borrower under the Higher Education Act;

(iii) such obligation represents advances of money made by an Eligible Lender (for a FFELP Loan) to or on behalf of a student attending, enrolled or having been enrolled at an Eligible Institution, evidenced by one or more promissory notes;

(iv) with respect to FFELP Loans such obligation is an obligation the payment of principal of and interest on which is guaranteed by a Guaranty Agency and reinsured as to principal amount and interest by the Secretary to the maximum extent then authorized under the Higher Education Act and agreements entered into by a Guaranty Agency and the Secretary pursuant to the Higher Education Act; or such an obligation for which there is a commitment by the Secretary to so insure or by the Guaranty Agency and the Secretary to so guarantee and reinsure;

(v) such obligation, together with the related note that evidences the Student Loan 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 that has not been satisfied, subordinated or rescinded and no right of rescission, setoff, counterclaim or defense has been asserted or, to the Corporation’s knowledge, overtly threatened in writing with respect to such Student Loan;

(vi) such obligation is financed using funds from the Trust Estate not in excess of the Value thereof;

(vii) such obligation provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the Principal Balance thereof by its original stated maturity date, as such stated maturity date may be modified in accordance with any applicable program requirements or deferral or forbearance periods granted in accordance with applicable laws, including with respect to FFELP Loans those of the Higher Education Act or any Guaranty Agreement or with respect to any Alternative Loans those in the PAL Program Manual;

(viii) such obligation is subject to a Perfected Interest;

(ix) such obligation is an obligation for which the granting of a security interest does not contravene or conflict with any law or regulation or require the consent or approval of, or notice to, any Person;

(x) with respect to FFELP Loans such obligation is the subject of a valid Guaranty Agreement with an eligible Guaranty Agency under the Higher Education Act and as to which a Guaranty Agency Event of Default has not occurred;

(xi) with respect to FFELP Loans such obligation qualifies the holder thereof to receive guaranty payments equal to the highest amount authorized under the Higher Education Act of principal and interest from the Guaranty Agency and qualifies the Guaranty Agency to receive payments thereon from the Secretary pursuant to a Federal Reimbursement Contract;

(xii) with respect to FFELP Loans such obligation is an obligation with respect to which the Eligible Lender is not in default in any material respect in the performance of any of its covenants and agreements made in the applicable Guaranty Agreement and/or Federal Reimbursement Contract;

(xiii) with respect to FFELP Loans such obligation is an obligation with respect to which all amounts due and payable to the Secretary or a Guaranty Agency, as the case may be, have been paid in full;

(xiv) with respect to FFELP Loans such obligation is an obligation the payment terms of which have not been altered or amended other than in accordance with the Higher Education Act and the interest rate of which is the highest rate allowed by the Higher Education Act except as may be permitted as borrower benefits under the Student Loan Finance Program, the General Resolution and the Series Resolution;

(xv) with respect to Alternative Loans complies with all applicable consumer credit laws and equal credit opportunity laws as applicable to such Alternative Loans;

(xvi) if such Student Loan is not a FFELP Loan, an Alternative Loan that conforms in all material respects with the PAL Program Manual; and

(xvii) that with respect to any Alternative Loan, was originated, financed or refinanced in accordance with the PAL Program Manual.

“Student Loan Finance Program” means and include any acts or things done by the Authority or the Corporation pursuant to the Act and the General Resolution for the purpose of financing Student Loans.

“Student Loan Insurance Program” means the guaranty program of the Authority authorized by the Act related to FFELP Loans.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the General Resolution approved by the Corporation in accordance with the General Resolution.

“Surplus Servicing and Administrator Fees” means the Administrator Fees and Servicing Fees payable as described in this Offering Memorandum in item (b) under the heading **“THE TRUST ESTATE – Flow of Fund - Second,”** subject to the limitations that are described in this Offering Memorandum under the heading **“THE TRUST ESTATE – Operating Fund.”**

“Transaction Documents” means, collectively, the General Resolution, the Series Resolution, any Supplemental Resolution, any Notes, any Backup Servicing Agreement, any Joint Sharing Agreement, and any Guaranty Agreement (each, a **“Transaction Document”**).

“Trust Estate” means, together with any proceeds, all rights, title and interest of the Corporation, in the following: (i) the Financed Student Loans; (ii) interest payments with respect to Financed Student Loans made by or on behalf of borrowers; (iii) Recoveries of Principal; (iv) any Special Allowance Payments; (v) all Interest Subsidy Payments; (vi) any Backup Servicing Agreement, Guaranty Agreement, or Joint Sharing Agreement; (vii) all moneys and securities from time to time held by the Trustee under the terms of the General Resolution in various Funds and Accounts (excluding moneys and securities held in the Department Reserve Fund); and (viii) 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 General Resolution.

“*Trustee*” means U.S. Bank National Association, as Trustee and the successor or successors of such bank or trust company and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

“*Trustee Fees*” means the fees of the Trustee set forth in that certain schedule of fees dated June 17, 2015, executed by the Corporation including any side letter or addendum thereto.

“*Trustee Party*” or “*Trustee Parties*” means the Trustee and any successor, the Registrar, any Paying Agent, or any of or all of them, as may be appropriate.

“*UCC*” means the Uniform Commercial Code as in effect in the State, as amended.

“*Value*” on any calculation date when required under the General Resolution means the value of the Trust Estate calculated by the Administrator as to (i) through (iv) below and by the Trustee as to (v) and (vi), inclusive, below, as follows:

(i) with respect to any Financed Student Loan, the unpaid Principal Balance, accrued but unpaid interest, Interest Subsidy Payments or Special Allowance Payments that are required to be paid with respect to such Financed Student Loan and that are required pursuant hereto to be transferred to the Trustee, less the unguaranteed portion of Financed Student Loans in claims status;

(ii) with respect to any Financed Alternative Loan pledged under the General Resolution (a) that are not more than one hundred eighty (180) days past due, or (b) that have not been extinguished by bankruptcy, the Principal Balance thereof and accrued but unpaid interest, otherwise such Financed Alternative Loans shall be valued at zero;

(iii) with respect to any funds of the Corporation held under the General Resolution and credited to any Fund or Account except the Department Reserve Fund and the Operating Fund on deposit in any commercial bank or as to any banker’s acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest;

(iv) with respect to any Investment Obligations of an investment company, the bid price of the shares as reported by the investment company plus accrued but unpaid interest;

(v) subject to the provisions of the General Resolution described in the second paragraph under “**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE -- Investment of Funds and Accounts**” in **EXHIBIT IV** attached hereto, as to other investments, the fair market value based on accepted industry standards and from accepted industry providers such as Financial Times Interactive Data Corporation or other provider utilized by the Trustee; and

(vi) with respect to Investment Obligations of money market funds, the net asset value.

EXHIBIT IV

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The Notes will be issued by the Corporation under the General Resolution and the Series Resolution adopted pursuant to the authority of the General Resolution which contains various covenants and security provisions, certain of which are summarized below. Reference should be made to the General Resolution for a full and complete statement of its provisions.

AUTHORIZATION AND ISSUANCE OF NOTES (Article II)

No Additional Obligations (Section 205)

No additional series of notes or bonds may be authenticated and issued under the General Resolution.

PLEDGE EFFECTED; ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF TRUST ESTATE (Article V)

Pledge of Trust Estate (Section 501)

In the General Resolution the Corporation will pledge and assign, and grant a security interest in, (the “*Pledge*”) as security for the payment of the principal (or, if the Notes have been duly called for redemption, the Redemption Price) of, and interest on the Notes, in accordance with their terms and the provisions of the General Resolution and the Series Resolution and all other payment obligations under the General Resolution, subject only to the provisions of the General Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth therein, the Trust Estate to the Trustee for the benefit of the Trustee and the Noteholders, as applicable. All of the obligations under the General Resolution will be payable solely from the Trust Estate.

The Trust Estate will immediately be subject to the lien of the Pledge without any physical delivery thereof or further act, and the lien of said pledge will be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Corporation. The security interest granted in the General Resolution will be perfected in the manner provided by the Higher Education Act and the UCC, as applicable.

It will be expressly understood that, subject to the limitations set forth in the General Resolution, in the Series Resolution, or in any Supplemental Resolution, there will be released from the lien of the Pledge such Trust Estate assets as may be sold, disposed of, or transferred by the Corporation, to the extent that such sale, disposition, or transfer is authorized in the Series Resolution for the payment of Redemption Price on any Distribution Date or a sale, disposition, or transfer related to the Repurchase Obligation as directed by a Certificate of an Authorized Officer of the Corporation. The Trustee will be required, upon receipt of a Certificate from such Authorized Officer and subject to the provisions of the General Resolution, the Series Resolution, or any Supplemental Resolution, to take all actions reasonably necessary to effect the release of any Trust Estate assets from the lien of the General Resolution as directed by such Certificate to permit the sale, disposition, or transfer of such Trust Estate assets, but only as authorized in the Series Resolution for the payment of Redemption Price on any Distribution Date, or a sale, disposition, or transfer related to the Repurchase Obligation. The form Certificate for use in the sale, disposition, or transfer will be as set forth in the General Resolution and the Corporation shall provide the Trustee with a list of the Financed Student Loans being sold, released or disposed of in accordance with the General Resolution.

Subject to the limitations set forth in the immediately preceding paragraph, upon receipt of such Certificate of an Authorized Officer, the Trustee will be required to execute instruments provided by such Authorized Officer to release such Trust Estate assets from the lien of the General Resolution, or to convey the Trustee’s interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of the General Resolution. No party relying upon an instrument executed by the Trustee as herein described will 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 will be required, at such time as there are no Notes Outstanding and all amounts due and owing under the General Resolution shall have been paid, to release at the request of the Corporation any remaining portion of the Trust Estate from the lien of the General Resolution and to release to the Corporation or its assigns any funds then on deposit in the Funds and Accounts; provided, however, all such releases will be required to be prepared by the Corporation.

Establishment of Funds and Accounts (Section 502)

The General Resolution creates the following Funds and Accounts:

- (1) Program Fund;
- (2) Collection Fund;
- (3) Debt Service Fund, including an Interest Account and a Principal Account;
- (4) Operating Fund;
- (5) Department Reserve Fund; and
- (6) Debt Service Reserve Fund.

Each of the above Funds and Accounts, in addition to other Accounts from time to time established at the direction of the Corporation, will be required to be held in a segregated trust account in the corporate trust division of the Trustee and maintained by the Trustee pursuant to the provisions of the General Resolution. The Trust Estate will be required to be administered as a separate and distinct trust estate from the trust estates created under any of the Corporation's other general resolutions or indentures, and each Fund or Account created under the General Resolution and the assets therein will be required to be segregated from all other funds of the Corporation.

Distributions of Moneys from the Collection Fund (Section 504)

The following provides a general description of the provisions of the General Resolution with respect to periodic determinations of the amounts required to be deposited in the various Funds and Accounts established by the General Resolution or other uses of moneys constituting a portion of the Trust Estate in the order of priority as to which such moneys are to be applied. All moneys received by or on behalf of the Corporation as assets of, or with respect to, the Trust Estate will be required to be delivered via electronic transfer in immediately available funds promptly, but no later than two (2) Business Days from the receipt thereof, to the Trustee for deposit into the Collection Fund.

(a) Not later than the twelfth (12th) day of the month following the last day of each Collection Period, the Administrator will be required to notify the Trustee by Electronic Means of the amount of the Pool Balance and the Debt Service Reserve Requirement as of the end of the immediately preceding Collection Period, as well as the Parity Percentage, the Department Reserve Fund Requirement, and the Operating Fund Requirement, each based on the most recent information available when such amounts are provided to the Trustee.

(b) Not later than the sixteenth (16th) day of the month (provided, however, if such day is not a Business Day, then the next succeeding Business Day) following the last day of each Collection Period (as well as any additional date for which the Administrator directs the Trustee in a Certificate), using the Available Funds as verified by the Trustee (and provided to the Administrator within two Business Days after the receipt of notice from the Administrator), the Trustee will be required to make deposits to the credit of the Funds and Accounts, together with such other payments as are set forth below and directed by the Administrator in writing, in the amounts and in order of priority as follows:

(i) ***First:*** to the Department Reserve Fund, an amount that, when added to the amount therein, will equal the Department Reserve Fund Requirement as directed by the Administrator by Electronic Means;

(ii) ***Second:*** to the Operating Fund, an amount that, when added to the amount therein, will equal the Operating Fund Requirement as directed by the Administrator by Electronic Means for the payment of (A) Ordinary Servicing and Administrator Fees (if the Parity Percentage shall be less than or equal to 125.5%), (B) Surplus Servicing and Administrator Fees (if the Parity Percentage shall be greater than 125.5%), and (C) Trustee Fees;

(iii) ***Third:*** to the Interest Account, an amount such that, when added to any amount on deposit in the Interest Account on the day of the calculation, would be equal to the Noteholders' Interest Amount;

(iv) **Fourth**: to the Debt Service Reserve Fund, so much as may be required so that the amount therein shall equal the Debt Service Reserve Requirement;

(v) **Fifth**: to the Operating Fund, an amount as may be required pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document including, without limitation, any such amounts payable to the Trustee Parties in accordance with the General Resolution or other Operating Cost not previously paid (not to exceed \$50,000 in the aggregate per annum in the absence of an Event of Default), with such amounts, if any, communicated to the Trustee by Electronic Means by the Administrator (the excess, if any, of the amount by which \$50,000 in the aggregate per annum exceeds the amount actually paid during such year pursuant to this paragraph (v) will be carried over and be accrued for payments pursuant to this paragraph (v) in future years). Such amounts, if any, will be required to be communicated to the Trustee by Electronic Means by the Administrator;

(vi) **Sixth**: to the Principal Account, to pay principal on the Notes until the Noteholders have been paid in full;

(vii) **Seventh**: to the Operating Fund, an amount as may be required to pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document including, without limitation, any such amounts payable to the Trustee Parties in accordance with the General Resolution or other Operating Costs not previously paid, with such amounts, if any, communicated to the Trustee by Electronic Means by the Administrator; and

(viii) **Eighth**: to the Corporation for deposit as directed in a Certificate, any remaining funds.

Application of Moneys in Other Funds and Accounts (Section 505)

(a) Moneys available in the Interest Account will be required to be applied to pay interest when due on the Notes.

(b) Unless directed otherwise in the Series Resolution, moneys available in the Principal Account shall be applied to pay principal of the Notes or to pay the Redemption Price of the Notes to be redeemed on a Distribution Date.

(c) Moneys in the Operating Fund will be required to be applied as directed in writing by the Administrator to pay Operating Costs as required by the General Resolution. Such Operating Costs will not be permitted to be increased beyond the amounts described under the heading "**TRUST ESTATE—The Operating Fund**" in the body of this Offering Memorandum unless (i) the Trustee shall first receive a Rating Agency Condition from any applicable Rating Agency other than S&P and a Cash Flow Certificate and (ii) the Administrator shall provide 60-day prior written notice to S&P of any increase in Operating Costs (with a copy to the Trustee) and there has been no indication (as certified by the Corporation in a Certificate to the Trustee at the end of such 60-day period) that such notice of increase will not, in and of itself, result in a downgrade of such Rating Agency's rating on any Notes Outstanding or cause such Rating Agency to suspend or withdraw its rating on any Notes Outstanding. Such amounts on deposit will not be permitted to exceed four (4) months of Operating Costs as determined by the Administrator. If the Administrator shall determine that excess funds are on deposit in the Operating Fund, the Administrator will be permitted to direct the Trustee in a Certificate to transfer such excess to the Collection Fund.

(d) Amounts in the Department Reserve Fund will be required to be applied as directed in writing by the Administrator to pay Department Reserve Fund Amounts as required by the General Resolution. Such amounts on deposit will not be permitted to exceed four (4) months of Department Reserve Fund Amounts as determined by the Administrator. If the Administrator shall determine that excess funds are on deposit in the Department Reserve Fund, the Administrator will be permitted to direct the Trustee in a Certificate to transfer such excess to the Collection Fund

(e) Amounts in the Debt Service Reserve Fund will be required to be applied for the payment of principal of and interest on the Notes if there would otherwise be a default in payment in accordance with the provisions of the General Resolution described in clause (f) below. All amounts on deposit in the Debt Service Reserve Fund shall be applied for the payment of principal on the Notes Outstanding on the Distribution Date on which amounts on deposit in the Debt Service Reserve Fund are equal to or greater than the principal balance of all Notes

Outstanding after principal payment on the Notes from funds available in the Collection Fund as described under the heading “**Distributions of Moneys from the Collection Fund**” above.

(f) Notwithstanding any provision of the General Resolution pertaining to the application of moneys in any Fund or Account (except the Rebate Fund and Department Reserve Fund), amounts deposited in all Funds and Accounts will be required to be used for the payment of principal of and interest on the Notes if there would otherwise be a default in payment as a result of a shortfall in the Debt Service Fund. The order of Funds and Accounts from which moneys are to be transferred in the event that moneys in the Interest Account or the Principal Account are insufficient to avoid a default in payment of principal of or interest on the Notes will be the Debt Service Reserve Fund and then the Operating Fund.

(g) If at any time the balance in the Funds and Accounts under the General Resolution (excluding the Operating Fund and the Department Reserve Fund) shall be sufficient to retire all Notes Outstanding and subject to retirement, such balance will be permitted to be applied at the direction of the Administrator to retire all Notes Outstanding.

Investment of Funds and Accounts (*Section 506*)

The General Resolution will require that moneys in each Fund and Account be invested at the written direction of an Authorized Officer of the Administrator consistent with the required uses of such moneys in Investment Obligations. Investment Obligations will be deemed to be part of the Fund or Account for which purchased, and gains and losses on Investment Obligations will be credited or charged to the Fund or Account for which the Investment Obligations were purchased. Interest earned on Investment Obligations in all Funds and Accounts, however, will be part of the Trust Estate and will be required to be deposited, as earned, to the Collection Fund. Moneys in Funds and Accounts will be required to be held in either Investment Obligations or in an eligible deposit account at a depository institution rated BBB or higher by S&P. If the rating of such depository institution shall fall below BBB, the Administrator will be required to liquidate the eligible deposit account and transfer the proceeds to another depository institution rated BBB or higher by S&P within a 30-day period.

In computing the amount in any Fund or Account held by the Trustee under the provisions of the General Resolution, Investment Obligations purchased as an investment of moneys therein will be valued at par if such Investment Obligations shall mature within thirty (30) days at their par amount; otherwise such obligations will be valued at their then market value. Valuation made on any particular date will include the amount of interest then earned or accrued to such date on any Investment Obligations. Accrued income for all Funds and Accounts will be deemed to be attributable to the Collection Fund as described in the immediately preceding paragraph. Value will be established by the applicable party on a monthly basis and will be required to be provided to the Corporation in an account statement unless otherwise provided in the Series Resolution. See “**EXHIBIT II—GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS**” hereto for the definition of the term “*Investment Obligations*.”

Under the General Resolution, the Corporation will 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 General Resolution, 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.

PARTICULAR COVENANTS OF THE CORPORATION (*Article VI*)

The Corporation will covenant in the General Resolution, among other things, as follows:

Administration (*Section 603*)

The Administrator will be required to administer, operate and diligently perform all acts and things required to administer, operate, and maintain the Student Loan Finance Program in strict compliance with the Act and in such manner as to assure that such program and the Financed FFELP Loans made thereunder will continue to benefit from Federal Reimbursement Contracts, the federal programs of insurance and reinsurance of Financed FFELP Loans, pursuant to the Higher Education Act, or from any other federal statute providing for any such

federal program of insurance or reinsurance, and to assure continued entitlement to receive any applicable Interest Subsidy Payments and Special Allowance Payments, with respect to all Financed FFELP Loans and otherwise in accordance with the Higher Education Act. The Corporation, the Administrator, and the Servicer will be required to cooperate with any Eligible Lender to the extent necessary for such Eligible Lender to be in compliance with the Student Loan Finance Program. The Corporation will further covenant to administer the Student Loan Finance Program for the Alternative Loans in accordance with the General Resolution and the PAL Program Manual.

Expenditure and Collection *(Section 604)*

Only Student Loans eligible to be financed pursuant to the General Resolution and the Act will be permitted to be financed from Note proceeds, or from funds replaced by Note proceeds. The Servicer will be required to collect all principal and interest payments on all the Financed Student Loans and all grants, subsidies, donations, insurance payments, Special Allowance Payments, and all Default Payments from the Secretary or the Guaranty Agency that relate to Financed FFELP Loans. The Corporation and the Administrator will be required to cause the Servicer to use due diligence in perfecting all claims for payment related to such Financed FFELP Loans from the Secretary and the Guaranty Agency as rapidly as possible. The Corporation and the Administrator will assign, and cause the Servicer to assign, to the Guaranty Agency such Financed FFELP Loans for payment of guaranty or insurance benefits. The Corporation and the Administrator will be required to comply, and cause the Servicer to comply, with all United States statutes, rules, and regulations that apply to the Student Loan Finance Program and all servicing activities on the Financed Student Loans. The Corporation and the Administrator will comply, and will cause the Servicer to timely and fully perform and comply, with all material provisions, covenants, and other promises required to be observed by them under the Higher Education Act, the Financed Student Loans, the Guaranty Agreements, and other agreements to which the Corporation or the Administrator is a party relating to the Trust Estate including all applicable laws and provisions of the General Resolution related to the Alternative Loans.

