$920,000,000
Student Loan Backed Notes,
2010-1 Series

South Carolina Student Loan Corporation
Issuer and Servicer

We are offering the Notes in the following Tranches:

Tranche	Original Principal Amount	Interest Rate	Price to Public	Stated Maturity Date	CUSIP Numbers
A-1 Notes	$292,000,000	3-month LIBOR plus 0.45%	99.80078%	January 25, 2021	83715A AK5
A-2 Notes	403,000,000	3-month LIBOR plus 1.00%	99.41797%	July 25, 2025	83715A AL3
A-3 Notes	225,000,000	3-month LIBOR plus 1.05%	97.01563%	October 27, 2036	83715A AJ8

You should consider carefully the "Risk Factors" in this Offering Memorandum.

The Notes are limited obligations of the Corporation payable solely from the pledged collateral described in this Offering Memorandum. 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.

Credit enhancement for the Notes will include overcollateralization and cash on deposit in a Debt Service Reserve Fund and a Capitalized Interest Fund, as described in this Offering Memorandum. **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.

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 Distribution Dates for payment of the principal of and interest on the Notes. Except after the occurrence of an Event of Default, funds will be allocated to provide for sequential payment of principal 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 will receive distributions on the twenty-fifth (25^{th}) day of each January, April, July, and October, or the next Business Day if such day is not a Business Day, as described in this Offering Memorandum, beginning January 25, 2011.

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" within a Tranche.

The Notes are exempt from the registration requirements of the Securities Act of 1933, as amended, 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 30, 2010.

Lead Managers

RBC Capital Markets **BofA Merrill Lynch**

Co-Managers

BB&T Capital Markets **Stifel Nicolaus Weisel**

November 22, 2010

SOUTH CAROLINA STUDENT LOAN CORPORATION

Board of Directors

Frederick T. Himmelein, Esq., *Chairman*
Loren D. Carlson, *Vice Chairman*
Robert R. Hill, Jr., *Treasurer*
Charlie C. Sanders, Jr., *Secretary*
Dr. Julia Boyd, *Director*
J. Thornton Kirby, Esq., *Director*
Neil E. Grayson, Esq., *Director*
R. Jason Caskey, CPA, *Director*
William M. Mackie, Jr., *Director*
Jeffrey R. Scott, *Director*

Senior Management

Charlie C. Sanders, Jr., *President and CEO*
Harry R. Brown, *Chief Financial Officer*
Thomas A. Dunnigan, *Chief Information Officer*
Michael E. Fox, *Vice President - Outreach*
Anne Harvin Gavin, *Senior Vice President - Administrative Services*
Jane W. Honeycutt, *Vice President, Senior Accountant*
Gerald I. Long, *Vice President - Repayment Services*
Robin T. Price, *Vice President - Human Resources*
David C. Roupe, *Vice President - Guaranty Services*

SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY

Members of the Authority

The Honorable Mark Sanford, Governor of South Carolina
The Honorable Converse A. Chellis, III, 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 Daniel T. Cooper, Chairman, South Carolina House of Representatives Ways and Means Committee

NOTE COUNSEL

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

TRUSTEE

Wells Fargo Bank, National Association
Jacksonville, Florida

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EXHIBITS

ADDITIONAL INFORMATION

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

THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NOTWITHSTANDING ANY INVESTIGATION THAT THE UNDERWRITERS MAY HAVE CONDUCTED WITH RESPECT TO THE INFORMATION CONTAINED HEREIN, THE UNDERWRITERS MAKE NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY THE UNDERWRITERS.

THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREON. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, THE JURISDICTIONS REFERENCED ABOVE, NOR ANY OF THEIR AGENCIES HAVE 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 captions found elsewhere in this Offering Memorandum, under which you can find further related discussions. The table of contents found on the previous page indicates where such captions and discussions are located.

INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE

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

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 SUCH OFFERING MEMORANDUM, IN ALL CASES AT THEIR OWN EXPENSE.

SUMMARY OF TERMS

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

Before deciding to purchase the Notes, you should consider the more detailed information appearing elsewhere in this 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 II – "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

Guaranty Agency

South Carolina State Education Assistance Authority

Trustee, Paying Agent, and Registrar

Wells Fargo Bank, National Association

Backup Servicer

Nelnet Servicing, LLC

Distribution Dates

Distribution dates for the Notes will be the twenty-fifth (25^{th}) day of each January, April, July, and October, or the next Business Day if such day is not a Business Day, beginning on January 25, 2011. We sometimes refer to these dates as "***Distribution Dates***."