Enforcement *(Section 605)*

The Corporation and the Administrator will be required to diligently, directly or through agents, enforce, defend, preserve, protect, and take all reasonable steps, actions, and proceedings necessary for the enforcement of all terms, covenants, and conditions of all Financed Student Loans and all agreements and guaranty and insurance contracts in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due with respect thereto. Except as permitted or required by applicable law or as set forth in the General Resolution, the Corporation will not be permitted to release the obligations of any student borrower under any Financed Student Loan and will be required at all times, to the extent permitted by law, to defend, enforce, preserve, and protect the rights and privileges of the Noteholders under or with respect to each Financed Student Loan and all agreements in connection therewith. The Corporation will not be permitted to consent or agree to or permit any amendment or modification of any Financed Student Loan or agreement in connection therewith that will in any manner materially adversely affect the rights or security of the Noteholders under the General Resolution. Subject to any limitation set forth in the Series Resolution or a Supplemental Resolution, consistent with the provisions of this paragraph, the Corporation may settle a default or cure a delinquency on any Financed Student Loan on such terms as shall be determined by the Corporation or the Administrator to be prudent.

Accounts and Reports *(Section 607)*

The Administrator will be required to keep proper books and accounts in which complete and accurate entries shall be made of all transactions relating to the Student Loan Finance Program, and all Funds and Accounts established by the General Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the Beneficial Owners of an aggregate of not less than twenty-five percent (25%) in principal amount of Notes then Outstanding or their representatives duly authorized in writing.

Within one hundred twenty (120) days from the end of each fiscal year of the applicable Servicer, the Corporation will be required to cause each Servicer to provide its annual audited financial statements to the Corporation and to post such annual audited financial statements on the website of the Corporation.

Within one hundred twenty (120) days from the end of each fiscal year of the Corporation, the Corporation will be required to post its annual audited financial statements on the website of the Corporation.

The Corporation will be required to post each Investor Report on the Corporation's website dated the date of the applicable Distribution Date prior to the end of the month which relates to each applicable Collection Period.

The Corporation will also be required to cause the Servicer to provide it with its Servicer Compliance Report, and the Corporation will be required, within three (3) Business Days of receipt thereof, to post such Servicer Compliance Report on the Corporation's website.

Personnel and Servicing of Student Loan Finance Program *(Section 608)*

The Administrator will be required at all times to cause to be appointed, retained and utilized competent and qualified personnel for the purpose of carrying out the Student Loan Finance Program and to establish and enforce reasonable rules, regulations, tests, and standards governing the employment of such personnel at reasonable compensation, salaries, fees, and charges and all persons so employed shall be qualified for their respective positions. The Corporation will be required to give notice to the Rating Agencies upon the engagement of third party independent contractor companies to perform such functions; provided, however, no such notice is required if the Corporation engages temporary personnel or consultants.

Waiver of Laws *(Section 609)*

Neither the Corporation nor the Administrator will be permitted at any time to insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the General Resolution, the Series Resolution, any Supplemental Resolution, or the Notes, and all benefit or advantage of any such law or laws has been expressly waived by the Corporation and the Administrator.

Student Loan Finance Program *(Section 610)*

The Corporation will not be permitted to finance with proceeds of Notes any Student Loan unless such financing is authorized by the Series Resolution, the proceeds of which are to be so applied. All Financed Student Loans pledged under the General Resolution will be held by the Administrator or an Eligible Lender on its behalf.

The Corporation will also covenant that it will not, and will not permit the sale, transfer, or disposition of Financed Student Loans unless (i) the Corporation has been directed to make any such sale following an Event of Default, (ii) such sale, transfer, or disposition is authorized in the Series Resolution for the payment of Redemption Price on any Distribution Date, or (iii) such sale, transfer, or disposition is related to the Repurchase Obligation.

Guaranty Agreements and Enforcement *(Section 611)*

The Corporation will be required to maintain or cause to be maintained in effect all Guaranty Agreements, diligently and promptly enforce or cause to be enforced its rights thereunder and take or cause to be taken, all commercially reasonable steps, actions, and proceedings necessary or appropriate for the enforcement of all material terms, covenants, and conditions of each Financed Student Loan, including the prompt payment of all principal and interest payments and all other amounts due with respect to such Financed Student Loans, including with respect to Financed FFELP Loans all Interest Subsidy Payments and Special Allowance Payments, guaranty payments, except for such deferments and forbearance permitted under the Higher Education Act, as applicable. The Corporation will be required not to permit any Financed Student Loan to be guaranteed by any guaranty agency or entity other than a Guaranty Agency.

Status as Eligible Lender and Administrator Requirement *(Section 612)*

All Financed FFELP Loans will be required to be held by the Corporation, as an Eligible Lender, and the Corporation will be required to maintain its status as an "eligible lender" under the Higher Education Act. To the extent that the Corporation no longer qualifies or will no longer serve as Eligible Lender, the Corporation will be required to appoint another entity as an Eligible Lender.

To the extent that the Corporation shall no longer qualify or shall no longer serve as Administrator, the Corporation will be required to appoint another entity as Administrator.

Servicing Covenants *(Section 613)*

From the date of the General Resolution until all of the obligations of the Corporation thereunder and under the other Transaction Documents shall be paid in full, the Corporation will be required to cause the Financed Student Loans to be serviced, administered, and collected in accordance in all material respects with Accepted Servicing Procedures. The Corporation will be required to send notice to the Rating Agencies of any change in Servicer.

Backup Servicer *(Section 614)*

The Corporation will covenant to maintain a Backup Servicing Agreement for all of the Financed Student Loans. Any and all Financed Student Loans serviced by a Servicer will be required to be transferred for servicing to the Backup Servicer promptly upon the occurrence of a Servicer Transfer Trigger with respect to that Servicer in accordance with the requirements contained in a Backup Servicing Agreement.

Perfection and Priority of Security Interest *(Section 615)*

The Corporation will be required to take all steps necessary (including the preparation and filing of all UCC financing and continuation statements), and to cause the Administrator, the Servicer, and the Trustee to take all steps necessary and appropriate, to maintain the perfection and priority of the Trustee's security interest in the Trust Estate.

Borrower Benefits *(Section 616)*

The Corporation will not be permitted to increase borrower benefits on Financed Student Loans, or to begin or increase the funding with Trust Estate assets of borrower benefits, origination fees or other fees.

No Forced Redemption *(Section 617)*

The Corporation will covenant not to deposit other assets to the Trust Estate except as it may elect to do so in its sole discretion to avoid an Event of Default or in conjunction with an optional redemption as permitted under the Series Resolution.

Joint Sharing Agreement *(Section 618)*

The Corporation will covenant to maintain a Joint Sharing Agreement during the time it shares the U.S. Department of Education lender identification number associated with the Financed FFELP Loans with other student loans securing different trust estates.

REPRESENTATIONS OF THE CORPORATION
(Article VII)

The Corporation will make the following representations in the General Resolution:

Due Organization *(Section 701)*

The Corporation is duly organized, validly existing, and in good standing under the laws of the State; has all licenses necessary to carry on its business now being conducted; and is licensed, qualified, and in good standing in all jurisdictions where the failure to be so qualified, have such good standing or have such licenses or approvals would have a material adverse effect on the Corporation's business and operations or in which the actions as required by the General Resolution require or will require such qualification.

Due Authority *(Section 702)*

The Corporation has the power and authority to execute, deliver, and perform, and enter into and consummate all transactions contemplated by the Transaction Documents. The Transaction Documents are legal, valid, and binding obligations and enforceable against the Corporation in accordance with their terms, subject to

applicable bankruptcy, reorganization, receivership, conservatorship, insolvency, moratorium, and other laws affecting creditors' rights generally or the rights of creditors of banks and to the general principles of equity.

No Conflict *(Section 703)*

The execution and delivery of the Transaction Documents, the consummation of the transactions contemplated, or the fulfillment of or compliance with the terms and conditions will not conflict with or result in a breach of any of the terms, conditions, or provisions of the Corporation's organizational documents, bylaws, any legal restriction, or any agreement or instrument to which the Corporation is now bound, or result in the violation of any law, rule, regulation, order, judgment, or decree to which the Corporation or its property is subject.

No Material Default *(Section 704)*

The Corporation is not in material default under any agreement, contract, instrument, or indenture of any nature which would have a material adverse effect on the ability of the Corporation to perform under the Transactions Documents.

No Litigation Pending *(Section 705)*

There is no action, suit, proceeding, or investigation pending or to the best of the Corporation's knowledge threatened, against it that would adversely affect the issuance of the Notes or the execution, delivery, or enforceability of the Transaction Documents or draw into question the validity of the Transaction Documents.

No Untrue Information *(Section 706)*

No statement, report, or other agreement, document, or instrument prepared and furnished by the Corporation pursuant to the Transaction Documents will contain any materially untrue statement of fact or omit to state a fact necessary to make the statements contained therein not misleading.

Ability to Perform *(Section 707)*

The Corporation does not have any reason or cause to believe that it cannot perform each and every covenant applicable to it pursuant to the Transaction Documents.

No Consent *(Section 708)*

No consent, approval, authorization, or order of any court or governmental agency or body is required under federal or State law for the execution, delivery, and performance by the Corporation, or compliance by it with the Transaction Documents or the consummation of the transactions contemplated by the Transaction Documents, or if required has been obtained or can be obtained prior to the issuance of the Notes.

Approvals *(Section 709)*

The Corporation will have received all approvals required by the terms of the Transaction Documents on the effective date of the General Resolution.

Executed Copies Delivered *(Section 710)*

All of the promissory notes representing the Financed Student Loans will be in the actual possession of the Corporation.

Custodian Acknowledgement *(Section 711)*

The Servicer will hold the Financed Student Loans solely on behalf of the Trustee for the benefit of the Noteholders.

Marks and Notations *(Section 712)*

None of the instruments evidencing the Financed Student Loans has any marks or notations indicating it has been pledged, assigned, or otherwise conveyed to any other Person other than the Trustee.

No Fraudulent Transfer *(Section 713)*

The consideration received by the Corporation for the pledge of the Trust Estate was reasonably equivalent to the Value of the related pledge.

Origination of Financed Student Loans *(Section 714)*

All Financed Student Loans were originated in compliance with all applicable federal, State, and local laws and regulations.

Transfer Not Subject to Bulk Transfer Act *(Section 715)*

Each pledge of Financed Student Loans by the Corporation pursuant to the General Resolution is not subject to any bulk transfer or other similar act in effect in the State.

No Transfer Taxes Due *(Section 716)*

Each pledge of Financed Student Loans by the Corporation pursuant to the General Resolution is not subject to and will not result in any tax, fee, or governmental charge payable by the Corporation to any federal, State, or local government.

Place of Business *(Section 717)*

The Corporation's place of business and chief executive office location is 8906 Two Notch Road, Columbia, South Carolina 29223, and the Corporation has no other chief executive office.

Tax and Accounting Treatment *(Section 718)*

The Corporation is and intends to be treated as the beneficial owner and federal income tax owner of the Financed Student Loans. The Corporation further intends and agrees to treat the Notes as its indebtedness for federal, State, and local income tax and financial accounting purposes.

Taxes *(Section 719)*

(a) The Corporation is generally exempt from income taxation; (b) the Corporation has filed all federal, State, county, local, and foreign income, franchise, and other tax returns required to be filed by it through the date hereof, and has paid all taxes reflected as due thereon; (c) there is no pending dispute with any taxing authority that, if determined adversely to the Corporation, would result in the assertion by any taxing authority of any material tax deficiency, and (d) the Corporation has no knowledge of a proposed liability for any tax year to be imposed upon the Corporation's properties or assets for which there is not an adequate reserve reflected in the Corporation's financial statements.

Legal Name *(Section 720)*

The legal name of the Corporation is the "South Carolina Student Loan Corporation." The Corporation has no trade names, fictitious names, assumed names or "dba's" (other than EdManage) under which it conducts its business and has made no filing in respect of any such name for any of its outstanding obligations.

Compliance with Laws *(Section 721)*

The Corporation is in all material respects in compliance with all applicable laws and regulations with respect to the conduct of its Student Loan Finance Program and has obtained and maintains all permits, licenses, and other approvals as are necessary for the conduct of its operations relating to the Trust Estate.

Purpose (Section 722)

The Corporation has financed all of the Financed Student Loans in accordance with the purposes for which it was organized under the laws of the State and for a valid purpose and has undertaken the transactions contemplated herein as principal rather than as an agent of any other person. The Corporation has adopted and operated its Student Loan Finance Program consistently with all requirements under the laws of the State with respect to its operations.

Not an Investment Company (Section 723)

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 the Investment Company Act of 1940, as amended.

Security Interest (Section 724)

The General Resolution creates a valid and continuing security interest (as defined in the UCC) in the Trust Estate in favor of the Trustee, which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Corporation.

Composition of Financed Student Loans (Section 725)

The Financed Student Loans constitute either (i) “instruments” within the meaning of the UCC or (ii) “accounts” within the meaning of the UCC as a result of certain preemption provisions contained in the Higher Education Act.

Title and Liens (Section 726)

The Corporation owns and has good and marketable title to the Trust Estate free and clear of any lien, claim, or encumbrance of any Person.

Financing Statements (Section 721)

The Corporation has caused or will have caused, within five (5) days of the Issue Date, 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 Trust Estate granted to the Trustee under the General Resolution.

No Pledge (Section 728)

Other than the security interest granted to the Trustee pursuant to the General Resolution, the Corporation has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any interest in the Trust Estate. 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 Trust Estate other than any financing statement relating to the security interest granted to the Trustee under the General Resolution or otherwise that has been terminated and/or released. The Corporation is not aware of any judgment or tax lien filings against the Corporation.

Financed Student Loans (Section 729)

On the Issue Date all of the Financed Student Loans will constitute Student Loans under the General Resolution.

Survival of Obligations (Section 730)

The factual certifications, representations, and warranties set forth in the General Resolution will survive payment in full on all obligations under the General Resolution and will not be permitted to be waived, altered, or amended without the consent of the Trustee.

SUPPLEMENTAL RESOLUTIONS
(Article VII)

Modifications of the General Resolution and Outstanding Notes *(Section 801)*

The Corporation, without the consent of the Noteholders, will be permitted to adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon certification by an Authorized Officer of the Corporation and the written consent of the Trustee, and a copy of such Supplemental Resolution will also be required to be sent by the Corporation to each Rating Agency:

(i) to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Notes, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Resolution or the Series Resolution;

(ii) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the General Resolution, provided, that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Resolution, and upon delivery to the Trustee of a Counsel's Opinion (with such costs to be paid by the Corporation as an Operating Cost), shall not materially and adversely affect the interest of the Noteholders;

(iii) to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the General Resolution;

(iv) to cure any ambiguity or defect or inconsistent provision in the General Resolution or to insert such provisions clarifying matters or questions arising under the General Resolution as are necessary or desirable; or

(v) to take any action that may be required to maintain compliance with the Higher Education Act or other law applicable to the Student Loan Finance Program.

Supplemental Resolutions Effective with Consent of Noteholders *(Section 802)*

The provisions of the General Resolution will also be permitted to be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Noteholders in accordance with and subject to the applicable provisions of the General Resolution, such Supplemental Resolution to become effective in accordance with its terms upon certification of an Authorized Officer of the Corporation and the written consent of the Trustee.

General Provisions Relating to Supplemental Resolutions *(Section 803)*

The General Resolution will not, be permitted to be modified or amended in any respect except in accordance with and subject to its applicable provisions. However, nothing contained in the General Resolution will affect or limit the rights or obligations of the Corporation to adopt, make, do, execute, or deliver any resolution, act, or other instrument pursuant to applicable provisions of the General Resolution, or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the General Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Resolution adopted by the Corporation, when filed with the Trustee, will be required to be accompanied by a Counsel's Opinion (with such costs to be paid by the Corporation as an Operating Cost) stating that such Supplemental Resolution has been duly adopted in accordance with the provisions of the General Resolution, is authorized by the General Resolution, and is valid and binding upon the Corporation and enforceable in accordance with its terms. Each such Supplemental Resolution will also be required to be filed by the Corporation with each Rating Agency.

No Supplemental Resolution changing, amending, or modifying any of the rights or obligations of the Trustee or of any Paying Agent will be permitted to be adopted by the Corporation without the written consent of the Trustee or Paying Agent affected thereby.

Powers of Amendment with Consent of Noteholders (*Section 804*)

(a) Any modification or amendment of the General Resolution and of the rights and obligations of the Corporation and of the Noteholders, will be permitted to be made by a Supplemental Resolution, with the written consent given as hereinafter described, of a Majority of the Noteholders at the time such consent is given. Unless with the unanimous written consent of all Noteholders, however, no such amendment will be permitted to:

(i) permit a change in the terms of redemption or Stated Maturity Date of the principal of any Outstanding Note or of any installment of interest thereon or a reduction in the principal amount thereof or the rate of interest thereon,

(ii) reduce the percentage of Notes the consent of the Noteholders of which is required to effect such amendment, or

(iii) create any preferences or priorities of any Notes over any other Notes.

(b) A copy of such Supplemental Resolution (or brief summary thereof or reference thereto) together with a request to Noteholders for their consent thereto will be required to be mailed by the Corporation to Noteholders promptly after adoption (but failure to mail such copy and request will not affect the validity of the Supplemental Resolution when consented to as under this heading described). Such Supplemental Resolution will not be effective unless and until:

(i) there shall have been filed with the Trustee:

(A) the written consents, which may be given by Electronic Means, of the Holders of the percentage of Outstanding Notes,

(B) a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted and filed by the Corporation in accordance with the provisions of the General Resolution, is authorized by the General Resolution, and is valid and binding upon the Corporation and enforceable in accordance with its terms with all such costs to be paid by the Corporation as an Operating Cost, and

(ii) a notice shall have been mailed as required by the General Resolution.

(c) Each such consent will be effective only if accompanied by proof of the ownership at the date of such consent of the Notes with respect to which such consent is given. Any such consent shall be binding upon the Noteholder giving such consent and, anything in the General Resolution to the contrary notwithstanding, upon any subsequent Holders of such Notes and of any Notes issued in exchange therefor (whether or not such subsequent Noteholder has notice thereof), unless such consent is revoked in writing by the Noteholder giving such consent or a subsequent Noteholder by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter described under this heading for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentage of Notes shall have filed their consents to the Supplemental Resolution, the Trustee will be required to confirm to the Corporation in writing, based on the clearing agency, that the requisite consent to the proposed amendment has been reached. Such written statement will be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Notes and will be effective as described under this heading will be required to be given to the Noteholders by the Corporation by mailing such notice to the Noteholders as provided in the General Resolution (but failure to mail such notice will not prevent such Supplemental Resolution from becoming effective and binding as described under this heading). The Corporation will be required to file with the Trustee proof of the mailing thereof. A transcript,

consisting of the papers required or permitted by the General Resolution to be filed with the Trustee, shall be proof of the matters therein stated.

(d) Such Supplemental Resolution making such amendment or modification will be deemed conclusively binding upon the Corporation, the Trustee, the Servicer, the Administrator, each Paying Agent, and all Noteholders.

Mailing of Notices (Section 805)

Any provision in the General Resolution described under this heading “**SUPPLEMENTAL RESOLUTIONS**” for the mailing of a notice or other document to Noteholders will be fully complied with if it is mailed postage prepaid only to each Noteholder at his address, if any, appearing upon the registry books of the Corporation, and to the Trustee at its address set forth in the General Resolution.

Modifications by Unanimous Action (Section 806)

Notwithstanding anything described in the foregoing provisions, the rights and obligations of the Corporation and of the Noteholders and the terms and provisions of the Notes or of the General Resolution will be permitted to be modified or amended in any respect upon the adoption of a Supplemental Resolution by the Corporation and the consent of all Noteholders, such consent to be given as provided in the General Resolution; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of any Trustee Party without its written assent thereto in addition to the consent of the Corporation and of the Noteholders.

Exclusion of Notes (Section 807)

Unless the Corporation shall own Outstanding, Notes, if any, owned or held by or for the account of the Corporation will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Notes provided for in the General Resolution, and the Corporation will not be entitled with respect to such Notes to give any consent or take any other action provided for in the General Resolution. At the time of any consent or other action taken under the General Resolution, the Corporation shall furnish the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely, describing all Notes so to be excluded.

DEFAULTS AND REMEDIES (Article IX)

Events of Default (Section 901)

(a) Under the General Resolution, each of the following events will be an “*Event of Default*”:

- (i) default by the Corporation in the payment of any installment of interest on the Notes, when due;
- (ii) default by the Corporation in the payment of any principal of the Notes on a Stated Maturity Date or of any Redemption Price;
- (iii) default in the performance or observance of any covenants or agreements contained in the General Resolution, the Series Resolution, or any Supplemental Resolution or the Notes, and the continuation of such default for a period of forty-five (45) days after written notice thereof by the Trustee or a Majority of the Noteholders; or
- (iv) an Event of Insolvency of the Corporation shall have occurred.

(b) The Trustee will be required to give prompt written notice of any Event of Default under (a)(i), (ii), or (iii) above actually known to a Responsible Officer of the Trustee to each Rating Agency.

Remedies (Section 902)

(a) Upon the happening and continuance of any Event of Default and subject to provisions of the General Resolution, the Trustee, upon the written direction described below under the headings “**Accelerated Maturity**” and “**Direction to Trustee**” below, will be required to proceed to protect and enforce the rights of the Noteholders with the following express remedies as directed:

(i) enforce by mandamus or specific performance (A) the right to receive and collect or cause to be received and collected the Trust Estate assets, (B) the pledge of the Trust Estate, (C) the right to require the performance of any of the covenants or agreements under the General Resolution, and (D) the right to demand performance of any duties under the Act;

(ii) (A) take possession of any portion of the Trust Estate that may be in the custody of others and all property comprising the Trust Estate, (B) hold, use, operate, manage and control those assets, and (C) collect and receive all charges, income and revenues of the Trust Estate;

(iii) in the event that all Notes are declared due and payable, and if any judicial proceedings are commenced to enforce any right of the Trustee or the Noteholders, then as a matter of right, the Trustee shall be entitled to the appointment of a receiver for the Trust Estate;

(iv) in the event that all Notes are declared due and payable, to sell all Financed Student Loans, Investment Obligations and all other Trust Estate assets to the extent necessary to effect their payment; provided that in the case of any such sale the Trustee will be entitled to hire such entity as the Trustee may select to undertake such sale, and the expenses of any agent or other entity hired in connection with such sale shall be paid or reimbursed in accordance with provisions of the General Resolution described under the heading “**CONCERNING TRUSTEE PARTIES - Compensation**” below; provided further that any such sale of Financed Student Loans will be subject to the provisions of the General Resolution last paragraph of this heading; and

(v) take any other action as may directed as described below under the headings “**Accelerated Maturity**” and “**Direction to Trustee**” below.

(b) Upon the happening of any Event of Default, the Trustee may, or upon the written direction of a Majority of the Noteholders shall, do any of the following:

(i) exercise remedies expressly set forth in the General Resolution against the Financed Student Loans and Trust Estate assets that are subject to the lien of the General Resolution

(ii) sell Financed Student Loans and Trust Estate assets to the extent necessary if it is determined prior to such sale that the proceeds of such sale are sufficient to pay Noteholders the entire amount of principal, interest, and other payments due; or

(iii) to the extent funds in the Trust Estate are available therefor, continue to pay principal of and interest on the Notes and other amounts payable under the General Resolution in accordance with the terms of the General Resolution;

(c) Except in the case of an Event of Insolvency of the Corporation, if the Trustee shall be directed by a Majority of the Noteholders to sell the Financed Student Loans as a remedy upon an Event of Default as described herein, the Corporation or its designee will be permitted to purchase such Financed Student Loans for an amount equal to the greater of (i) the Value of the Financed Student Loans as of the cutoff date or the date of sale or (ii) an amount sufficient to pay all principal of and interest owing to Noteholders and all accrued fees and expenses owed under the General Resolution and payable out of the Trust Estate; provided, such date of sale will be considered a date of acceleration and the Corporation will be required to pay on such date of sale all amounts due and owing under the General Resolution as a result of such Event of Default and acceleration of the Outstanding Notes. The Corporation will have twenty (20) Business Days from its receipt of written notice from the Trustee that an Event of Default has occurred and that the period during which the Corporation may exercise its option to purchase the Financed Student Loans has commenced, to enter into a written agreement to exercise its option to purchase such Financed Student Loans. Such written agreement will be required to specify a purchase date occurring no more than

twenty-five (25) Business Days after the Trustee gives written notice to the Corporation that an Event of Default has occurred.

Limitation on Action (Section 903)

No Noteholder shall have any right to institute any action except as authorized in the Resolution. Nothing herein contained shall impair the right of any Noteholder to enforce payments of principal or Redemption Price of or interest on such Noteholder's Notes. Such payments of principal or Redemption Price of or interest on the Notes or claim based thereon or all other payment obligations under the General Resolution will be payable solely from the Trust Estate created under the General Resolution.

Priority of Payments After Default (Section 904)

Notwithstanding any other provision in the General Resolution to the contrary, upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents and any other moneys received or collected pursuant to the General Resolution shall be applied after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of and expenses, liabilities, and advances incurred or made by the Trustee (including but not limited to any amounts due to the Trustee as described below under the heading "**CONCERNING TRUSTEE PARTIES - Compensation**" below), including, but not limited to, the fees and expenses of its counsel, accountants, experts, and other agents and any other amounts owed to the Trustee under the General Resolution or under any of the Transaction Documents, as follows:

- (a) Unless the principal of all of the Notes shall have become or have been declared due and payable:
 - (i) ***First:*** To the payment of Operating Costs and Department Reserve Fund Amounts; and
 - (ii) ***Second:*** To the payment to the persons entitled thereto of all installments of interest then due on the Notes in the order of such installments and, if the amount available shall not be sufficient to pay in full all interest then due on the Notes, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and
 - (iii) ***Third:*** To the payment to the persons entitled thereto of the unpaid principal of any Notes, and, if the amounts available shall not be sufficient to pay in full all the Notes, then to the payment thereof ratably, without any discrimination or preference.
- (b) If the principal of all of the Notes shall have become or have been declared due and payable:
 - (i) ***First:*** To the payment of Operating Costs and Department Reserve Fund Amounts; and
 - (ii) ***Second:*** To the persons entitled thereto for the payment of principal and interest of the Notes, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto.

Accelerated Maturity (Section 905)

If an Event of Default shall have occurred and be continuing, the Trustee will be permitted to declare (but only for Events of Default described in item (i) or (ii) under the heading "**Events of Default**" above, or upon the written direction of a Majority of the Noteholders, will be required to declare, by a written notice to the Corporation and the Noteholders, the principal of all Notes then Outstanding, and the interest thereon, if not previously due, immediately due and payable, anything in the Notes or the General Resolution to the contrary notwithstanding. The Majority of the Noteholders may annul such declaration and its consequences. If an Event of Default described above in item (iv) under the heading "**Events of Default**" above shall occur, the principal of all Notes then Outstanding and the interest thereon, will immediately be due and payable. The Trustee will also be required to provide written notice to each Rating Agency of any acceleration under the General Resolution known to a Responsible Officer of the Trustee.

Direction to Trustee *(Section 906)*

Upon the happening of any Event of Default a Majority of the Noteholders will have the right by an instrument or instruments in writing delivered to the Trustee to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and will be permitted at any time to cause any proceedings expressly authorized by the terms of the General Resolution to be so taken or to be discontinued or delayed.

Termination of Proceedings *(Section 907)*

In case any proceedings taken on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Noteholders will be restored to their former positions and rights under the General Resolution, respectively, and all rights, remedies, powers and duties expressly conferred in the General Resolution will continue as though no such proceeding had been taken.

No Waiver of Default *(Section 908)*

No delay or omission of the Trustee or any Noteholder to exercise any right or power expressly conferred in the General Resolution accruing upon any default will impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy expressly given by the General Resolution to the Trustee or the Noteholders, respectively, will be permitted to be exercised from time to time and as often as may be deemed expedient.

The Trustee will waive an Event of Default upon the written request of a Majority of the Noteholders. A waiver of any Event of Default in the payment of principal of, the Redemption Price of, or interest on any Note may not be made unless prior to the waiver or rescission, provision shall have been made for payment of all arrears of interest or all arrears of payments of principal or Redemption Price, as applicable. A waiver or rescission of one Event of Default will not affect any subsequent or other Event of Default or impair any rights or remedies consequent to any subsequent or other Event of Default

Notice of Event of Default to Noteholders *(Section 909)*

The Trustee will be required to give to the Noteholders notice of each Event of Default under the General Resolution actually known to a Responsible Officer of the Trustee within thirty (30) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. Each such notice of an Event of Default will be given by the Trustee by delivery of written notice thereof to all Noteholders, as the names and addresses of such Noteholders appear upon the books for registration and transfer of Notes as kept by the Trustee.

CONCERNING TRUSTEE PARTIES
(Article X)

Trustee *(Section 1001)*

The Trustee will be required to signify acceptance of the duties and obligations imposed by the General Resolution by executing the certificate of authentication endorsed upon the Notes, and, by executing such certificate upon any Note, the Trustee will be deemed to have accepted such duties and obligations not only with respect to the Note so authenticated, but with respect to all the Notes thereafter to be issued, but only, however, upon the terms and conditions set forth in the General Resolution or in the Series Resolution.

The Trustee will be required, prior to any Event of Default and after the curing of all Events of Default that may have occurred, to perform the duties imposed by the General Resolution promptly and only such duties of the Trustee as are specifically set forth in the General Resolution and in the Series Resolution. The Trustee will be required, during the existence of any Event of Default that has not been cured, to exercise such of the rights and powers vested in it by the General Resolution or in the Series Resolution promptly and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

The Trustee will not be liable for any action taken or omitted by it in good faith without negligence or willful misconduct that it believes to be authorized under the General Resolution or in the Series Resolution and within its powers. The Trustee will not be liable for any action taken or omitted by it in good faith at the written direction of a Majority of the Noteholders as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercise of any power conferred by the General Resolution or in the Series Resolution.

In carrying out its duties under the General Resolution, the Trustee will be permitted to act directly or through agents, attorneys, nominees or affiliated entities, and the Trustee will not be liable for the actions of any such Persons chosen or consented to by the Corporation or the Noteholders (such consent to be not unreasonably withheld). The Trustee will be required to take commercially reasonable efforts to include a provision making the Corporation a third-party beneficiary in any written agreement between the Trustee and such Persons. Notwithstanding the foregoing, the Trustee will not be liable for any such Person appointed by the Corporation or the Noteholders or any such Person that the Trustee shall be directed to hire.

Evidence on Which Trustee Parties May Act (*Section 1004*)

Each Trustee Party will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, Note, 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 each Trustee Party will be under no duty to make any investigation or inquiry as to any statement contained or material referred to in any such instrument. Each Trustee Party will be permitted to consult with counsel, accountants, or experts of its selection, who may or may not be counsel to, or accounts or experts for, the Corporation, and the advice or opinion of such counsel, accountants, or other experts will be full and complete authorization and protection in respect of any action taken or suffered by it under the General Resolution in good faith and in accordance therewith. Whenever any Trustee Party shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the General Resolution, such matter (unless other evidence in respect thereof be specifically prescribed in the General Resolution) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer of the Corporation, and such Certificate will be full warrant for any action taken or suffered in good faith under the provisions of the General Resolution and the Series Resolution upon the faith thereof, but in its sole discretion the Trustee Party may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided in the General Resolution, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision of the General Resolution by the Corporation to any Trustee Party will be sufficiently executed if executed in the name of the Corporation by an Authorized Officer. Each Trustee Party will be authorized to accept by facsimile or email transmission any notice, request, order, certificate, and opinion required by the General Resolution or the Series Resolution and will be protected in relying on any such notice, request, order, certificate, and opinion. Each Trustee Party will be under no duty to make any investigation as to any statement contained in any request, affidavit, certificate, opinion, or other document furnished to it, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinion.

No provision of the General Resolution or the Series Resolution will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. In no event will the Trustee be responsible or liable for special, indirect, or punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event will the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the General Resolution arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee will be required to use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Compensation *(Section 1005)*

The Corporation will be required to pay to each Trustee Party from time to time such compensation for all services rendered under the General Resolution and the Series Resolution as such Trustee Party and the Corporation shall from time to time agree upon in writing, and also all reasonable expenses, charges, counsel fees, and other disbursements (including sums to reimburse costs, charges, or expenses incurred by it acting in good faith and without negligence under the General Resolution), including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the General Resolution and the Series Resolution, but solely from the Trust Estate. If the Trustee shall be required by governmental agency or court proceedings initiated by a third party to undertake efforts beyond that which are set forth in the General Resolution, but resulting from and relating to being the Trustee thereunder, the Trustee will be required to notify the Corporation promptly of the same in writing. Reimbursement for extraordinary fees and expenses arising from undertaking such efforts will be made by the Corporation only after such notice to the Corporation, but solely from the Trust Estate. The rights of any Trustee Party described under this heading will survive the resignation or removal of such Trustee Party.

The Corporation will be required to indemnify each Trustee Party (solely from the Trust Estate) from and against any and all Indemnified Amounts, awarded against or incurred by any of them arising out of, as a result of, or in connection with the General Resolution or the Series Resolution, including the costs and expenses of any such Trustee Party defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, excluding, however, (i) lost profits and consequential damage, and (ii) Indemnified Amounts to the extent resulting from the negligence or willful misconduct of the Trustee Party seeking indemnification.

Resignation of Trustee *(Section 1007)*

The Trustee will be permitted at any time to resign and be discharged of the duties and obligations created by the General Resolution or the Series Resolution by giving not less than sixty (60) days' written notice to the Corporation and the Rating Agencies and by publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation will take effect only upon the appointment, acceptance, and qualification of a successor trustee, which successor trustee must be an Eligible Lender.

Removal of Trustee *(Section 1008)*

The Trustee will be required to be removed by the Corporation if at any time so requested, upon at least thirty (30) days' written notice, by an instrument or concurrent instruments in writing, filed with the Trustee, the Rating Agencies, and the Corporation, and signed by a Majority of the Noteholders or their attorneys-in-fact duly authorized, excluding any Notes held by or for the account of the Corporation. The Corporation will be permitted to remove the Trustee at any time, except during the existence of an Event of Default, upon at least thirty (30) days' written notice, for such cause as shall be determined in the sole discretion of the Corporation by filing with the Trustee an instrument signed by an Authorized Officer of the Corporation. Such removal will take effect only upon the appointment, acceptance, and qualification of a successor Trustee, which successor Trustee will be required to be an Eligible Lender.

Appointment of Successor Trustee *(Section 1009)*

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation will be required to appoint a successor Trustee which successor Trustee must be an Eligible Lender. The Corporation will be required to publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made once within twenty (20) days after such appointment. Such appointment will take effect only upon the qualification of such successor Trustee.

If in a proper case no appointment of successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the Corporation written notice, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or any Noteholder, at the expense of the Corporation, will be permitted to apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of the General Resolution described under this heading in succession to the Trustee will be required to be a trust company or bank having the powers of a trust company within or outside of the State, having a capital and surplus aggregating at least \$100,000,000 if there be such a trust company or bank, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Resolution or the Series Resolution . The Corporation will be required to notify each Rating Agency of the appointment of a successor Trustee (which shall include appointment of a successor Paying Agent and Registrar).

Administrator and Backup Administrator *(Section 1016)*

Following any termination of the Administrator, a successor Administrator appointed by the Trustee or the Trustee itself will succeed to all the responsibilities, duties, and liabilities of the Administrator. The successor Administrator will be entitled to similar compensation arrangements or any other compensation as set forth in the Series Resolution. If the Trustee shall be unwilling or unable to act, it will be permitted to appoint, or petition a court for the appointment of, a successor whose regular business includes the servicing or administration of student loans. The Trustee will have no duty to assume any responsibilities, duties, or liabilities of the Administrator unless and until the Trustee, in its sole discretion, appoints itself in writing as the successor Administrator.

REDEMPTION OF NOTES *(Article XI)*

Privilege of Redemption and Redemption Price *(Section 1101)*

Notes subject to redemption prior to the Stated Maturity Date pursuant to the Series Resolution will be redeemable, upon notice as described under this heading, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution.

Redemption at the Election or Direction of the Corporation *(Section 1102)*

In the case of any redemption of Notes, the Corporation will be required to give written notice to the Trustee of its election or direction so to redeem, of the Distribution Date, of the principal amounts of the Notes to be redeemed (which Distribution Date may be determined in its sole discretion, subject to any limitations with respect thereto contained in the General Resolution and the Series Resolution) and of any moneys to be applied to the payment of the Redemption Price. Such notice will be required to be given in accordance with the Series Resolution or such shorter period as shall be acceptable to the Trustee in its sole discretion. In the event notice of redemption shall have been given as described under the immediately succeeding heading “**Notice of Redemption**” below, the Trustee will be required, prior to the Distribution Date, to pay to the appropriate Paying Agent or Paying Agents from the Debt Service Fund, an amount in cash that, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the Distribution Date at the Redemption Price thereof, all of the Notes to be redeemed.

Notice of Redemption *(Section 1103)*

Unless otherwise directed in the Series Resolution, when the Trustee shall receive notice from the Corporation of its election or direction to redeem Notes pursuant to the provisions of the General Resolution described above under the immediately preceding heading “**Redemption at the Election or Direction of the Corporation,**” the Trustee will be required to give notice in the name of the Corporation, of the redemption of such Notes, the Distribution Date, and the place or places where Notes being redeemed will be required to be delivered. Such notice will be required to further state that on such date there shall become due and payable upon each Note to be redeemed the Redemption Price thereof, together with interest accrued to the Distribution Date, and that from and after such Distribution Date interest on such Notes or portion of such Notes redeemed will cease to accrue and be payable. To the extent that funds shall not have been allocated for such purpose by the time the notice shall be sent, such notice will, however, be required to state that it is a conditional notice and that the redemption will be cancelled if moneys are not available on the Distribution Date as described below under the immediately succeeding heading “**Payment of Redeemed Notes.**” The Trustee will be required to deliver a copy of such notice in accordance with the Series Resolution.

Payment of Redeemed Notes *(Section 1104)*

Notice having been given in the manner described above under the immediately preceding heading “**Notice of Redemption**,” the Notes or portions thereof so called for redemption will become due and payable on the Distribution Date so designated at the Redemption Price, and, upon presentation and surrender thereof at the office specified in such notice, together with, a written instrument of transfer duly executed by the Noteholder or his duly authorized attorney, such Notes, or portion thereof will be paid at the Redemption Price. If, on the Distribution Date, moneys for the redemption of all the Notes (or portions thereof) to be redeemed, together with interest to the Distribution Date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Distribution Date interest on the Notes or portions thereof so called for redemption will cease to accrue and become payable. If said moneys shall not be so available on the Distribution Date, the redemption will be cancelled and such Notes or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

MISCELLANEOUS
(Article XII)

Parties in Interest *(Section 1203)*

Nothing in the General Resolution, the Series Resolution, or in any Supplemental Resolution adopted pursuant to the provisions of the General Resolution, expressed or implied, will be intended to or should be construed to confer upon or to give to any person or party other than the Corporation, the Servicer, the Administrator, the Trustee, the Paying Agents, and the Noteholders any rights, remedies, or claims under or by reason of the General Resolution or the Series Resolution or any covenants, condition, or stipulation thereof; and all covenants, stipulations, promises, and agreements in the General Resolution, the Series Resolution, and any Supplemental Resolution contained by or on behalf of the Corporation will be for the sole and exclusive benefit of the Corporation, the Servicer, the Administrator, the Trustee, the Paying Agents, and the Noteholders.

No Recourse Under Resolution or on Notes *(Section 1204)*

All covenants, stipulations, promises, agreements, and obligations of the Corporation, the Servicer, or the Administrator contained in the General Resolution will be deemed to be the covenants, stipulations, promises, agreements, and obligations of the Corporation, the Servicer, or the Administrator and not of any director, trustee, member, officer, or employee of the Corporation, the Servicer, or the Administrator in his or her individual capacity, and no recourse will be had for the payment of the principal or Redemption Price of or interest on the Notes or for any claim based thereon or on the General Resolution against any director, member, officer, or employee of the Corporation, the Servicer, or the Administrator or any natural person executing the Notes. Such payments of principal or Redemption Price of or interest on the Notes or claim based thereon or all other payment obligations under the General Resolution will be payable solely from the Trust Estate created under the General Resolution and will not be a general or other obligation of the Corporation, the Servicer, or the Administrator.

BOOK ENTRY SYSTEM

The information in this section concerning DTC and the Book-Entry System has been obtained from DTC. None of the Corporation and its counsel, either of the Underwriters and their counsel, or Note Counsel take any responsibility for the accuracy thereof.