Collection Periods

The collection periods will be three-month periods ending on the last day of the month preceding the Distribution Date. However, the initial collection period will begin on the Issue Date and end on December 31, 2010.

Interest Periods

The Initial Period for the Notes begins on the Issue Date and ends on January 24, 2011. 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

The cutoff date (the "***Cutoff Date***") for the Student Loan portfolio that will be transferred to the Trust Estate on the Issue Date will be on or about October 20, 2010. On and after the Issue Date, all loan revenues received with respect to such Financed Student Loan portfolio after the Cutoff Date will be deposited in the Collection Fund other than Special Allowance Payments attributable to the period ending on such date.

For the definition of "***Student Loan***," see **EXHIBIT II - "GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS**."

"***Financed 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 adopted by the Board of Directors of the Corporation, which we refer to as the "***General Resolution***."

The information presented in this Offering Memorandum relating to the Student Loans we expect to transfer to the Trust Estate on the Issue Date is as of the Cutoff Date. We believe that the

information set forth in this Offering Memorandum with respect to the Student Loans as of the 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 is expected to be on or about November 30, 2010.

Description of the Notes

General

We are offering the following Student Loan Backed Notes:

- A-1 Notes in the aggregate principal amount of $292,000,000;

- A-2 Notes in the aggregate principal amount of $403,000,000; and

- A-3 Notes in the aggregate principal amount of $225,000,000.

The Notes are 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, which we refer to as 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 a pool of Financed Student Loans held in the Trust Estate. **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**.

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

Additional Notes

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

Interest on the Notes

The Notes will bear interest from the Issue Date to the Stated Maturity Date at the following rates:

- the A-1 Notes will bear interest at an annual rate equal to three-month LIBOR, except for the Initial Period, plus 0.45%;

- the A-2 Notes will bear interest at an annual rate equal to three-month LIBOR, except for the Initial Period, plus 1.00%; and

- the A-3 Notes will bear interest at an annual rate equal to three-month LIBOR, except for the Initial Period, plus 1.05%.

The Trustee will determine the rate of interest on the Notes on the second 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 below in "**DESCRIPTION OF THE NOTES - *Interest Payments***."

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

Principal Distributions

Principal distributions will be allocated to the Notes on each Distribution Date as described below in "**THE TRUST ESTATE - Flow of Funds**."

Except after the occurrence of an Event of Default, 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.

See "**DESCRIPTION OF THE NOTES – Principal Distributions**" in this Offering Memorandum.

Stated Maturity

The Distribution Dates on which the Notes are due and payable in full are as follows:

Tranche	Stated Maturity Date
A-1	January 25, 2021
A-2	July 25, 2025
A-3	October 27, 2036

We expect that the principal of each Tranche of the Notes will be paid prior to its 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 on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance.

"***Pool Balance***" means for any date the aggregate Principal Balance of all Financed Student Loans on that date plus accrued interest that is expected to be capitalized as authorized under the Higher Education Act (as defined below) as determined by the Administrator.

"***Initial Pool Balance***" means $950,823,965, which is the Pool Balance as of October 20, 2010, of the Student Loans to become Financed on the Issue Date. The Initial Pool Balance consists of a Principal Balance of $926,276,694 and accrued interest expected to be capitalized of $24,547,271.

The expected weighted average lives and expected maturity dates for each Tranche of the Notes are set forth in **EXHIBIT VII** hereto. **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 each Tranche of the Notes as a percentage of the initial principal balance 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 QUARTERLY 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. 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 (the "***FFELP***") of the Higher Education Act and guaranteed by the Authority. See "**THE CORPORATION**" in this Offering Memorandum.

Our principal office is located at William M. Mackie, Jr. Interstate Center, Suite 210, 16 Berryhill Road, Columbia, South Carolina 29210, 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 and investments pledged to the Trustee, the payments we receive on those Financed Student Loans and investments.

The Trust Estate

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

- Financed Student Loans originated under the FFELP transferred to the Trust Estate on the Issue Date;

- interest payments with respect to Financed Student Loans made by or on behalf of borrowers;

- Recoveries of Principal;

- any Special Allowance Payments;

- all Interest Subsidy Payments;

- any Backup Servicing Agreement and any Guaranty 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 Resolution.

We have originated and serviced the Student Loans to be transferred to the Trust Estate in the ordinary course of our student loan financing business. The South Carolina State Education Assistance Authority, as Guaranty Agency, guarantees, and the U.S. Department of Education reinsures such Student Loans, both to the maximum extent permitted by the Higher Education Act.