1. The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, and will be deposited with DTC. If, however, the aggregate principal amount of the Notes exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the 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 §17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the Trustee. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

11. The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

CERTAIN FINANCIAL INFORMATION WITH RESPECT TO THE CORPORATION

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**South Carolina Student
Loan Corporation**

Report on Consolidated Financial Statements

For the year ended June 30, 2015

South Carolina Student Loan Corporation

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Independent Auditor's Report

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of South Carolina Student Loan Corporation and its related subsidiaries (Corporation) which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the South Carolina Student Loan Corporation's consolidated financial statements. The schedules, listed in the table of contents as supplementary information, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2015, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Columbia, South Carolina
September 28, 2015

South Carolina Student Loan Corporation
Consolidated Statement of Financial Position
As of June 30, 2015 (with comparative amounts for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Totals Memorandum Only
Assets				
Current assets				
Cash and cash equivalents	\$ 86,261,029	\$ 200,209,092	\$ 286,470,121	\$ 156,389,280
Investments	169,048,474	-	169,048,474	57,851,619
Current portion of student loan receivables	6,574,347	257,380,589	263,954,936	287,026,773
Interest due from borrowers	532,409	38,254,610	38,787,019	43,019,866
Accounts receivable	996,812	-	996,812	1,193,175
Due from SC State Education Assistance Authority	1,927,751	3,326,978	5,254,729	14,049,988
Accrued investment income	229,160	33,004	262,164	204,087
Prepaid expenses	184,662	70,338	255,000	201,833
Due from (to) other funds	597,167	(597,167)	-	-
Total current assets	<u>266,351,811</u>	<u>498,677,444</u>	<u>765,029,255</u>	<u>559,936,621</u>
Long-term receivables and other assets				
Other student loan receivables, less current portion and net of allowance for loan loss of \$40,593,640	66,495,874	1,905,391,494	1,971,887,368	2,185,971,737
Teacher loans receivable - less allowance for teacher loan cancellations of \$12,255,841 and current portion	-	27,044,864	27,044,864	25,702,979
Overfunded defined benefit plan	451,892	-	451,892	770,942
Due from (to) other funds	20,942,464	(20,942,464)	-	-
Total long-term receivables and other assets	<u>87,890,230</u>	<u>1,911,493,894</u>	<u>1,999,384,124</u>	<u>2,212,445,658</u>
Property and equipment				
Land	364,900	-	364,900	364,900
Building	4,358,670	-	4,358,670	4,358,670
Furniture and equipment	2,526,290	-	2,526,290	2,336,419
Automobiles	70,215	-	70,215	53,348
Less, accumulated depreciation	(2,344,441)	-	(2,344,441)	(1,994,164)
Net property and equipment	<u>4,975,634</u>	<u>-</u>	<u>4,975,634</u>	<u>5,119,173</u>
Total assets	<u>\$ 359,217,675</u>	<u>\$ 2,410,171,338</u>	<u>\$ 2,769,389,013</u>	<u>\$ 2,777,501,452</u>

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation
Consolidated Statement of Financial Position
As of June 30, 2015 (with comparative amounts for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Totals Memorandum Only
Liabilities and Net Assets				
Current liabilities				
Current portion of notes payable - finance loans	\$ -	\$ 4,348,373	\$ 4,348,373	\$ 4,534,326
Current maturities of bonds payable	-	321,140,754	321,140,754	359,306,222
Interest payable	-	2,397,684	2,397,684	2,182,208
Accounts payable	2,030,366	-	2,030,366	2,878,766
Deferred revenue	1,730,833	956,328	2,687,161	3,269,023
Teacher loan liability	-	958,240	958,240	983,334
Accrued pension payable	287,656	-	287,656	310,343
Compensated absences	1,794,949	-	1,794,949	1,863,733
Due to SC State Education Assistance Authority	-	-	-	694,697
Due to United States Department of Education	95,271	10,149,876	10,245,147	10,807,851
Total current liabilities	5,939,075	339,951,255	345,890,330	386,830,503
Noncurrent liabilities				
Bonds payable less current maturities	-	1,794,628,793	1,794,628,793	1,778,168,521
Due to SC State Education Assistance Authority	-	39,835,008	39,835,008	39,835,008
Notes payable - finance loans less, current maturities	-	49,872,581	49,872,581	55,266,102
Total noncurrent liabilities	-	1,884,336,382	1,884,336,382	1,873,269,631
Total liabilities	5,939,075	2,224,287,637	2,230,226,712	2,260,100,134
Net Assets				
Temporarily restricted				
For bond indentures - current debt service	-	11,389,880	11,389,880	11,058,166
For bond indentures	-	122,198,997	122,198,997	239,965,286
For teacher loans	-	52,294,824	52,294,824	47,574,092
Total temporarily restricted	-	185,883,701	185,883,701	298,597,544
Unrestricted				
Board designated	100,000	-	100,000	100,000
Undesignated	353,178,600	-	353,178,600	218,703,774
Total unrestricted	353,278,600	-	353,278,600	218,803,774
Total net assets	353,278,600	185,883,701	539,162,301	517,401,318
Total liabilities and net assets	\$ 359,217,675	\$ 2,410,171,338	\$ 2,769,389,013	\$ 2,777,501,452

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation

Consolidated Statement of Activities

For the year ended June 30, 2015 (with comparative amounts for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Totals Memorandum Only
Revenue				
Income from United States Department of Education				
Student loan interest - subsidized	\$ 68,824	\$ 10,324,523	\$ 10,393,347	\$ 12,849,848
Special allowances	(395,365)	(50,361,789)	(50,757,154)	(56,698,748)
Student loan interest - non-subsidized	5,828,079	112,538,376	118,366,455	125,625,403
Investment income	2,705,854	-	2,705,854	951,749
Unrealized gain (loss) on investments	(1,588,774)	-	(1,588,774)	834,926
Late charges	35,742	2,192,193	2,227,935	2,159,083
Miscellaneous payments of student loans	(39)	(12,872)	(12,911)	(6,431)
Miscellaneous income	-	57,969	57,969	57,886
State appropriations - Department of Education	-	6,020,205	6,020,205	5,753,185
Remittance from SC State Education Assistance Authority				
for operating cost	578,882	-	578,882	617,555
Servicing fees	7,377,829	-	7,377,829	10,298,524
Other	2,835,925	219,948	3,055,873	736,821
Net assets released from restrictions	193,692,396	(193,692,396)	-	-
Total revenue	<u>211,139,353</u>	<u>(112,713,843)</u>	<u>98,425,510</u>	<u>103,179,801</u>
Expenses				
Personnel	11,348,103	-	11,348,103	11,613,830
Contractual services	1,454,238	-	1,454,238	5,106,651
General operating	7,273,593	-	7,273,593	6,400,423
Interest on debt	28,777,775	-	28,777,775	26,634,582
TLP cancellations	4,079,611	-	4,079,611	4,707,663
Payments to SC State Education Assistance Authority				
for student loan income	3,234,864	-	3,234,864	4,206,296
Loan fees	8,925,139	-	8,925,139	9,712,649
Reinsurance expense	1,061,652	-	1,061,652	1,627,729
Borrower incentives	5,957,897	-	5,957,897	6,159,167
Broker dealer fees	417,146	-	417,146	388,778
Building expenses	257,326	-	257,326	314,707
Loan loss expense	3,468,335	-	3,468,335	2,764,468
Other	408,848	-	408,848	449,339
Total expenses	<u>76,664,527</u>	<u>-</u>	<u>76,664,527</u>	<u>80,086,282</u>
Change in net assets	134,474,826	(112,713,843)	21,760,983	23,093,519
Net assets				
Beginning	218,803,774	298,597,544	517,401,318	494,307,799
Ending	<u>\$ 353,278,600</u>	<u>\$ 185,883,701</u>	<u>\$ 539,162,301</u>	<u>\$ 517,401,318</u>

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation

Consolidated Statement of Cash Flows

For the year ended June 30, 2015 (with comparative amounts for 2014)

	2015			2014 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
Cash flows from operating activities				
Change in net assets	\$ 134,474,826	\$ (112,713,843)	\$ 21,760,983	\$ 23,093,519
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	370,611	-	370,611	413,077
Unrealized (gain) loss on investments	1,588,774	-	1,588,774	(834,926)
Amortization of bond discounts	-	2,265,344	2,265,344	1,727,499
Amortization of cost for debt issuance	-	1,394,372	1,394,372	1,482,234
Loan Loss Expense	1,140,776	2,327,559	3,468,335	2,764,468
Teacher loan cancellations	-	4,079,611	4,079,611	4,707,663
Gain on the sale of fixed assets	-	-	-	(202,000)
Changes in operating assets and liabilities				
(Increase) decrease in due from SC State Education Assistance Authority	(120,411)	8,915,668	8,795,257	1,183,211
Decrease in interest due from borrowers	174,742	4,058,110	4,232,852	8,396,576
(Increase) decrease in accounts receivable	11,772,696	-	11,772,696	(2,768,192)
(Increase) decrease in accrued investment income	1,243,087	534	1,243,621	(122,095)
(Increase) decrease in prepaid expenses	(53,894)	728	(53,166)	(123,495)
Increase (decrease) in overfunded defined benefit plan	319,050	-	319,050	(299,889)
Increase (decrease) in due to (from) other funds	100,987	(100,987)	-	-
Increase (decrease) in interest payable	(1,301,699)	215,475	(1,086,224)	(259,492)
Decrease in accounts payable	(837,757)	-	(837,757)	(1,544,633)
Increase (decrease) in deferred revenue	(1,151,313)	(125,245)	(1,276,558)	1,911,801
Increase (decrease) in accrued pension expense	(22,687)	-	(22,687)	2,073
Increase (decrease) in compensated absences	(68,784)	-	(68,784)	175,695
Increase (decrease) in teacher loan liability	-	(25,094)	(25,094)	401,821
Decrease in due to US Department of Education	(13,245)	(560,101)	(573,346)	(426,859)
Decrease in due to SC State Education Assistance Authority	-	-	-	(65,053)
Net cash provided by (used in) operating activities	<u>147,615,759</u>	<u>(90,267,869)</u>	<u>57,347,890</u>	<u>39,613,003</u>
Cash flows from investing activities				
Purchase of property and equipment	(227,071)	-	(227,071)	(259,094)
Proceeds from sale of property and equipment	-	-	-	2,415,211
Change in student loan receivables, net	1,374,646	232,401,645	233,776,291	231,361,950
Change in teacher loan receivables, net	-	(5,509,916)	(5,509,916)	(5,843,199)
Net purchases on investments	(112,785,629)	-	(112,785,629)	(801,302)
Net cash provided by (used in) investing activities	<u>(111,638,054)</u>	<u>226,891,729</u>	<u>115,253,675</u>	<u>226,873,566</u>
Cash flows from financing activities				
Change in financing loans, net	(11,576,336)	(5,579,474)	(17,155,810)	(1,215,272)
Payments of bonds payable, net	-	(25,364,914)	(25,364,914)	(305,228,095)
Net cash used in financing activities	<u>(11,576,336)</u>	<u>(30,944,388)</u>	<u>(42,520,724)</u>	<u>(306,443,367)</u>
Net increase (decrease) in cash and cash equivalents	<u>24,401,369</u>	<u>105,679,472</u>	<u>130,080,841</u>	<u>(39,956,798)</u>
Cash and cash equivalents				
Beginning	61,859,660	94,529,620	156,389,280	196,346,078
Ending	<u>86,261,029</u>	<u>200,209,092</u>	<u>286,470,121</u>	<u>156,389,280</u>
Supplemental disclosures of cash flow information				
Cash payments for interest	\$ -	\$ 24,822,675	\$ 24,822,675	\$ 23,684,342
Disposal of fully depreciated property and equipment	\$ 20,333	\$ -	\$ 20,333	\$ 709,361

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Reporting entity:

The South Carolina Student Loan Corporation (“Corporation” or “SCSLC”) was incorporated November 15, 1973, under the Laws of the State of South Carolina. Its corporate goal is to receive, disburse and administer funds exclusively for educational purposes without pecuniary gain or profit to its members and to aid in the fulfillment of the desire and direction of the People of South Carolina in making loans available to students and parents to attend eligible post secondary institutions. Funds from various sources are administered by the Corporation to achieve this goal.

On January 1, 2011, SCSLC signed an agreement with Performant Financial Services (PFC) to provide debt collection services as a subcontractor for loans held by the United States Department of Education (DOE) for which PFC is collecting under a Master Servicing Agreement with the DOE. On April 1, 2011, SCSLC formed EdVantage Corporation (EdVantage), which is a controlled affiliate of SCSLC for the purpose of providing this subcontractor service. EdVantage ceased providing subcontractor services for PFC as of April 1, 2014; however, EdVantage has maintained required licensing. On April 1, 2014, EdVantage began providing collection services for the South Carolina State Education Assistance Authority (Authority).

The Corporation is the sole owner of Educational Loan Services, LLC, d/b/a Campus Partners, a provider of servicing of student educational loans for universities, colleges and other educational institutions nationwide (see Note 4).

The Corporation administers the operations of the Authority. The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. The Authority is part of the State of South Carolina created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina, 1976 as amended. The Authority is governed by its members, who are the members of the State Budget and Control Board (Board). The Board consists of five (5) members by virtue of their position in state government. They are the Governor, State Treasurer, Comptroller General, Chairman of Senate Finance Committee and Chairman of South Carolina House of Representatives Ways and Means Committee.

The basic, but not the only, criterion for including a component unit in the reporting entity is the governing body's oversight responsibility for such component unit. Financial accountability is the most important element of oversight responsibility. Neither the Authority nor the Corporation is considered a component unit of the other because each is a legally separate organization and not financially accountable to/for the other.

The accompanying financial statements present the consolidated financial position, results of activities and cash flows of the South Carolina Student Loan Corporation and its controlled affiliate and subsidiary.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Overall operating arrangement:

The Authority, as a guaranty agency, has approved the Corporation as an eligible lender to administer the Federal Family Education Loan (FFEL) Program. It is the duty of the Corporation to process applications, make student loans and collect principal, interest, fees and penalties on such loans. Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the DOE. Upon entering the repayment period, the interest is paid by the borrower. Effective July 1, 2010, the FFEL program was discontinued and all future federal loans are originated through the Direct Loan program. The Corporation does, however, continue to serve as the eligible lender and servicer of the previously originated FFEL loans. SCSLC also continues to originate private student loans.

The Corporation financed both FFEL and private student loans using several sources. One source is the issuance of tax-exempt revenue bonds by the Authority. The Corporation, using the proceeds of these bonds as described in Note 7, makes loans. The Corporation remits proceeds on these loans to the Authority as required by loan agreements.

The operations of the Authority are administered by employees of the Corporation. The Authority reimburses the Corporation upon request for the actual operating costs and expenses plus reasonable capital costs incurred in accordance with a previously approved budget.

During fiscal 1984-85, the Corporation began administering the Teacher Loan Program (TLP). The TLP is a part of the Education Improvement Act of 1984 (Act) passed by the South Carolina General Assembly. The Corporation was named in the Act as the administrator of this program. The funds for operations and for making loans are provided by state appropriations. The intent of the program is to attract, through financial assistance, talented individuals and to encourage them to enter teaching in areas of critical need within the state. Loans are canceled at the greater of a specified dollar amount or 20% to 33 1/3% per year for each year of teaching in a critical subject and/or location. These loans are repaid by the borrower if the borrower does not teach. TLP loans made for academic years before 1994-95 are guaranteed by the Authority. Loans made for academic years 1994-95 or after are non-guaranteed.

During the 1995-96 year, the Corporation began making and servicing supplemental loans through the Palmetto Assistance Loan Program (PAL). PAL offered supplemental loans for students and parents of students enrolled at least half-time in an eligible school and for fourth year medical students with specified Federal loans originated through SCSLC who were seeking funds for their residency and relocation. These loans were funded from Corporation accumulated unrestricted net assets and bond funds. The Corporation discontinued offering this PAL loan program in December 2008.

During the 2009-2010 year, the Corporation restructured PAL and began marketing the restructured program. The new PAL restricts the offering of loans only to students. The student must be enrolled on at least a half-time basis in a certificate or degree granting program and attending an eligible school in the state of South Carolina, or be a resident of South Carolina and attending an eligible college or university within the United States. These loans are funded by a \$85,000,000 bond offering issued by the South Carolina State Education Assistance Authority dated October 2, 2009.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Overall operating arrangement (continued):

The Corporation began disbursing PAL in-school loans out of the Corporation's unrestricted net assets in 2012 for students attending schools in South Carolina or for South Carolina residents attending an eligible school within the United States.

During May 2013, the Corporation began offering PAL Consolidation Loans. This PAL Consolidation Loan restricted the offering of loans to students who were in a grace period or post-enrollment repayment status and in good standing on all education loans being consolidated. The student was required to have a FICO score of 670 or above and a debt to income ratio of 30% or less. The student was also required to have loans made for attendance at Title IV eligible schools located in the United States, be a South Carolina resident or a nonresident with eligible loans made for attendance at eligible in-state schools, and not be incarcerated. These consolidation loans were funded from available funds of the Corporation. In August 2014 this program was terminated due to lower volume attributed to a new Federal consolidation loan program allowing both FFEL and DL loans to be consolidated into one Federal consolidation loan.

Basis of accounting:

These statements are prepared using the accrual method of accounting recognizing income when earned regardless of when received and expenses when incurred regardless of when paid.

Consolidation policy:

The consolidated financial statements include the accounts of the Corporation and its controlled affiliate, EdVantage and subsidiary, Campus Partners. All material inter-corporation accounts and transactions of the consolidated subsidiary have been eliminated in the consolidation.

Display of net assets by class:

The Corporation adheres to the disclosures and display requirements of ASC 958 Not-For-Profit-Entities. ASC 958 establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes as follows:

Unrestricted net assets:

Net assets that are not subject to restrictions. These net assets, including Board designated, are legally unrestricted and can be used in any Corporation activity.

Temporarily restricted net assets:

Net assets subject to restrictions that will be met either by actions of the Corporation and/or the passage of time. These net assets are made up of guaranteed student loans and cash from various funding sources.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Permanently restricted net assets:

Net assets subject to stipulations that must be maintained permanently by the Corporation. The Corporation does not have any such net assets.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of reporting cash flows, the Corporation considers all certificates of deposit, regardless of maturity, and Treasury Bills, commercial paper and money market funds with a maturity of three months or less, including those that are classified as restricted assets, to be cash equivalents.

Concentration risk:

The Corporation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At June 30, 2015, all of the Corporation's cash was held in institutions that are covered by federal depository insurance; however, all demand deposit accounts exceeded the federally insured limit. The Corporation monitors each of these institutions for financial deterioration characteristics on a continuous basis, and as of June 30, 2015, believed each institution is well-capitalized with no going concern issues.

Investments:

Investments are classified as available-for-sale and initially recorded at cost with adjustments for amortization of premiums or discounts over the level yield method. Thereafter, investments are recorded at fair value and any changes in unrealized gains or losses are recorded through the statement of activities. Realized gains or losses on sale of investments are determined using the specific identification method.

Allowance for teacher loan cancellations:

The allowance for cancellations on teacher loans represents the Corporation's estimate of teachers who will teach in critical need areas in South Carolina and meet the criteria for annual cancellation of the greater of a specified dollar amount or 20% to 33 1/3% of their loan balances. In making the estimate, the Corporation considers the trend in the loan portfolio and current operating information. The allowance is based on total teacher loans times the expected cancellation rate. The evaluation is inherently subjective and the allowance could significantly change in the future. The allowance was \$12,255,841 at June 30, 2015. The Corporation maintains \$958,240 as a liability at June 30, 2015, for the undisbursed funds from the Teacher Loan Program. The Corporation matches the receipt of the funds from the State of South Carolina with the disbursement of the funds to the teachers who are expected for cancellation.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Provision for losses on student loans:

The provision for losses on student loans represents the Corporation's estimate of the costs related to the 2% to 3% risk sharing on FFEL loans and losses related to servicing all guaranteed loans by the Corporation that are not covered by its financings (See Note 6). The Corporation makes no provision of losses on student loans securing any of its financings as all of the borrowings disclosed in Note 7 are nonrecourse to the Corporation. The holders of the Bonds have all the credit risk for student loan losses that occur in each "trust estate". The provision also includes an estimate for non-guaranteed loans. In making the estimate, the Corporation considers the trend in default rates in the loan guarantee portfolio, past and anticipated loss experience, current operating information, and changes in economic conditions. The evaluation is inherently subjective and the provisions may significantly change in the future. Additionally, the Corporation maintains a 100% allowance for all PAL loans past due 180 days or greater. The allowance for loan losses was \$40,593,640 at June 30, 2015 (see Note 6 on Federal Reinsurance of FFEL loans).

Property and equipment:

Property and equipment costing over \$10,000, for SCSLC and \$3,500 for its Campus Partners subsidiary is capitalized at cost when purchased. Depreciation has been provided using the straight-line method over useful lives of three to ten years for furniture and equipment, three years for automobiles and computers and thirty-nine years for the building.

Amortization of deferred cost of issuance of bonds and bond premiums and accretion of bond discounts:

Cost of issuance of bonds and bond premiums and discounts are being amortized/accreted over the lives of the bond issues on a straight-line basis and are included in interest on debt.

Compensated absences:

Annual leave is earned at the rate of 12 to 25 days per year depending on length of employment. Employees are expected to use at least one week (5 consecutive days) each year. Earned, but unused, annual leave will be paid when an employee terminates his/her employment. Sick leave is earned at the rate of 10 days per year. Employees are not paid for earned, but unused, sick days upon termination of employment.

Income taxes:

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Corporation is no longer subject to income tax examination by the U.S. federal, state or local tax authorities for years before 2012. EdVantage is also exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated EdVantage's tax positions and concluded that EdVantage had no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Recently issued accounting pronouncements:

In April 2015, the FASB issued guidance that will require debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This update affects disclosures related to debt issuance costs but does not affect existing recognition and measurement guidance for these items. The amendment is effective for fiscal years beginning after December 15, 2015, and interim periods beginning after December 15, 2016, with early adoption permitted. The Company adopted this amendment for the fiscal year ending June 30, 2015 and applied it retrospectively. This amendment did not have a material effect on the financial statements.

Comparative amounts:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Note 2. Cash and Cash Equivalents

As of June 30, 2015, cash and cash equivalents include demand deposits and short-term investments with a maturity of three months or less as follows:

	<u>Cost</u>	<u>Market Value</u>
Unrestricted		
South Carolina State Treasurer pool	\$ 327,514	\$ 327,514
Collateralized demand deposits	7,293,545	7,293,545
Money market	78,639,970	78,639,970
Total unrestricted	<u>\$ 86,261,029</u>	<u>\$ 86,261,029</u>
Temporarily restricted		
Collateralized demand deposits	\$ 32,343	\$ 32,343
Money market	139,436,998	139,436,998
South Carolina State Treasurer pool	20,641,936	20,822,038
Guaranteed investment contracts	39,917,713	39,917,713
Total temporarily restricted	<u>\$ 200,028,990</u>	<u>\$ 200,209,092</u>

Cash and cash equivalents included in the Teacher Loan Program include the South Carolina State Treasurer Pool totaling \$20,822,038.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 3. Investments

Market value of investments is determined by quoted market values and consists of the following as of June 30, 2015:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 6,828,122	\$ 6,960,376
Corporate bonds	162,118,364	161,982,066
Insured deposits	<u>106,032</u>	<u>106,032</u>
Total	<u>\$ 169,052,518</u>	<u>\$ 169,048,474</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position.

Note 4. Investment in Educational Loan Services (ELS) d/b/a Campus Partners

On November 23, 2011, SCSLC signed a contract with Educational Loan Servicing, LLC (ELS) d/b/a Campus Partners (CP) as a vendor to provide a platform and servicing functionality sufficient to meet the requirements for servicing DOE Direct Loans. Subsequently, on February 1, 2012 SCSLC purchased 27.67% ownership of ELS for \$4,000,000 from JPT Partners (JPT), which was the sole owner of all equity of ELS, with an option to purchase from JPT an additional 23.37% at a later date for \$3,500,000 for a total ownership of 50.00%. As a result of several delays by CP in providing the contracted servicing platform for Direct Loans (DL), SCSLC evaluated its current investment in ELS and declined to make the additional \$3,500,000 investment. On June 20, 2012, SCSLC made an offer under certain conditions to CP to provide a revocable line of credit for \$6,000,000 for a term of three years at a rate of prime plus 1.5% to provide CP sufficient funding to complete the development of the servicing platform. Additional terms of the offer to provide the \$6,000,000 line of credit was that the initial \$4,000,000 investment would represent a 51.00% ownership by SCSLC, as SCSLC believed that the equity value had declined as a result of the delays in the delivery of the servicing platform. Also, the Board of Directors of ELS would be restructured from three members to five members with three members appointed by SCSLC and two members appointed by JPT. All decisions would be approved by a majority vote. The amended offer term sheet also included several less significant provisions that would need to be met in order for SCSLC to provide the line of credit. On July 30, 2012, SCSLC extended the revocable \$6,000,000 to CP and as a result of the conditions to provide the note, SCSLC obtained an additional 23.33% of ELS for a total ownership of 51%. On February 26, 2013, SCSLC purchased the remaining 49% of equity in CP from ELS for a purchase price of \$1,245,000, resulting in an ownership of 100% of CP.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 4. Investment in Educational Loan Services (ELS) d/b/a Campus Partners, Continued

On June 11, 2015, ELS entered into an agreement with Heartland Payment Systems, Inc. (HL) resulting in the sale of all CP customer contracts to HL. The contracts include managing the servicing, accounting and processing of Perkins and institutional student loans for higher education institutions. Since the employees of CP performed these functions, all CP employees were terminated with the effective date of the agreement and available for hire by HL to continue performing the functions needed to fulfill customer contracts. Depending on the nature of employee benefits, some benefits continued under CP coverage through the end of the month of employee termination. Under the terms of the agreement, for a specified period CP will continue to coordinate certain transition services needed by HL to perform under the terms of the contracts using the CP's servicing system. CP will also share in the contract revenue with HL as specified in the agreement. As a result of this transaction, the \$13,396,336 note payable from CP to SCSLC was reduced to \$920,000 at June 30, 2015. The Corporation recorded a valuation allowance of \$12,476,336 on the note for the year ending June 30, 2015. CP recorded income for cancellation of debt related to the valuation allowance for \$12,476,336 on the note payable for the year ending June 30, 2015. These amounts were eliminated in the consolidated financial statements.

Note 5. Amounts Due From (to) the Corporation

As of June 30, 2015, the Authority owes the Corporation funds collected on their behalf of \$5,254,729, which are required to be paid by the tenth of each month. The Corporation owes the Authority funds it contributed to the 2010-1 General Resolution \$39,835,008 (see Note 7) and \$694,697 for deferred costs of issuance on the 2009 PAL bond.

Note 6. Federal Family Education Loans and Federal Reinsurance of FFEL Loans

In 2015, these loans were bearing interest at fixed rates ranging from 2.875% to 10.0% or an annual variable rate of 1.73% to 3.35%. The annual variable rate is reset each July 1 using the bond equivalent rate of the 91-day or 52-week Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus 1.70% to 3.25% with a cap on the rate of 8.25% to 12.0%. The repayment period for these loans is five (5) to thirty (30) years with a minimum payment of \$360 or \$600 per year, except in the case of income-based repayment plans. Repayment of principal may be scheduled to begin within sixty (60) days of final disbursement or six (6) to ten (10) months after the student graduates or ceases to be enrolled on at least a half-time basis in an eligible institution.

Certain borrowers may elect an income-based repayment plan, which can result in a payment amount less than is required to fully pay principal on the loan. After 25 years in the income-based repayment plan, any remaining debt is discharged.

Loans are insured against death, disability and default by the Authority at 97% to 100% and are reinsured by the U.S. Department of Education up to 100% for loans made prior to October 1, 1993; up to 98% for loans made on or after October 1, 1993, but on or before June 30, 2006; and 97% for loans made on or after July 1, 2006. Total loans insured by the Authority at June 30, 2015, are \$1,966,205,875.

Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the U. S. Department of Education. Upon entering the repayment period, the interest is paid by the borrower.

The origination fee for Stafford loans was 3% for loans first disbursed on or before June 30, 2006. It decreased to 2% on July 1, 2006; to 1.50% on July 1, 2007; 1% on July 1, 2008; and 0.50% on July 1, 2009. The origination fee for Stafford Loans was eliminated as of July 1, 2010. The origination fee for PLUS loans remained at 3% through June 30, 2010. This fee is no longer paid/received after July 1, 2010, due to SCSLC no longer originating FFEL loans.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 6. Federal Family Education Loans and Federal Reinsurance of FFEL Loans, Continued

The Health Care and Education Reconciliation Act of 2010 (HCRA) was signed into law on March 30, 2010, requiring all new federal student loans be originated through the Federal Direct Loan program as of July 1, 2010. The Corporation's ability to originate FFEL loans terminated on June 30, 2010. As a result, the Corporation's servicing revenues were reduced during the year as the aggregate loan portfolio being serviced by the Corporation began to decline. This trend has continued and is reflected in reductions in the FFEL portfolio primarily due to consolidation of these loans to the DL Consolidation program offered by the DOE and receipt of normal borrower payments. Additionally, since the FFEL loan program was the major component of the Corporation's lending activity, it is expected that the future asset growth and related earnings on that portion of the asset growth will continue to be impacted. The Corporation is currently evaluating the potential impact to its future revenue stream and is also currently exploring alternative revenue sources to offset the impact of the declining FFEL portfolio. The potential impact cannot be reasonably predicted.

Note 7. Bonds Payable

The Corporation issued bonds for the first time in the year ended June 30, 1997. All of the Corporation's bonds and notes are secured only by loans funded by bond proceeds or otherwise pledged, related revenue from such loans, investments and earnings on investments in related accounts and by a debt service reserve funded from bond proceeds. The Corporation's bonds and notes are each secured by assets held by a trustee in one of five trust estates governed by the applicable general resolution and other bond documents. The bond documents require the Corporation to accumulate collections from borrowers to pay principal and interest on bonds. The bonds and notes do not constitute a debt, liability or obligation of the State of South Carolina or any agency thereof but are limited obligations of the Corporation.

The debt service funds in the applicable general resolution contain assets equal to the interest and principal accumulated to make the next payments of principal and interest due. As of June 30, 2015, the Corporation held funds on deposit in the debt service funds of \$11,389,880.

The bonds outstanding as of June 30, 2015, are as follows:

<u>Issued</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Balance Outstanding June 30, 2014</u>	<u>Issued (Retired) During FY 2015</u>	<u>Balance Outstanding June 30, 2015</u>
November 10, 2004	\$ 180,000,000	6/1/2034	\$ 129,050,000	\$ (9,550,000)	\$ 119,500,000
July 19, 2005	700,000,000	12/3/2018 - 12/1/2023	434,758,000	(169,014,000)	265,744,000
July 11, 2006	500,000,000	12/2/2019 - 12/1/2022	315,115,000	(178,084,000)	137,031,000
October 25, 2006	182,000,000	9/2/2046	118,400,000	(7,800,000)	110,600,000
June 25, 2008	600,000,000	9/2/2014 - 9/3/2024	265,874,993	(45,752,111)	220,122,882
November 30, 2010	920,000,000	1/25/2021 - 10/27/2036	622,242,619	(71,919,113)	550,323,506
February 20, 2013	323,620,000	1/25/2041	267,558,541	(37,071,910)	230,486,631
August 20, 2014	501,500,000	4/1/2030 - 8/1/2035	-	501,500,000	501,500,000
			<u>2,152,999,153</u>	<u>\$ (17,691,134)</u>	<u>2,135,308,019</u>
Less costs of issuance			<u>(15,524,410)</u>		<u>(19,538,472)</u>
			<u>\$ 2,137,474,743</u>		<u>\$ 2,115,769,547</u>

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 7. Bonds Payable, Continued

London Interbank Offered Rate (LIBOR) Indexed Bonds Secured by 1996 General Resolution:

The Corporation's LIBOR Indexed Bonds in the 1996 General Resolution totaled \$904,275,000 as of June 30, 2015, and have variable interest rates equal to three-month LIBOR plus 0.12% to 0.14%, as adjusted quarterly, or one-month LIBOR plus 0.75% to 1.5%, as adjusted monthly. Throughout the year ended June 30, 2015, none of the rates exceeded 1.684%. Future interest payment projections are based upon the ten-year weighted average rate at June 30, 2015, which was 1.503%.

The 2005 and 2006 LIBOR Indexed Bonds are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules set forth in the 1996 General Resolution. The principal and interest payments on the 2005 and 2006 Series bonds are paid quarterly on the Distribution Dates (the first business day of each March, June, September and December).

On August 20, 2014 the Corporation issued \$501,500,000 of Education Loan Revenue Bonds, 2014 Series, under the 1996 General Resolution. Proceeds of the issue were used to: (i) pay target amortization payments for prior bonds within the 1996 General Resolution that had not been satisfied prior to the 2014 Series issuance, (ii) finance repurchased education loans held as unencumbered assets of the Corporation, (iii) fund certain accounts and funds required under the 1996 General Resolution including the Supplemental Reserve Fund, the General Revenue Fund, the Senior Lien Account and the Subordinate Lien Account of the Debt Service Fund, and (iv) pay cost of issuance. A portion of the Supplemental Reserve Fund has been used to meet the targeted amortization payments as scheduled during the current fiscal year for the 2005 and 2006 Series bonds.

The interest payments for the 2014 Series bonds are paid on the Distribution Dates (the first business day of each month). No principal payments for the 2014 Series bonds will be paid until the 2005 and 2006 Series bonds are paid in full.

Auction Rate Securities Secured by 2004 General Resolution:

The Corporation's auction rate securities (ARS) totaled \$230,100,000 as of June 30, 2015, and have variable interest rates determined by auctions every 28 days. These ARS experienced the first failed auction in February 2008, and have been in a failed auction mode since that time. The payment of principal and interest on the ARS, when due, is insured by Ambac Assurance Corporation. The interest rates are subject to a maximum of the lesser of (i) a nominal cap of 17% or 20%, depending on the series, or (ii) one-month LIBOR plus 1.50% to LIBOR plus 2.50%, depending on the then-current rating of the ARS. Due to the current rating on the bonds, they bear a rate of one-month LIBOR plus 2.50%. The ARS are subject to redemption in whole or in part at par plus accrued interest on the first day of any auction period.

LIBOR Notes Secured by 2008-1 General Resolution:

On June 25, 2008, the Corporation issued \$600,000,000 of Student Loan Backed Notes, 2008-1 Series, with variable interest rates ranging from three-month LIBOR plus 0.50% to LIBOR plus 1%. Proceeds of the issue were used to (i) finance student loans, (ii) refinance certain prior bonds, (iii) fund the Debt Service Reserve Fund, (iv) fund the Operating Fund, (v) fund the Department Reserve Fund and (vi) pay cost of issuance.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 7. Bonds Payable, Continued

LIBOR Notes Secured by 2008-1 General Resolution (continued):

Principal and interest on the LIBOR Notes are to be paid on each Distribution Date (the first business day of each March, June, September, and December beginning September 2008). Principal will be paid first on the A-1 Notes until paid in full, second on the A-2 Notes until paid in full, third on the A-3 Notes until paid in full and fourth on the A-4 Notes until paid in full. The A-1 notes have been paid in full. The LIBOR Notes issued under the 2008-1 General Resolution are subject to optional redemption on the Distribution Date immediately following the date when the Pool Balance is 10% or less of the Initial Pool Balance. The LIBOR Notes Secured by 2008-1 General Resolution balance as of June 30, 2015 was \$220,122,882.

LIBOR Notes Secured by the 2010-1 General Resolution:

On November 30, 2010, the Corporation issued \$920,000,000 of Student Loan Backed Notes, 2010-1 Series, with variable interest rates ranging from three-month LIBOR plus 0.45% to three-month LIBOR plus 1.05%. Proceeds of the issue were used to (i) refinance the Corporation's credit facility with the Royal Bank of Canada, (ii) refinance prior indebtedness of the South Carolina State Education Assistance Authority, consisting of Auction Rate Securities issued under the Authority's 2002 General Resolution, (iii) fund the Debt Service Reserve Fund, (iv) fund the Capitalized Interest Fund, and (v) pay cost of issuance.

The Corporation transferred unencumbered FFEL loans of the Authority in the amount of \$39,835,008 and unencumbered loans of the Corporation of \$20,942,464 principal and interest to provide additional equity to the bond offering by increasing the parity of the bonds. The funds from both the Corporation and the Authority were provided through a Residual Trust Agreement, which allows for all remaining loans of the Trust to be shared between the Corporation and the Authority on a prorata basis, based on the percentage (%) contribution made by each entity once all bonds have been redeemed.

Principal and interest on the LIBOR notes is to be paid on each Distribution Date (the twenty-fifth day of each January, April, July, and October, or the next business day if such day is not a business day). Principal will be paid first on the A-1 Notes until paid in full, second on the A-2 Notes until paid in full, and third on the A-3 Notes until paid in full. The Notes are subject to optional redemption on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. The balance of the Notes as of June 30, 2015 was \$550,323,506.

LIBOR Notes Secured by the 2013-1 General Resolution:

On February 20, 2013, the Corporation issued \$323,620,000 of Student Loan Backed Notes, 2013-1 Series, with a variable interest rate of one-month LIBOR plus 0.50%. Proceeds of the issue were used to (i) prepay the Corporation's Funding Note under the Straight A Funding federal conduit, (ii) refinance the Corporation's credit facility with the Royal Bank of Canada, (iii) fund a distribution to the Corporation for the pledge of certain FFELP student loans, (iv) fund the Debt Service Reserve Fund, (v) fund the Capitalized Interest Fund, and (vi) pay cost of issuance.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 7. Bonds Payable, Continued

LIBOR Notes Secured by the 2013-1 General Resolution (continued):

Principal and interest on the LIBOR notes is to be paid on each Distribution Date (the twenty-fifth day of each month, or the next business day if such day is not a business day). The Notes are subject to optional redemption on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. The balance of the notes as of June 30, 2015 was \$230,486,631.

Projected debt service:

As of June 30, 2015, the scheduled debt service to retire the bonds and notes of the Corporation is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 148,153,000	\$ 39,107,426	\$ 187,260,426
2017	120,491,000	37,035,089	157,526,089
2018	104,477,000	35,283,378	139,760,378
2019	29,654,000	34,007,591	63,661,591
2020	102,122,882	33,463,584	135,586,466
2021	-	32,293,302	32,293,302
2022	-	32,293,302	32,293,302
2023	-	32,293,302	32,293,302
2024	-	32,293,302	32,293,302
2025	118,000,000	30,953,390	148,953,390
2026	325,323,506	26,762,273	352,085,779
2027	-	25,519,586	25,519,586
2028	-	25,519,586	25,519,586
2029	-	25,519,586	25,519,586
2030	328,000,000	25,519,586	353,519,586
2031	-	20,507,944	20,507,944
2032	-	20,507,944	20,507,944
2033	100,500,000	20,124,049	120,624,049
2034	119,500,000	18,972,364	138,472,364
2035	-	16,970,823	16,970,823
2036	73,000,000	16,041,326	89,041,326
2037	225,000,000	13,803,041	238,803,041
2038	-	12,417,563	12,417,563
2039	-	12,417,563	12,417,563
2040	-	12,417,563	12,417,563
2041	230,486,631	8,246,373	238,733,004
2042	-	1,852,473	1,852,473
2043	-	1,852,473	1,852,473
2044	-	1,852,473	1,852,473
2045	-	1,852,473	1,852,473
2046	-	1,852,473	1,852,473
2047	110,600,000	463,110	111,063,110
	<u>\$ 2,135,308,019</u>	<u>\$ 650,016,311</u>	<u>\$ 2,785,324,330</u>

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 7. Bonds Payable, Continued

Projected debt service (continued):

The weighted average interest rate used for future interest payment projections was 1.503%. An additional 0.15% was added to this rate when calculating the 2004 Resolution in order to account for Broker Dealer Fees. This estimate is inherently subjective and the rate may change significantly in the future.

As outlined in the 2004 General Resolution, the 2008-1 General Resolution, the 2010-1 General Resolution, and the 2013-1 General Resolution the Corporation is making either optional redemption payments or principal distributions to pay down the bonds when they receive excess revenues from the student loan receivables. At June 30, 2015, the Corporation estimated they would make optional redemption or principal distribution payments for the next year in the amount of \$323,100,000.

Note 8. Notes Payable - Finance Loans

Each bond resolution of the Authority requires that all funds advanced to SCSLC by the Authority for the purpose of making student loans be evidenced by a loan agreement, assignment of collateral and assignment of revenues between the two parties, with the student loans providing security to the bond trustee. Advances to the Corporation from the Authority's 2009 PAL General Resolution are made pursuant to a loan agreement dated October 29, 2009. Since the bonds for the 2009 PAL were issued after the peak Student Loan Funding period, the Corporation was only able to finance new student loans of approximately \$40,000,000, while the bonds outstanding were \$85,000,000. Due to market conditions during the 2009-2010 fiscal year and restrictions on types of investment instruments available to the Authority, interest earned on its investments from the excess funds received from the bond issuance was less than the interest expense of the bonds. The terms of the note agreement between SCSLC and the Authority, as a result of the 2009 PAL General Resolution, require the Corporation to reimburse the Authority for the difference between the interest earned and the interest expense. The Corporation was aware of this situation at the time of issuance of the bonds, but expected loan activity during the 2010-2011 school year would be sufficient to allow it to recover from this situation in the near term. As a result of the Corporation reimbursing the Authority for the negative spread on interest during fiscal 2010, the Corporation realized a loss for the year in the 2009 PAL Resolution and ended the year with a negative Net Asset Balance. During Fiscal 2012-2013, market conditions continued to be suppressed resulting in additional negative spread on interest and a realized loss for the year in the 2009 PAL Resolution. In October 2013 the Corporation contributed \$6,717,492 of PAL loans from its unrestricted portfolio to the 2009 PAL Resolution. The Net Asset Balance was \$536,570 at June 30, 2015. The finance loan balance as of June 30, 2015 was \$54,220,954.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 9. Special Allowance Income or Expense

Special allowance was instituted to assure the interest rate and other limitations of the Higher Education Act, in the context of the market conditions, would not adversely affect access to student loans or cause the rate of return on student loans to be less than equitable.

For loans disbursed prior to April 1, 2006, lenders are entitled to retain interest income in excess of the special allowance support level in instances when the loan rate exceeds the special allowance support level. However, lenders are not allowed to retain interest income in excess of the special allowance support level on loans disbursed on or after April 1, 2006, and are required to rebate any such excess interest to the federal government on a quarterly basis. This modification effectively limits lenders' returns to the special allowance support level. For the year ended June 30, 2015, the Corporation remitted \$50,757,154 of interest income in excess of the special allowance support level to the DOE.

Note 10. Employee Benefit Plans

Money Purchase Pension Plan:

The Corporation provides retirement benefits through the South Carolina Student Loan Corporation Money Purchase Pension Plan (MPPP) for all employees who have completed one year of service and attained age 21. The MPPP was originally established on July 1, 1975. As of June 30, 2015, BB&T was the Trustee of this plan. This is a defined contribution plan in which the employer contributes 5.6% of the participant's total annual compensation plus 5.6% of compensation exceeding the social security wage base. Contributions are paid monthly. A participant is 20% vested after two years service and 100% vested after six years of service. A participant receives normal retirement at age sixty-five. At termination of employment or reaching normal retirement age, the participant has the right to elect to receive all or any portion of his vested benefit derived from employer contributions. Voluntary contributions are not permitted. Forfeitures under the plan reduce the employer's contribution in the year following the plan year in which the forfeiture occurs. The total retirement expense for 2015 was \$324,845 of which the Authority reimbursed \$49,458, and is fully funded.

403(b) Defined Contribution Plan:

The South Carolina Student Loan Corporation 403(b) Defined Contribution Plan was established on November 5, 2002, and subsequently amended on January 1, 2009. The plan provides for a 5% contribution by the Corporation based on the participant's total annual compensation. The total amount contributed under the plan in 2015 was \$287,656 of which the Authority reimbursed \$45,391 for its employees. All employees who have completed one year of service and attained age 21 are eligible to receive employer contributions. Contributions are 100% vested when made.

401(k) Profit Sharing Plan:

SCSLC's subsidiary, CP maintains a defined contribution 401(k) profit sharing plan for all employees who have six months of service and attained the age of 21. Participants may make voluntary contributions equal to 100% of elective deferrals, up to 3% of each participant's annual compensation. CP may also elect to make discretionary contributions. CP contributions to this plan vest ratably over a four year period, beginning with the second year of participation. Contribution expense for the year ended June 30, 2015 was \$20,929.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 10. Employee Benefit Plans, Continued

401(k) Profit Sharing Plan (continued):

As a result of the June 11, 2015 Agreement with HL (Note 4), all CP employees were terminated. This 401(k) profit sharing plan was terminated on June 24, 2015. Participants were given sixty days to request a distribution. Participants would receive a "Force-out Distribution" if requests were not received within the sixty day window.

Tax Deferred Annuity:

The Corporation established the South Carolina Student Loan Corporation TDA (Tax Deferred Annuity) GSRA (Group Supplemental Retirement Annuity) on January 1, 1995, which was subsequently amended on January 1, 2009. All employees are eligible to participate in the Tax Deferred Annuity upon hire. Employee participation in this plan is voluntary and funded only through employee contributions. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed.

457(b) Deferred Compensation Plan:

On November 15, 2002 the Corporation established the South Carolina Student Loan Corporation 457(b) Deferred Compensation Plan. Key management employees are eligible to participate in this plan. Employee participation in this plan is voluntary and funded only through employee contributions. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed.

Defined Benefit Pension Plan:

The Corporation established the South Carolina Student Loan Defined Benefit Plan (DBP) on July 1, 1998. The defined benefit pension plan covers substantially all employees with a minimum one year of service and 21 years of age. The DBP provides benefits based on the average of a participant's highest five consecutive years of pay. The benefit formula uses one percent of this average pay times years of service not to exceed thirty (30) years. The Corporation pension funding policy is to make at least the minimum annual contribution that is actuarially computed by the projected unit credit method required by this plan. The following sets forth the benefit obligation, the fair value of plan assets, and the funded status of the Corporation's plan, as well as the amounts recognized in the Corporation's financial statements at June 30, 2015:

Change in projected benefit obligation:	
Projected benefit obligation at June 30, 2014	\$ 14,435,199
Service cost	442,029
Interest cost	608,678
Actuarial (gain) loss	324,260
Benefits paid	<u>(420,622)</u>
Projected benefit obligation at June 30, 2015	<u>\$ 15,389,544</u>
Change in fair value of plan assets:	
Fair value of Plan assets at June 30, 2014	15,206,141
Actual return on assets	455,917
Employer contributions	600,000
Benefits paid	<u>(420,622)</u>
Fair value of Plan assets at June 30, 2015	<u>\$ 15,841,436</u>

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 10. Employee Benefit Plans, Continued

Defined Benefit Pension Plan (continued):

Funded status	\$ <u>451,892</u>
Amounts Recognized in the Statement of Financial Position:	
Noncurrent assets	\$ <u>451,892</u>
Amounts Recognized in Accumulated Other Comprehensive Income:	
Net (gain) loss	\$ 3,245,804
Prior service cost	<u>(16,685)</u>
Net amount recognized	<u>\$ 3,229,119</u>

The following are weighted average assumptions used to determine benefits, obligations and net periodic benefit cost as of June 30, 2015 and 2014. The measurement date of the projected benefits obligation and Plan assets was June 30, 2015.

	<u>2015</u>	<u>2014</u>
Assumptions used		
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4.35%	4.24%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions used to determine net periodic benefit cost		
Discount rate	4.24%	4.24%
Rate of compensation increase	4.00%	4.00%
Expected return on plan assets	7.00%	7.00%

The Corporation's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plans' asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (1) historical real returns, net of inflation, for the asset classes covered by the investment policy and (2) projections in inflation over the long-term period during which benefits are payable to plan participants.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 10. Employee Benefit Plans, Continued

Components of net periodic benefit cost and employee benefit-related changes other than net periodic pension cost for the year ending June 30, 2015 are as follows:

Net periodic benefit cost	
Service cost	\$ 442,029
Interest cost	608,678
Expected return on plan assets	1,067,553
Amortization of prior service cost	(26,483)
Amortization of accumulated gain (loss)	<u>187,211</u>
Net periodic benefit cost	<u>143,882</u>
Administrative expenses	<u>72,236</u>
Net periodic benefit cost	<u>\$ 216,118</u>
Corporation's share	\$ 183,700
Authority's share	<u>32,418</u>
	<u>\$ 216,118</u>
Employee benefit - related changes other than net periodic pension cost	
Net gain (loss)	\$ 935,896
Prior service cost	-
Amortization of prior service cost	26,483
Amortization of loss	<u>(187,211)</u>
Employee benefit - related changes other than net periodic benefit cost	<u>\$ 775,168</u>
Corporation's share	\$ 658,892
Authority's share	<u>116,276</u>
	<u>\$ 775,168</u>
Total net periodic benefit cost and employee benefit - related changes other than net periodic benefit cost	<u>\$ 991,286</u>

The net pension (gain) expense for this Defined Benefit Pension Plan totaled \$919,050 plus \$72,236 of administrative expenses, totaling \$991,286 for the year ended June 30, 2015. The Authority recorded an expense of \$5,869 and the Corporation recorded an expense of \$66,367 for this Plan for its employees for the year ended June 30, 2015. No participant contributions are permitted by the pension plan.

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$276,483 and (\$16,685), respectively. The accumulated benefit obligation for the defined benefit pension plan was \$14,233,824 at June 30, 2015.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 10. Employee Benefit Plans, Continued

Defined Benefit Pension Plan assets include life insurance policies and mutual funds. See target asset allocation below.

The Corporation's target asset allocation as of June 30, 2015, by asset category, is as follows:

Money market	6%
Equity securities	52%
Debt securities	35%
Insurance policies	<u>7%</u>
	<u>100%</u>

The Corporation's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is reviewed quarterly by the Corporation and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner that is compliant at all times with applicable government regulations.

The Corporation expects to contribute \$600,000 to its Defined Benefit Plan during 2015-2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2016	\$	605,507
2017		640,057
2018		680,461
2019		725,386
2020		770,013
2021 - 2025		4,501,731

Note 11. Rental Property, Operating Leases and Commitments

The Corporation owns and conducts its business from an office building in the northeast area of Columbia, South Carolina. The entire building is utilized by SCSLC and its controlled affiliate. Certain lease expense is charged to the Authority and EdVantage Corporation based on space occupied in the building. In addition, the Corporation leases computer software and mail room equipment for terms of 36 to 60 month periods. Future minimum lease payments are as follows:

2016	\$	69,626
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South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 11. Rental Property, Operating Leases and Commitments, Continued

Additionally, the Corporation's CP subsidiary leases office space in Winston Salem, North Carolina under the terms of a non-cancelable operating lease expiring September 2015. The lease contains fixed increases as well as increases based on Consumer Price Index (CPI) and requires CP to pay its share of any increases in real estate taxes and operating expenses. CP also leases certain office equipment under operating lease arrangements which expire through January 2017.

Future minimum lease payments for CP under the office lease obligation and equipment operating lease arrangements as of June 30, 2015 are as follows:

2016	\$	92,128
2017		33,970

CP has also entered in to various software licenses as detailed below:

Sirius Computer Solutions Services Agreement - CP entered into a managed services agreement in October 2011 with Sirius Computer Solutions, Inc. to host CP's loan servicing system. The term of the agreement is for sixty (60) months, with a monthly base payment of \$89,500 in the first twelve (12) months of the agreement, and a monthly base payment of \$129,700 due thereafter. This agreement has a three (3) month extension at the end of the term to negotiate the terms and length of a renewal agreement. This agreement has a three (3) year renewal term option. As a result of CP discontinuing the DL Servicing product, CP is currently reviewing the capacity needs of the remaining business and expect to renegotiate this contract during the next year.

CA Technologies License Agreement - CP entered into a license agreement in September 2011 with CA Technologies. The term of the agreement is sixty (60) months. Quarterly payments under this agreement are approximately \$120,000 per quarter for the first three (3) years and \$90,000 per quarter thereafter. This agreement has a three (3) year renewal term option. As a result of CP discontinuing the DL Servicing product, they are currently reviewing the capacity needs of the remaining business and expect to renegotiate this contract during the next year.

Under the terms of the June 11, 2015 HL agreement with ELS, HL and ELS will share the expenses for both the Sirius and CA Technology agreements throughout the transition period with HL responsible for 60% and ELS responsible for 40%. The transition period is defined as the earlier of the date all purchased contracts are converted to HL's system or fifteen months after the June 11, 2015 closing date of the HL agreement with ELS (Note 4).

Non-Recourse Sale Agreements - CP entered into three (3) non-recourse sale agreements in 2008. The sale agreements were consummated to transfer all rights, title and interest in private student loans retained on CP's balance sheet in early 2008, and contained customary representations and warranties with respect to the condition of the private student loans as of the sale dates. As of June 30, 2015, CP does not have any repurchase obligations with respect to breaches of the customary representations and warranties contained in these sale agreements, and views the probability of any future repurchase obligations as remote.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 12. Assets Released from Restrictions

Net assets during the year ended June 30, 2015, were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Personnel	\$ 214,860
Contractual services	27,252
General operating	43,668
Interest on debt	28,777,775
TLP cancellations	4,079,611
Payments to SC State Education Assistance Authority for student loan income	3,234,864
Loan fees	8,863,279
Reinsurance expense	1,042,335
Borrowers incentives	5,941,954
Broker dealer fees	417,146
Loan loss expense	2,327,559
Other	408,848
Total expenses	<u>55,379,151</u>
Transfers related to parity release from 1996 General Resolution	125,429,965
Transfer from taxable bond financings for loan servicing	<u>12,883,280</u>
Total	<u>\$ 193,692,396</u>

Note 13. Disclosures About Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Observable, unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets and inputs other than quoted prices, such as interest rates, yield curves and prepayment speeds.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair values measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 13. Disclosures About Fair Value of Financial Instruments, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Cash and cash equivalents' carrying amounts approximate fair value because of the short maturity of those instruments. The fair value of the investments is based on quoted market rates or similar quoted market rates. Student loan receivables' carrying value approximates fair value based on like sale of student loans within the industry. In 2011, the Corporation sold a portion of its loans from the FFEL program at par value. Debt instruments carrying value also approximates fair value based on the prices for the same or similar debt issues and on current rates offered to the Corporation for debt of the same remaining maturities with similar collateral requirements.

	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
Financial assets		
Cash and cash equivalents	\$ 286,470,121	\$ 286,470,121
Investments	169,048,474	169,048,474
Student loan receivables	2,235,842,304	2,235,842,304
Teacher loan receivables	27,044,864	27,044,864
Financial liabilities		
Notes payable	\$ 54,220,954	\$ 54,220,954
Bonds payable	2,115,769,547	2,115,769,547

	<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Cash and cash equivalents	\$ 286,470,121	\$ 286,470,121	\$ -	\$ -
Money market	30,272	30,272	-	-
Insured deposits	75,760	75,760	-	-
Mutual funds	6,960,376	6,960,376	-	-
Corporate bonds	161,982,066	-	161,982,066	-
Student loan receivables	2,235,842,304	-	2,235,842,304	-
Teacher loan receivables	27,044,864	-	27,044,864	-
Total financial assets	<u>\$ 2,718,405,763</u>	<u>\$ 293,536,529</u>	<u>\$ 2,424,869,234</u>	<u>\$ -</u>
Financial liabilities				
Notes payable	\$ 54,220,954	\$ -	\$ 54,220,954	\$ -
Bonds payable	2,115,769,547	-	2,115,769,547	-
Total financial liabilities	<u>\$ 2,169,990,501</u>	<u>\$ -</u>	<u>\$ 2,169,990,501</u>	<u>\$ -</u>

Note 14. Reclassifications

Certain reclassifications of fiscal year 2014 amounts were made on the statement of financial position and the statement of activities for comparability to fiscal year 2015 with no effect on the change in net assets or total net assets.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

June 30, 2015

Note 15. Board Designated Net Assets

During fiscal year 2006, the Board designated funds to establish the Mackie Scholarship Fund to award scholarships to employees or family members of employees. As of June 30, 2015, \$100,000 is available for future scholarships.

Note 16. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Management has reviewed events occurring through the date the financial statements were available to be issued and no subsequent events occurred requiring accrual.

Effective July 1, 2015, the Corporation amended the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan to include the employee contribution features of the TDA GSRA. While the terms of both employer and employee contributions remain essentially unchanged, the update provides simplified reporting to employees in the future. Any funds contributed to the TDA GSRA remain in that plan with the current Trustee, TIAA CREF, until paid out to the participant under the terms of release or transferred to another qualified plan as directed by the participant and allowed by the annuity terms.

Effective August 1, 2015, SCSLC changed the Trustee for several benefit plans to USI Consulting Group Inc. This change includes the South Carolina Student Loan Corporation Money Purchase Pension Plan, the South Carolina Student Loan Corporation Defined Benefit Plan, the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan, and the South Carolina Student Loan Corporation 457(b) Deferred Compensation Plan. Also effective August 1, 2015, each participant in the MPPP self directs the investments for their funds.

The South Carolina Restructuring Act of 2014 (Act 121) eliminated the State Budget and Control Board on June 30, 2015. Act 121 created the State Fiscal Accountability Authority (SFAA). The SFAA is governed by the Governor, State Treasurer, Comptroller General, Chairman of the Senate Finance Committee and Chairman of the House Ways and Means Committee. Effective July 1, 2015, the governance of the Authority was transferred to the SFAA.

Effective September 10, 2015, Palmetto Investment Holdings, Inc. (PIHI), a South Carolina corporation (C-Corp) was organized as a wholly-owned subsidiary of SCSLC. PIHI will serve as the holding company for future for-profit ventures within the consolidated South Carolina Student Loan Corporation corporate structure. Also effective September 10, 2015, SC3 Solutions, LLC (SC3) was formed as a wholly-owned subsidiary of Palmetto Investment Holdings, Inc. SC3 will initially focus on call center ventures.

South Carolina Student Loan Corporation

Consolidated Schedule of Financial Position By Fund - Unrestricted

June 30, 2015

	Operating/SLC	Campus Partners	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 85,759,241	\$ 501,788	\$ -	\$ 86,261,029
Investments	169,048,474	-	-	169,048,474
Current portion of student loan receivables	6,574,347	-	-	6,574,347
Interest due from borrowers	532,409	-	-	532,409
Accounts receivable	1,109,128	807,684	(920,000)	996,812
Due from SC State Education Assistance Authority	1,927,751	-	-	1,927,751
Accrued investment income	202,506	26,654	-	229,160
Prepaid expenses	184,662	-	-	184,662
Due from (to) other funds	597,167	-	-	597,167
Total current assets	<u>265,935,685</u>	<u>1,336,126</u>	<u>(920,000)</u>	<u>266,351,811</u>
Long-term receivables and other assets				
Other student loan receivables less, current portion and allowance for loan loss	66,495,874	-	-	66,495,874
Overfunded defined benefit plan	451,892	-	-	451,892
Due from (to) other funds	20,942,464	-	-	20,942,464
Total long-term receivables and other assets	<u>87,890,230</u>	<u>-</u>	<u>-</u>	<u>87,890,230</u>
Property and equipment				
Land	364,900	-	-	364,900
Building	4,358,670	-	-	4,358,670
Furniture and equipment	2,475,870	50,420	-	2,526,290
Automobiles	70,215	-	-	70,215
Less, accumulated depreciation	(2,294,021)	(50,420)	-	(2,344,441)
Net property and equipment	<u>4,975,634</u>	<u>-</u>	<u>-</u>	<u>4,975,634</u>
Total assets	<u>\$ 358,801,549</u>	<u>\$ 1,336,126</u>	<u>\$ (920,000)</u>	<u>\$ 359,217,675</u>
Liabilities and Net Assets				
Current liabilities				
Current portion of notes payable	\$ -	\$ 920,000	\$ (920,000)	\$ -
Accounts payable	1,650,467	379,899	-	2,030,366
Deferred revenue	1,730,833	-	-	1,730,833
Accrued pension payable	287,656	-	-	287,656
Compensated absences	1,794,949	-	-	1,794,949
Due to United States Department of Education	95,271	-	-	95,271
Total current liabilities	<u>5,559,176</u>	<u>1,299,899</u>	<u>(920,000)</u>	<u>5,939,075</u>
Net assets				
Board designated for scholarships	100,000	-	-	100,000
Unrestricted	353,142,373	36,227	-	353,178,600
Total net assets	<u>353,242,373</u>	<u>36,227</u>	<u>-</u>	<u>353,278,600</u>
Total liabilities and net assets	<u>\$ 358,801,549</u>	<u>\$ 1,336,126</u>	<u>\$ (920,000)</u>	<u>\$ 359,217,675</u>

South Carolina Student Loan Corporation
Consolidated Schedule of Financial Position by Fund - Temporarily Restricted
June 30, 2015

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total Temporarily Restricted
Assets								
Current assets								
Cash and cash equivalents	\$ 20,822,038	\$ 124,121,638	\$ 8,134,730	\$ 10,466,120	\$ 29,237,718	\$ 7,394,505	\$ 32,343	\$ 200,209,092
Current portion of student loan receivables	2,262,868	94,973,404	17,910,945	38,700,156	67,394,953	31,789,890	4,348,373	257,380,589
Interest due from borrowers	2,857,742	11,123,816	2,144,050	4,309,704	10,955,952	6,473,534	389,812	38,254,610
Due from SC State Education Assistance Authority	207,559	957,448	186,563	393,432	608,357	353,559	620,060	3,326,978
Accrued investment income	26,604	4,178	326	1,503	128	265	-	33,004
Prepaid expenses	-	3,450	9,681	-	32,387	24,820	-	70,338
Due from (to) other funds	31,364	1,500	(99,913)	(98,067)	(306,385)	(127,981)	2,315	(597,167)
Total current assets	26,208,175	231,185,434	28,286,382	53,772,848	107,923,110	45,908,592	5,392,903	498,677,444
Long-term receivables and other assets								
Other student loan receivables less, current portion and allowance for loan loss	-	725,428,816	207,011,324	222,811,426	498,238,716	201,580,263	50,320,949	1,905,391,494
Teacher loans receivable - less allowance for teacher loan cancellations and current portion	27,044,864	-	-	-	-	-	-	27,044,864
Due from (to) Other Funds	-	-	-	-	(20,942,464)	-	-	(20,942,464)
Total investments and long-term receivables	27,044,864	725,428,816	207,011,324	222,811,426	477,296,252	201,580,263	50,320,949	1,911,493,894
Total assets	\$ 53,253,039	\$ 956,614,250	\$ 235,297,706	\$ 276,584,274	\$ 585,219,362	\$ 247,488,855	\$ 55,713,852	\$ 2,410,171,338
Liabilities and Net Assets								
Current liabilities								
Current portion of notes payable - finance loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,348,373	\$ 4,348,373
Current maturities of bonds payable	-	148,153,000	16,734,545	45,752,111	71,919,112	38,581,986	-	321,140,754
Interest payable	-	595,845	272,231	214,027	1,289,190	26,391	-	2,397,684
Deferred revenue	-	-	-	-	-	-	956,328	956,328
Teacher loan liability	958,240	-	-	-	-	-	-	958,240
Due to United States Department of Education	(25)	2,565,321	59,003	1,229,705	4,048,915	2,246,957	-	10,149,876
Total current liabilities	958,215	151,314,166	17,065,779	47,195,843	77,257,217	40,855,334	5,304,701	339,951,255
Noncurrent liabilities								
Bonds payable less current maturities	-	746,401,067	212,541,391	174,370,770	471,029,057	190,286,508	-	1,794,628,793
Due to SC State Education Assistance Authority	-	-	-	-	39,835,008	-	-	39,835,008
Notes payable - finance loans less, current maturities	-	-	-	-	-	-	49,872,581	49,872,581
Total noncurrent liabilities	-	746,401,067	212,541,391	174,370,770	510,864,065	190,286,508	49,872,581	1,884,336,382
Total liabilities	958,215	897,715,233	229,607,170	221,566,613	588,121,282	231,141,842	55,177,282	2,224,287,637
Net assets								
Temporarily restricted for bond indentures current debt service	-	9,423,218	1,966,662	-	-	-	-	11,389,880
Temporarily restricted for bond indentures Temporarily restricted for teacher loans	52,294,824	49,475,799	3,723,874	55,017,661	(2,901,920)	16,347,013	536,570	122,198,997
Total net assets	52,294,824	58,899,017	5,690,536	55,017,661	(2,901,920)	16,347,013	536,570	185,883,701
Total liabilities and net assets	\$ 53,253,039	\$ 956,614,250	\$ 235,297,706	\$ 276,584,274	\$ 585,219,362	\$ 247,488,855	\$ 55,713,852	\$ 2,410,171,338

South Carolina Student Loan Corporation

Consolidated Schedule of Activities By Fund - Unrestricted

For the year ended June 30, 2015

	Operating/SLC	Campus Partners	Eliminations	Total
Revenue				
Income from United States Department of Education				
student loan interest - subsidized	\$ 68,824	\$ -	\$ -	\$ 68,824
Special allowances	(395,365)	-	-	(395,365)
Student loan interest - non-subsidized	5,828,079	-	-	5,828,079
Investment income	1,933,436	772,418	-	2,705,854
Unrealized gain (loss) on investments	(1,588,774)	-	-	(1,588,774)
Late charges	35,742	-	-	35,742
Miscellaneous payments of student loans	(39)	-	-	(39)
Remittance from SC State Education Assistance				
Authority for operating cost	578,882	-	-	578,882
Servicing Fees	-	7,377,829	-	7,377,829
Other	2,397,738	12,914,523	(12,476,336)	2,835,925
Total revenue	<u>8,858,523</u>	<u>21,064,770</u>	<u>(12,476,336)</u>	<u>17,446,957</u>
Expenses				
Personnel	7,817,675	3,315,568	-	11,133,243
Contractual services	1,182,574	244,412	-	1,426,986
General operating	2,039,538	5,190,387	-	7,229,925
Loan fees	61,860	-	-	61,860
Reinsurance expense	19,317	-	-	19,317
Borrower incentives	15,943	-	-	15,943
Building rental expenses	257,326	-	-	257,326
Loan loss expense	1,140,776	-	-	1,140,776
Campus Partners valuation expense	12,476,336	-	(12,476,336)	-
Total expenses	<u>25,011,345</u>	<u>8,750,367</u>	<u>(12,476,336)</u>	<u>21,285,376</u>
Transfer between accounts				
Transfers in	211,171,198	-	-	211,171,198
Transfers out	(72,857,953)	-	-	(72,857,953)
Total transfers between accounts	<u>138,313,245</u>	<u>-</u>	<u>-</u>	<u>138,313,245</u>
Change in net assets	122,160,423	12,314,403	-	134,474,826
Net assets				
Beginning	231,081,950	(12,278,176)	-	218,803,774
Ending	<u>\$ 353,242,373</u>	<u>\$ 36,227</u>	<u>\$ -</u>	<u>\$ 353,278,600</u>

South Carolina Student Loan Corporation

Consolidated Schedule of Activities by Fund - Temporarily Restricted

For the year ended June 30, 2015

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total
Revenue								
Income from United States Department of Education								
student loan interest - subsidized	\$ 83	\$ 3,196,824	\$ 39,381	\$ 1,509,050	\$ 3,902,805	\$ 1,608,134	\$ 68,246	\$ 10,324,523
Special allowances	-	(11,841,666)	(249,191)	(6,731,714)	(20,153,565)	(11,120,315)	(265,338)	(50,361,789)
Student loan interest - non-subsidized	2,914,716	38,662,951	8,973,211	11,841,987	31,784,210	14,669,038	3,692,263	112,538,376
Late charges	61,777	753,945	193,589	367,453	526,903	232,239	56,287	2,192,193
Miscellaneous payments of student loans	(3,826)	(2,462)	(193)	(1,963)	(2,315)	(2,026)	(87)	(12,872)
Miscellaneous income	-	-	-	-	-	-	57,969	57,969
State appropriations - Department of Education	6,020,205	-	-	-	-	-	-	6,020,205
Other	112,600	75,789	4,191	22,794	1,477	3,097	-	219,948
Total revenue	<u>9,105,555</u>	<u>30,845,381</u>	<u>8,960,988</u>	<u>7,007,607</u>	<u>16,059,515</u>	<u>5,390,167</u>	<u>3,609,340</u>	<u>80,978,553</u>
Expenses								
Personnel	214,860	-	-	-	-	-	-	214,860
Contractual services	27,252	-	-	-	-	-	-	27,252
General operating	43,668	-	-	-	-	-	-	43,668
Interest on debt	-	8,048,266	6,542,525	3,175,916	9,244,843	1,766,225	-	28,777,775
TLP cancellations	4,079,611	-	-	-	-	-	-	4,079,611
Payments to SC State Education Assistance								
Authority for student loan income	-	-	-	-	-	-	3,234,864	3,234,864
Loan fees	-	6,329,190	122,030	-	2,326,546	85,513	-	8,863,279
Reinsurance expense	-	385,990	9,872	110,996	245,079	284,197	6,201	1,042,335
Borrower incentives	19,432	3,190,803	234,563	472,640	1,880,956	1,074	142,486	5,941,954
Broker dealer fees	-	98,815	153,277	32,095	88,714	44,245	-	417,146
Loan loss expense	-	-	1,302,045	-	-	-	1,025,514	2,327,559
Other	-	-	408,848	-	-	-	-	408,848
Total expenses	<u>4,384,823</u>	<u>18,053,064</u>	<u>8,773,160</u>	<u>3,791,647</u>	<u>13,786,138</u>	<u>2,181,254</u>	<u>4,409,065</u>	<u>55,379,151</u>
Transfer between accounts								
Transfers in	-	26,916	500	1,000	9,005	-	-	37,421
Transfers out	-	(130,223,347)	(1,335,941)	(1,262,773)	(3,889,728)	(1,638,877)	-	(138,350,666)
Total transfers between accounts	<u>-</u>	<u>(130,196,431)</u>	<u>(1,335,441)</u>	<u>(1,261,773)</u>	<u>(3,880,723)</u>	<u>(1,638,877)</u>	<u>-</u>	<u>(138,313,245)</u>
Change in net assets	<u>4,720,732</u>	<u>(117,404,114)</u>	<u>(1,147,613)</u>	<u>1,954,187</u>	<u>(1,607,346)</u>	<u>1,570,036</u>	<u>(799,725)</u>	<u>(112,713,843)</u>
Net assets								
Beginning	47,574,092	176,303,131	6,838,149	53,063,474	(1,294,574)	14,776,977	1,336,295	298,597,544
Ending	<u>\$ 52,294,824</u>	<u>\$ 58,899,017</u>	<u>\$ 5,690,536</u>	<u>\$ 55,017,661</u>	<u>\$ (2,901,920)</u>	<u>\$ 16,347,013</u>	<u>\$ 536,570</u>	<u>\$ 185,883,701</u>

South Carolina Student Loan Corporation
Consolidated Schedule of Cash Flows By Fund - Unrestricted
For the year ended June 30, 2015

	<u>Operating/SLC</u>	<u>Campus Partners</u>	<u>Elimination</u>	<u>Unrestricted</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 122,160,423	\$ 12,314,403	\$ -	\$ 134,474,826
Adjustments to reconcile change in net assets to net cash used in operating activities				
Depreciation	366,409	4,202	-	370,611
Unrealized loss on investments	1,588,774	-	-	1,588,774
Loan Loss Expense	1,140,776	-	-	1,140,776
Changes in operating assets and liabilities				
Increase in due from SC State Education				
Assistance Authority	(120,411)	-	-	(120,411)
(Increase) decrease in interest due from borrowers	174,742	-	-	174,742
(Increase) decrease in accounts receivable	11,660,172	112,524	-	11,772,696
(Increase) decrease in accrued investment income	595,025	118,781	529,281	1,243,087
Increase in prepaid expenses	(53,894)	-	-	(53,894)
Increase (decrease) in overfunded defined benefit plan	319,050	-	-	319,050
Decrease in due to (from) other funds	100,987	-	-	100,987
Increase (decrease) in interest payable	-	(772,418)	(529,281)	(1,301,699)
Increase (decrease) in accounts payable	(275,159)	(562,598)	-	(837,757)
Increase in deferred revenue	(1,151,313)	-	-	(1,151,313)
Increase in accrued pension expense	(22,687)	-	-	(22,687)
Increase in compensated absences	(68,784)	-	-	(68,784)
Decrease in due to US Department of Education	(13,245)	-	-	(13,245)
Net cash used in operating activities	<u>136,400,865</u>	<u>11,214,894</u>	<u>-</u>	<u>147,615,759</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(227,071)	-	-	(227,071)
Change in student loan receivables, net	1,374,646	-	-	1,374,646
Net proceeds (purchases) on investments	(112,785,629)	-	-	(112,785,629)
Net cash used in investing activities	<u>(111,638,054)</u>	<u>-</u>	<u>-</u>	<u>(111,638,054)</u>
Cash Flows from Financing Activities				
Change in financing loans, net	-	(11,576,336)	-	(11,576,336)
Net cash provided by financing activities	<u>-</u>	<u>(11,576,336)</u>	<u>-</u>	<u>(11,576,336)</u>
Net increase (decrease) in cash and cash equivalents	24,762,811	(361,442)	-	24,401,369
Cash and Cash Equivalents				
Beginning	<u>60,996,430</u>	<u>863,230</u>	<u>-</u>	<u>61,859,660</u>
Ending	<u>\$ 85,759,241</u>	<u>\$ 501,788</u>	<u>\$ -</u>	<u>\$ 86,261,029</u>
Supplemental Disclosure of Cash Flow Information				
Cash payments for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Disposal of fully depreciated property and equipment	<u>\$ 20,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,333</u>

South Carolina Student Loan Corporation

Consolidated Schedule of Cash Flows By Fund - Temporarily Restricted

For the year ended June 30, 2015

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total
Cash Flows from Operating Activities								
Change in net assets	\$ 4,720,732	\$ (117,404,114)	\$ (1,147,613)	\$ 1,954,187	\$ (1,607,346)	\$ 1,570,036	\$ (799,725)	\$ (112,713,843)
Adjustments to reconcile change in net assets to net cash provided by operating activities								
Amortization of bond discounts	-	1,076,288	-	87,098	1,101,958	-	-	2,265,344
Amortization of cost for debt issuance	-	277,495	101,586	347,168	668,123	-	-	1,394,372
Loan Loss Expense	-	-	1,302,045	-	-	-	1,025,514	2,327,559
Teacher loan cancellations	4,079,611	-	-	-	-	-	-	4,079,611
Changes in operating assets and liabilities								
(Increase) decrease in due from SC State Education Assistance Authority	(3,388)	8,713,953	(91,325)	89,071	140,973	(572)	66,956	8,915,668
(Increase) decrease in interest due from borrowers	(171,519)	353,370	572,254	650,847	1,082,302	1,524,122	46,734	4,058,110
(Increase) decrease in accrued investment income	2,657	(1,788)	(78)	(269)	-	12	-	534
Increase in prepaid expenses	-	(3,450)	1,077	-	1,576	1,525	-	728
Increase (decrease) in due to (from) other funds	(13,376)	(125)	(14,982)	(15,617)	(36,620)	(18,242)	(2,025)	(100,987)
Increase (decrease) in interest payable	-	385,647	1,157	(13,928)	(154,717)	(2,684)	-	215,475
Increase (decrease) in deferred revenue	-	-	-	-	-	-	(125,245)	(125,245)
Increase (decrease) in teacher loan liability	(25,094)	-	-	-	-	-	-	(25,094)
(Increase) decrease in due to US Department of Education	-	419,767	(5,112)	(187,616)	(472,643)	(314,497)	-	(560,101)
Net cash provided by operating activities	<u>8,589,623</u>	<u>(106,182,957)</u>	<u>719,009</u>	<u>2,910,941</u>	<u>723,606</u>	<u>2,759,700</u>	<u>212,209</u>	<u>(90,267,869)</u>
Cash Flows from Investing Activities								
Change in student loan receivables, net	-	63,374,058	16,587,341	41,645,795	71,067,801	34,361,409	5,365,241	232,401,645
Change in teacher loan receivables, net	(5,509,916)	-	-	-	-	-	-	(5,509,916)
Net cash provided by (used in) investing activities	<u>(5,509,916)</u>	<u>63,374,058</u>	<u>16,587,341</u>	<u>41,645,795</u>	<u>71,067,801</u>	<u>34,361,409</u>	<u>5,365,241</u>	<u>226,891,729</u>
Cash Flows from Financing Activities								
Change in financing loans, net	-	-	-	-	-	-	(5,579,474)	(5,579,474)
Net proceeds (payments) of bonds payable	-	146,648,316	(17,350,002)	(45,752,113)	(71,919,113)	(36,992,002)	-	(25,364,914)
Net cash provided by (used in) financing activities	<u>-</u>	<u>146,648,316</u>	<u>(17,350,002)</u>	<u>(45,752,113)</u>	<u>(71,919,113)</u>	<u>(36,992,002)</u>	<u>(5,579,474)</u>	<u>(30,944,388)</u>
Net increase (decrease) in cash and cash equivalents	3,079,707	103,839,417	(43,652)	(1,195,377)	(127,706)	129,107	(2,024)	105,679,472
Cash and Cash Equivalents								
Beginning	17,742,331	20,282,221	8,178,382	11,661,498	29,365,423	7,265,398	34,367	94,529,620
Ending	<u>\$ 20,822,038</u>	<u>\$ 124,121,638</u>	<u>\$ 8,134,730</u>	<u>\$ 10,466,121</u>	<u>\$ 29,237,717</u>	<u>\$ 7,394,505</u>	<u>\$ 32,343</u>	<u>\$ 200,209,092</u>
Supplemental disclosure of cash flow information								
Cash payments for interest	\$ -	\$ 6,308,835	\$ 6,439,782	\$ 2,755,578	\$ 7,629,479	\$ 1,689,001	\$ -	\$ 24,822,675
Disposal of fully depreciated property and equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

South Carolina Student Loan Corporation
Consolidated Schedule of Property and Equipment
For the year ended June 30, 2015

	Balance as of June 30, 2014	Additions	Disposals	Balance as of June 30, 2015
Cost				
Land	\$ 364,900	\$ -	\$ -	\$ 364,900
Total land	<u>364,900</u>	<u>-</u>	<u>-</u>	<u>364,900</u>
Building	4,358,670	-	-	4,358,670
Total buildings	<u>4,358,670</u>	<u>-</u>	<u>-</u>	<u>4,358,670</u>
Campus Partners furniture and fixtures	50,420	-	-	50,420
SCSLC furniture and fixtures	2,285,999	189,871	-	2,475,870
SCSLC automobiles	53,348	37,200	(20,333)	70,215
Cost total	<u>7,113,337</u>	<u>227,071</u>	<u>(20,333)</u>	<u>7,320,075</u>
Accumulated depreciation				
Building	284,952	111,761	-	396,713
Total buildings	<u>284,952</u>	<u>111,761</u>	<u>-</u>	<u>396,713</u>
Campus Partners furniture and fixtures	46,219	4,201	-	50,420
SCSLC furniture and fixtures	1,609,645	245,348	-	1,854,993
SCSLC automobiles	53,348	9,300	(20,333)	42,315
Accumulated depreciation total	<u>1,994,164</u>	<u>370,610</u>	<u>(20,333)</u>	<u>2,344,441</u>
Net book value	<u>\$ 5,119,173</u>	<u>\$ (143,539)</u>	<u>\$ -</u>	<u>\$ 4,975,634</u>

South Carolina Student Loan Corporation

Consolidated Schedule of Expenses

For the year ended June 30, 2015

	Operating/SLC		Teacher Loan	
	2015	2014	2015	2014
Operating expenses				
Personnel				
Staff salaries	\$ 5,492,088	\$ 5,333,537	\$ 153,767	\$ 183,648
Social security	360,142	373,482	10,141	12,335
Group insurance	610,940	641,347	14,660	20,307
Retirement	1,332,306	1,033,415	35,662	25,013
Unemployment	22,199	20,583	630	719
Total personnel	<u>7,817,675</u>	<u>7,402,364</u>	<u>214,860</u>	<u>242,022</u>
Contractual				
Loan servicing	558,602	693,430	24,015	19,654
Information technology	98,527	51,912	-	-
Legal	273,092	680,614	-	-
Accounting	178,602	154,269	3,237	3,098
Skip tracing	40,375	50,656	-	-
Credit bureau	33,376	29,645	-	-
Total contractual	<u>1,182,574</u>	<u>1,660,526</u>	<u>27,252</u>	<u>22,752</u>
General operating				
Rent	(79,282)	(91,200)	8,760	8,759
Telephone	131,680	137,131	4,158	5,799
Printing	116,386	197,143	2,386	710
Postage	721,982	735,475	19,753	23,646
Supplies	66,827	63,561	1,807	1,764
Travel	40,383	59,583	-	-
Equipment maintenance	134,152	125,793	5,304	4,991
Subscriptions and fees	59,445	51,535	-	-
Meeting and conference expenses	111,500	60,000	-	-
Insurance - general and automotive	90,609	100,753	1,500	1,528
Outreach and awareness	10,871	6,380	-	-
Contingencies	8,733	14,548	-	12
Depreciation	366,409	224,191	-	-
Third party collections	157,090	198,987	-	-
Other operating expenses	102,753	247,226	-	-
Total general operating	<u>2,039,538</u>	<u>2,131,106</u>	<u>43,668</u>	<u>47,209</u>
Total operating expenses	<u>11,039,787</u>	<u>11,193,996</u>	<u>285,780</u>	<u>311,983</u>
Capital additions				
Property, equipment, furniture and fixtures	<u>227,071</u>	<u>208,674</u>	<u>-</u>	<u>-</u>
Total operating expenses, employee benefits - related changes and capital additions	<u>\$ 11,266,858</u>	<u>\$ 11,402,670</u>	<u>\$ 285,780</u>	<u>\$ 311,983</u>

South Carolina Student Loan Corporation

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Amount of Grant</u>	<u>Expenses</u>
U.S. Department of Education Programs			
Higher Education Act Insured Loans Contract			
Federal Family Education Loan Program			
Special allowances (See #2 below)	84.032		See #2 Below
Subsidized interest	84.032		<u>\$ 10,393,347</u>
Total U.S. Department of Education Programs (Major program)			<u>\$ 10,393,347</u>

Notes - CFDA #84.032:

1. Summary of Significant Accounting Policies: This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The financial activity shown in this schedule reflects amounts recorded by the Corporation during its fiscal year July 1, 2014, through June 30, 2015.
2. Special Allowances: The U.S. Department of Education (USDE) now requires lenders to pay the USDE when lenders have negative special allowance. The Corporation paid \$50,757,154 for the year ended June 30, 2015.



**Independent Auditor's Report On Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards***

To the Board of Directors
Management of South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the South Carolina Student Loan Corporation (Corporation), as of and for the year ended June 30 2015, and the related notes to the consolidated financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
September 28, 2015



**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited South Carolina Student Loan Corporation's (the "Corporation") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended June 30, 2015. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
September 28, 2015

South Carolina Student Loan Corporation

Summary of Findings and Questioned Costs

Year Ended June 30, 2015

1. Summary of Auditor's Results

Financial Statements

Type of report issued on financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None identified
Significant deficiency(ies) identified	None identified
Noncompliance material to financial statements noted?	None reported

Federal Awards

Internal control over financial reporting:	
Material weakness(es) identified?	None identified
Significant deficiency(ies) identified	None identified

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? None

Identification of major programs:

U.S. Department of Education	<u>CFDA#</u>	<u>Expenditure</u>
Higher Education Act Insured Loan Program		
Federal Family Education Loan Program		
Subsidized interest	84.032	\$ 10,393,347

Dollar threshold used to distinguish between Type A and Type B programs \$ 311,800

South Carolina Student Loan Corporation qualifies as a low risk auditee under paragraph .530 OMB 133 No

2. **Financial Statement Findings** None reported

3. **Findings and Questioned Costs for Federal Awards** None reported

South Carolina Student Loan Corporation

Summary of Prior Year Audit Findings

Year Ended June 30, 2015

There were no prior findings and questioned costs relative to Federal Awards.

South Carolina Student Loan Corporation***Schedule of Corrective Action Plan******Year Ended June 30, 2015***

There is no corrective action plan required since there are no prior auditing findings and questioned costs relative to Federal Awards.

PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES OF THE NOTES, AND PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES

Prepayments on pools of Student Loans can be measured or calculated based on a variety of prepayment models. The model used to calculate prepayments herein is based on a combination of two prepayment rates: a constant prepayment rate (“*CPR*”) for consolidation loans and a separate CPR for non-consolidation loans. For purposes of this Offering Memorandum, we refer to the combination of these two prepayment modeling approaches as the “pricing prepayment curve” or “*PPC*.” For non-rehabilitation FFELP consolidation loans, the PPC applies a CPR of 4%. For non-rehabilitation FFELP non-consolidation loans, the PPC applies a CPR of 6%. For rehabilitation FFELP loans, the PPC applies a CPR of 2% and a CDR of 6% with a 12-month recovery. For private (alternative) loans, the PPC applies a CPR of 3% and a CDR of 0.5%, with a 12-month recovery and 75% severity.

100% PPC implies prepayment at exactly 4% CPR for consolidation loans and at exactly 6% CPR for non-consolidation loans. For non-rehabilitation FFELP consolidation loans, a rate of “x% PPC” implies the indicated constant percentage multiplied by 4%. For non-rehabilitation FFELP non-consolidation loans, a rate of “x% PPC” implies a CPR of the indicated constant percentage multiplied by 6%. For rehabilitation FFELP loans, a rate of “x% PPC” implies a CPR of the indicated constant percentage multiplied by 2% and a CDR of the indicated constant percentage multiplied by 6%. For private (alternative) loans, a rate of “x% PPC” implies a CPR of the indicated constant percentage multiplied by 3% and a CDR of the indicated constant percentage multiplied by 0.5%.

The CPR model is based on prepayments assumed to occur at a flat, constant percentage rate. CPR is stated as an annualized rate and is calculated as the percentage of the loan amount outstanding at the beginning of a period, after applying scheduled payments that are paid during the period. The CPR model assumes that Student Loans will prepay in each month according to the following formula:

$$\text{Monthly Prepayments} = (\text{Principal Balance after scheduled payments}) \times (1 - (1 - \text{CPR})^{1/12})$$

Accordingly, monthly prepayments assuming a \$1,000 balance after scheduled payments would be as follows for the percentages of CPR listed below:

CPR	0%	2%	4%	6%	8%
Monthly Prepayment	\$0.00	\$1.68	\$3.40	\$5.14	\$6.92

The CPR and PPC models do not purport to describe historical prepayment experience or to predict the prepayment rate of any actual Student Loan pool. The Student Loans will not prepay according to the CPR or PPC, nor will all of the Student Loans prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in making any investment decision. See “**RISK FACTORS - Reinvestment, Prepayment, and certain Other Risks Affecting Estimated Cash Flows.**”

Cash Flow Assumptions for Structuring Runs:

The tables below have been prepared based on the assumptions described below (including the assumptions regarding the characteristics and performance of the rep lines (as defined below), which will differ from the characteristics and performance of the actual pool of Financed Student Loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the Financed Student Loans could produce slower or faster principal payments than implied by the information in these tables, even if the dispersion of weighted average characteristics, remaining terms, and loan ages are the same as the characteristics, remaining terms and loan ages assumed. Different assumptions will have a material impact on the information presented in this Exhibit, and investors should make an independent assessment of the assumptions used herein.

For the purposes of calculating the information presented in the tables, it is assumed, among other things, that:

- the Statistical Cutoff Date for modeling the Student Loans that will become part of the Trust Estate on the Issue Date is as of September 30, 2015;
- the Issue Date is November 25, 2015;
- the Financed Student Loans have an Initial Pool Balance of \$250,366,968, including a principal balance of \$248,871,890 and accrued interest expected to be capitalized of \$1,495,078 as of September 30, 2015;
- all Financed Student Loans (as grouped in the “rep lines” described below) remain in their current status until their status end date and then move to repayment, with the exception of in-school status loans which have a 6-month grace period before moving to repayment; and no Financed Student Loan moves from repayment to any other status;
- the Financed FFELP Loans that are (i) unsubsidized Stafford loans not in repayment status, (ii) subsidized Stafford loans in forbearance status, (iii) PLUS loans not in repayment status, (iv) unsubsidized Consolidation loans not in repayment status, or (v) subsidized loans (both Stafford and Consolidation) in forbearance status have interest accrued and capitalized upon entering repayment;
- the Financed FFELP Loans that are subsidized Stafford loans or subsidized Consolidation loans and are in-school, grace or deferment status have interest paid (Interest Subsidy Payments) by the Department of Education quarterly, based on a quarterly calendar accrual period;
- with respect to the Financed FFELP Loans, there are government payment delays of sixty (60) days for Interest Subsidy Payments and Special Allowance Payments and such payments are made without aggregation;
- no delinquencies or borrower benefits occur on any of the Financed Student Loans, no repurchases occur, and all borrower payments are collected in full;
- the Financed Student Loans that are in repayment make level payments of principal and interest;
- index levels for calculation of borrower and government payments are:
 - 91-day Treasury bill bond equivalent rate of 0.05%;
 - One-month LIBOR of 0.1994%; and
 - Three-month LIBOR of 0.3316%;
- monthly distributions begin on January 25, 2016, and are made monthly on the twenty-fifth (25th) day of every month thereafter whether or not such day is a business day;
- the initial par amount and interest rate for the Notes at all times will equal \$198,400,000 and 1.6994%.
- a Surplus Servicing and Administrator Fee equal to 1/12th of 1.00% (except for the period between November 25, 2015, and December 31, 2015, which is 1/60th of 1.00% plus 1/12th of 1.00%) of the Principal Balance of Financed Student Loans outstanding as of the last day of the immediately preceding month is paid monthly in arrears, beginning on January 25, 2016;
- a Trustee Fee equal to 0.005% of the outstanding principal balance of Notes outstanding is paid monthly, floored at \$500 per month, beginning on January 25, 2016;
- other Operating Costs of \$45,000 per annum are paid beginning on November 25, 2016, but no indemnities or other costs are paid;
- the Debt Service Reserve Fund has an initial balance equal to \$625,917 and at all times a balance equal to the greater of (i) 0.25% of the principal balance of the Pool Balance or (ii) \$375,550.45;

- all payments are made at the end of the month and amounts on deposit in the Collection Fund, the Operating Fund, the Debt Service Fund, and the Debt Service Reserve Fund, and including reinvestment income earned in the previous month, net of Servicing Fees, are reinvested in Investment Obligations at the reinvestment rate of the 91-day Treasury bill bond equivalent rate through the end of the Interest Period, and reinvestment earnings are available for distribution from the prior Interest Period;
- prepayments on the Financed Student Loans are applied monthly in accordance with PPC, as described above;
- no event of default has occurred or is continuing to occur;
- net Special Allowance Payments and Interest Subsidy Payments are assumed to be set aside each Monthly Distribution Date;
- 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 Financed Student Loans are received on the last day of each month commencing on November 30, 2015;
- the Corporation exercises the optional redemption that may occur on the Distribution Dates when the Pool Balance falls below or equal to ten percent (10%) of the Initial Pool Balance; and
- the initial pool of Student Loans was grouped into 420 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, interest rate, loan type, SAP index and applicable margin, repayment status, and remaining term.

PPC Tables

The following tables show the weighted average remaining lives, expected maturity dates, and percentages of original principal balance of the Notes at various percentages of the PPC expressed from the Issue Date until the last expected principal payment expected to occur without exercising the optional redemption.

WEIGHTED AVERAGE LIVES AND EXPECTED MATURITY DATES OF THE NOTES AT VARIOUS PERCENTAGES OF THE PPC

Weighted Average Life (years) ⁽¹⁾					
	0% PPC	50% PPC	100% PPC	150% PPC	200% PPC
	6.31	5.61	5.03	4.55	4.13

Expected Maturity Date					
	0% PPC	50% PPC	100% PPC	150% PPC	200% PPC
	10/25/2027	2/25/2027	5/25/2026	9/25/2025	1/25/2025

⁽¹⁾ The weighted average life of the Notes (assuming a 360-day year consisting of twelve 30-day months) is determined by: (i) multiplying the amount of each principal payment on the Notes by the number of years from the Issue Date to the related Distribution Date, (ii) adding the results, and (iii) dividing that sum by the aggregate principal amount of the Notes as of the Issue Date.

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**PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT
CERTAIN DISTRIBUTION DATES AT VARIOUS PERCENTAGES OF THE PPC**

Distribution Dates	0% PPC	50% PPC	100% PPC	150% PPC	200% PPC
Issue Date	100%	100%	100%	100%	100%
1/25/2016	100	99	99	99	99
1/25/2017	93	92	90	88	86
1/25/2018	86	82	78	75	72
1/25/2019	78	72	67	63	58
1/25/2020	69	63	57	51	46
1/25/2021	61	53	46	40	35
1/25/2022	52	44	37	30	25
1/25/2023	43	35	27	21	16
1/25/2024	34	26	19	13	7
1/25/2025	24	17	10	5	0
1/25/2026	15	8	2	0	0
1/25/2027	7	0 ⁽¹⁾	0	0	0
1/25/2028	0	0	0	0	0
1/25/2029	0	0	0	0	0
1/25/2030	0	0	0	0	0

⁽¹⁾ Represents a percentage greater than 0% but less than 0.5%.

The above table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of Financed Student Loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the Financed Student Loans could produce slower or faster principal payments than implied by the information in this table, even if the dispersion of weighted average characteristics, remaining terms and loan ages are the same as the characteristics, remaining terms and loan ages assumed.

EXHIBIT VIII

**PREPAYMENT, DELINQUENCY, FORBEARANCE, DEFAULT, AND
RECOVERY EXPERIENCE WITH RESPECT TO ALTERNATIVE LOANS**

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The following table details the prepayment experience of the Corporation (including voluntary prepayments and default reimbursements) measured under a constant prepayment rate (or “*CPR*”) model with respect to all Alternative Loans to be included in the Loan Portfolio and serviced by the Corporation for the periods indicated. The *CPR* model is based on prepayments assumed to occur at a flat, constant percentage rate. *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 are paid during the period. The *CPR* model assumes that the loans prepay in each month according to the following formula:

$$\text{Annual Historical Prepayment Rate} = 1 - (\text{Actual Pool Balance including Accrued Interest to be Capitalized/Scheduled Pool Balance based on weighted average coupon and weighted average maturity of such pool})^{(12/\text{Actual Time Interval in Months})}$$

Period (Quarter Ended) ⁽¹⁾	Constant Prepayment Rate	Period (Quarter Ended)	Constant Prepayment Rate
01/01/05	-0.20%	07/01/10	0.52
07/01/05 ⁽²⁾	2.40	10/01/10	0.61
10/01/05	0.62	01/01/11	0.95
01/01/06	0.72	04/01/11	0.84
04/01/06	2.38	07/01/11	0.82
07/01/06	0.63	10/01/11	0.81
10/01/06	0.71	01/01/12	1.11
01/01/07	1.74	04/01/12	1.65
04/01/07	0.04	07/01/12	1.04
07/01/07	2.47	10/01/12	0.94
10/01/07	2.49	01/01/13	1.82
01/01/08	9.77	04/01/13	1.69
04/01/08	4.45	07/01/13	1.67
07/01/08	1.04	10/01/13	1.04
10/01/08	-0.08	01/01/14	1.70
01/01/09	1.43	04/01/14	1.87
04/01/09	1.16	07/01/14	1.61
07/01/09	0.40	10/01/14	1.46
10/01/09	0.61	01/01/15	2.23
01/01/10	0.47	04/01/15	2.49
04/01/10	0.38		

⁽¹⁾ Unless otherwise indicated.

⁽²⁾ Six month period ended.

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The following table details the historical delinquency data on all Alternative Loans to be included in the Loan Portfolio and serviced by the Corporation. The delinquencies are measured as a percentage of the outstanding principal balance of all Alternative Loans in repayment at the end of each of the last eleven (11) fiscal years. There can be no assurance that the Corporation's experience, as reflected in the table below, will not be materially different in the future.

Alternative Loan Delinquency

As of June 30	31-60 Days	61-90 Days	91-120 Days	121-180 Days
2005	1.2%	0.7%	0.0%	0.5%
2006	1.2%	1.2%	0.6%	0.4%
2007	1.6%	1.3%	0.5%	0.8%
2008	1.6%	0.8%	0.8%	0.8%
2009	1.7%	1.1%	0.7%	1.3%
2010	1.9%	1.6%	0.9%	1.1%
2011	2.1%	1.3%	0.8%	1.1%
2012	1.9%	1.2%	0.8%	1.0%
2013	2.5%	1.4%	1.0%	0.9%
2014	2.2%	0.9%	0.6%	0.6%
2015	2.0%	1.1%	0.9%	0.9%

The following table details the historical discretionary and bankruptcy (mandatory) forbearance data with respect to all Alternative Loans to be included in the Loan Portfolio and serviced by the Corporation. Forbearance is measured as a percentage of the outstanding principal balance of all Alternative Loans in repayment at the end of each of the last eleven (11) fiscal years. There can be no assurance that the Corporation's experience, as reflected in the table below, will not be materially different in the future.

Alternative Loan Forbearance

As of June 30	Discretionary Forbearance	Bankruptcy Forbearance
2005	3.9%	0.0%
2006	2.8%	0.0%
2007	3.7%	0.1%
2008	5.5%	0.1%
2009	7.6%	0.1%
2010	7.5%	0.2%
2011	7.6%	0.4%
2012	7.4%	0.5%
2013	6.3%	0.6%
2014	6.7%	0.7%
2015	5.4%	0.8%

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The following three tables detail the default experience of the Corporation with respect to all Alternative Loans to be included in the Loan Portfolio and serviced by the Corporation. The various columns below represent pools, or groups, of alternative loans entering repayment within a six-month period, with “A” pools covering January through June, and “B” pools covering July through December. For example, the 2005A Pool consists of alternative loans entering repayment from January 1 of 2005 through June 30 of 2005, and the 2005B Pool consists of alternative loans entering repayment from July 1 of 2005 through December 31 of 2005. The percentages in the table represent the principal balance of loans having a claim paid during the various one year repayment periods listed in the first column. There can be no assurance that the Corporation’s experience, as reflected in the tables below, will not be materially different in the future.

ALL ALTERNATIVE LOANS – DEFAULT EXPERIENCE																					
Repayment Period (Year)	2005A Pool	2005B Pool	2006A Pool	2006B Pool	2007A Pool	2007B Pool	2008A Pool	2008B Pool	2009A Pool	2009B Pool	2010A Pool	2010B Pool	2011A Pool	2011B Pool	2012A Pool	2012B Pool	2013A Pool	2013B Pool	2014A Pool	2014B Pool	Weighted Average
1	0.18%	0.26%	1.26%	1.28%	1.78%	0.97%	1.15%	1.28%	0.87%	0.52%	1.85%	0.83%	1.72%	1.53%	1.70%	1.63%	4.12%	1.74%	2.77%	0.79%	1.18%
2	1.91%	3.45%	3.99%	4.70%	4.00%	4.12%	4.56%	3.82%	5.76%	4.86%	6.87%	4.32%	6.13%	5.27%	8.16%	2.93%	3.41%	8.79%			4.76%
3	1.51%	1.66%	2.86%	2.49%	2.11%	1.76%	2.54%	2.12%	3.55%	3.29%	4.89%	2.65%	4.02%	2.18%	1.39%	1.57%					2.68%
4	1.56%	1.11%	2.14%	1.16%	1.57%	1.63%	1.59%	1.82%	2.83%	1.06%	1.62%	0.93%	0.40%	0.98%							1.52%
5	2.36%	1.25%	0.99%	1.39%	1.37%	1.99%	1.64%	1.42%	1.67%	0.88%	1.07%	1.16%									1.41%
6	0.60%	0.48%	0.65%	1.52%	0.93%	1.56%	1.59%	1.57%	1.20%	0.65%											1.22%
7	0.67%	1.73%	1.06%	0.82%	0.51%	0.60%	0.49%	0.93%													0.77%
8	0.50%	1.11%	0.67%	1.46%	0.68%	0.49%															0.78%
9	0.60%	0.94%	0.92%	0.63%																	0.76%
10	0.03%	0.33%																			0.22%
Cumulative Repayment Balance	9.92%	12.33%	14.54%	15.46%	12.95%	13.13%	13.57%	12.96%	15.88%	11.27%	16.29%	9.90%	12.27%	9.96%	11.25%	6.12%	7.52%	10.53%	2.77%	0.79%	
	5,293,877	8,425,801	8,351,054	16,612,228	13,881,928	35,423,676	28,080,918	41,364,518	27,250,348	38,274,363	21,842,302	25,847,411	12,229,316	15,179,938	7,923,123	9,064,435	3,488,869	3,517,315	1,426,530	1,773,956	

CO-SIGNED ALTERNATIVE LOANS – DEFAULT EXPERIENCE																					
Repayment Period (Years)	2005A Pool	2005B Pool	2006A Pool	2006B Pool	2007A Pool	2007B Pool	2008A Pool	2008B Pool	2009A Pool	2009B Pool	2010A Pool	2010B Pool	2011A Pool	2011B Pool	2012A Pool	2012B Pool	2013A Pool	2013B Pool	2014A Pool	2014B Pool	Weighted Average
1	0.26%	0.37%	1.47%	1.21%	1.56%	1.42%	1.35%	1.16%	1.03%	0.49%	1.73%	0.78%	1.61%	1.48%	1.77%	1.46%	4.07%	1.86%	2.82%	0.82%	1.23%
2	2.71%	3.90%	4.65%	6.37%	4.29%	4.18%	4.59%	4.35%	6.20%	4.61%	6.79%	4.10%	6.22%	5.42%	8.52%	3.02%	2.68%	9.21%			5.05%
3	2.19%	2.16%	3.37%	2.98%	2.58%	2.23%	2.31%	2.11%	3.11%	3.61%	5.15%	2.96%	4.25%	2.05%	1.45%	1.22%					2.88%
4	2.27%	1.38%	2.88%	1.44%	1.61%	1.37%	1.10%	2.12%	3.49%	0.92%	1.59%	1.02%	0.38%	0.85%							1.56%
5	3.37%	1.81%	1.17%	1.66%	1.46%	2.04%	1.58%	1.60%	1.95%	0.78%	0.95%	1.18%									1.47%
6	0.77%	0.44%	0.87%	1.73%	1.11%	1.45%	2.15%	1.58%	1.39%	0.59%											1.30%
7	0.83%	1.36%	1.30%	0.91%	0.49%	0.95%	0.53%	1.08%													0.91%
8	0.38%	1.22%	0.56%	1.83%	0.88%	0.84%															1.02%
9	0.59%	1.24%	1.29%	0.90%																	1.02%
10	0.04%	0.33%																			0.22%
Cumulative Repayment Balance	13.40%	14.21%	17.56%	19.05%	13.97%	14.49%	13.60%	14.02%	17.16%	10.99%	16.22%	10.05%	12.46%	9.80%	11.74%	5.71%	6.75%	11.07%	2.82%	0.82%	
	3,646,680	5,832,498	5,937,609	11,253,405	10,351,866	20,787,051	18,051,074	29,352,795	21,841,435	31,545,180	19,543,435	22,308,763	11,331,242	14,090,685	7,588,902	8,654,777	3,272,694	3,290,123	1,401,818	1,714,055	

NOT COSIGNED ALTERNATIVE LOANS – DEFAULT EXPERIENCE																					
Repayment Period (Years)	2005A Pool	2005B Pool	2006A Pool	2006b Pool	2007A Pool	2007B Pool	2008A Pool	2008B Pool	2009A Pool	2009B Pool	2010A Pool	2010B Pool	2011A Pool	2011B Pool	2012A Pool	2012B Pool	2013A Pool	2013B Pool	2014A Pool	2014B Pool	Weighted Average
1	0.00%	0.00%	0.75%	1.41%	2.43%	0.35%	0.79%	1.58%	0.25%	0.64%	2.87%	1.15%	3.08%	2.30%	0.00%	5.15%	4.81%	0.00%	0.00%	0.00%	1.02%
2	0.15%	2.44%	2.39%	1.21%	3.16%	4.02%	4.52%	2.51%	3.97%	6.05%	7.46%	5.72%	4.95%	3.39%	0.00%	0.93%	14.41%	2.68%			3.76%
3	0.00%	0.52%	1.62%	1.46%	0.73%	1.08%	2.97%	2.15%	5.29%	1.82%	2.66%	0.74%	1.07%	3.78%	0.00%	8.80%					1.99%
4	0.00%	0.52%	0.30%	0.56%	1.47%	2.01%	2.48%	1.08%	0.20%	1.73%	1.84%	0.38%	0.66%	2.61%							1.38%
5	0.12%	0.00%	0.53%	0.81%	1.10%	1.91%	1.77%	0.98%	0.53%	1.36%	2.06%	1.00%									1.25%
6	0.21%	0.57%	0.10%	1.08%	0.39%	1.72%	0.56%	1.53%	0.47%	0.94%											1.04%
7	0.31%	2.55%	0.48%	0.64%	0.58%	0.10%	0.42%	0.54%													0.50%
8	0.76%	0.88%	0.96%	0.68%	0.10%	0.01%															0.33%
9	0.64%	0.26%	0.00%	0.07%																	0.18%
10	0.00%	0.33%																			0.20%
Cumulative Repayment Balance	2.20%	8.09%	7.13%	7.92%	9.96%	11.20%	13.51%	10.38%	10.71%	12.54%	16.89%	8.98%	9.77%	12.08%	0.00%	14.88%	19.22%	2.68%	0.00%	0.00%	
	1,647,197	2,593,303	2,413,445	5,358,824	3,530,062	14,636,625	10,029,844	12,011,723	5,408,913	6,729,183	2,298,868	3,538,648	898,074	1,089,253	334,220	409,658	216,175	227,192	24,713	59,900	

The following table details the historical recovery data with respect to all Alternative Loans to be included in the Loan Portfolio and serviced by the Corporation. Recovery is measured as a percentage of the outstanding principal balance of all Alternative Loans in default at the end of each twelve month period. There can be no assurance that the Corporation's experience, as reflected in the table below, will not be materially different in the future.

Alternative Loan Recovery

Collection Period (Year)	2005	2006	2007	2008	2009	2010	2011	2012	2013	20148	2015	Weighted Average
Period 1	16.31%	2.57%	1.43%	1.65%	1.82%	3.19%	4.11%	6.62%	2.88%	4.22%	0.95%	3.69%
Period 2	5.34	1.35	1.63	1.97	2.97	3.60	3.55	4.36	3.84	0.57		3.21
Period 3	5.40	3.48	3.25	3.26	3.39	4.34	3.03	4.25	0.67			3.15
Period 4	4.74	4.68	2.58	4.79	3.58	3.64	3.08	0.77				2.82
Period 5	2.89	3.89	3.71	2.91	3.90	3.87	0.50					2.59
Period 6	1.82	5.17	3.84	3.29	3.14	0.64						2.32
Period 7	6.77	5.53	4.52	3.33	0.50							2.26
Period 8	4.70	1.62	2.56	0.62								1.35
Period 9	3.42	2.16	0.38									1.05
Period 10	8.12	0.03										1.39
Period 11	0.04											0.04
Cumulative	59.55%	30.50%	23.91%	21.83%	19.30%	19.28%	14.26%	15.99%	7.39%	4.79%	0.95%	23.87%
Defaulted Principal	112,536	557,358	1,332,111	2,933,976	4,800,723	6,187,847	8,351,496	8,586,486	7,217,286	4,627,341	1,785,334	46,492,494

Past performance does not guarantee future results. See "RISK FACTORS - Performance of the Portfolio of Financed Alternative Loans May Differ From Historical Performance" herein.

SOUTH CAROLINA
Student  **Loan**