We will agree to purchase from the Trust Estate any Financed Student Loan that has ceased to be eligible as a Student Loan under the 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 guarantee or federal reinsurance, Interest Subsidy Payments, or Special Allowance Payments, within thirty (30) days of the date on which we become aware that such Student Loan becomes ineligible.

Description of Funds and Accounts

The Program Fund

On the Issue Date, we will make a deposit to the Program Fund in the amount of approximately $5,860,000 to pay the costs of issuing the Notes.

On the Issue Date, we will use approximately $893,910,804 to repay or satisfy certain indebtedness. We refer to such indebtedness as the "***Prior Indebtedness***." In connection with the repayment or satisfaction of the Prior Indebtedness, Student Loans having an aggregate Principal Balance of $887,019,497 as of October 20, 2010, will be released from the liens created in connection with the Prior Indebtedness, transferred to, and become part of, the Trust Estate, and credited to the Program Fund.

Additional Student Loans having an aggregate Principal Balance of $39,257,198 as of October 20, 2010, will be contributed by the South Carolina State Education Assistance Authority (the "***Authority***"), pledged to the Trust Estate, and credited to the Program Fund on the Issue Date.

The Collection Fund

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

Money on deposit in the Collection Fund will be used as described below under "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum.

The Operating Fund

The Trustee will establish the Operating Fund as part of the Trust Estate. We will not make a deposit to the Operating Fund on the Issue Date. It will be funded from funds available in the Collection Fund as described below under "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum, or, if necessary, the Capitalized Interest 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 herein under the subheading "**THE TRUST ESTATE - The Operating Fund**" unless the Trustee shall first receive a Rating Agency Condition from Fitch Ratings and a Cash Flow Certificate. The Corporation will be required to provide thirty (30) days' prior written notice to Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. of any increase in Operating Costs. The Operating Fund will be funded as described below under "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum in an amount equal to the Operating Costs (not to exceed four months of 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. 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 are to be transferred in the event that deposits of moneys in the Collection Fund to the Interest Account and Principal Account are insufficient to avoid a default in payment of principal of or interest on the Notes will be the Capitalized Interest Fund, the Collection Fund, the Principal Account or Interest Account of the Debt Service Fund, the Program Fund, the Debt Service Reserve Fund, and then the Operating Fund.

The Debt Service Reserve Fund

The Trustee will establish the Debt Service Reserve Fund as part of the Trust Estate. On the Issue Date, we will make a deposit to the Debt Service Reserve Fund in the amount of $2,377,060. The Debt Service Reserve Fund is subject to a minimum amount equal to the greater of 0.25% of the Pool Balance as of the date of calculation or 0.10% of the Initial Pool Balance. We refer to such a minimum amount as the "***Debt Service Reserve Requirement***." 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, are 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 falls below the Debt Service Reserve Requirement, the Debt Service Reserve Fund will be replenished on each Distribution Date from funds available in the Collection Fund as described below under "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum. 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 Capitalized Interest Fund

The Trustee will establish the Capitalized Interest Fund as part of the Trust Estate. On the Issue Date, the Corporation will make a deposit to the Capitalized Interest Fund from the proceeds of the Notes in the amount of $8,210,000. To the extent there are insufficient moneys otherwise available therefor under the Resolution, moneys in the Capitalized Interest Fund will be used to make one or more of the transfers described herein in items (i) through (iii) in "**THE TRUST ESTATE - Flow of Funds**" herein. See also "**THE TRUST ESTATE - Application of Funds and Accounts to Avoid a Default; Order of Application**" herein.` To the extent amounts in the Capitalized Interest Fund exceed the maximum amounts set forth in the table under the subheading "**THE TRUST ESTATE - Capitalized Interest Fund**" herein (the "***Step-down Schedule***") on the respective dates set forth in the Step-down Schedule, the Trustee will be required to transfer such excess to the Collection Fund.

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 not make a deposit to the Department Reserve Fund on the Issue Date. It will be funded from funds available in the Collection Fund as described below under "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum, or, if necessary, the Capitalized Interest Fund. Amounts in the Department Reserve Fund will be used to pay amounts due and payable by us to the U.S. Department of Education related to the Financed Student Loans or any other payment due and payable to a Guaranty Agency relating to its guarantee of Financed Student 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 U.S. Department of Education or a Guaranty Agency with respect to Financed Student 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 TRUST ESTATE - Flow of Funds**" in this Offering Memorandum in an amount equal to the Department Reserve Fund Amount (not to exceed four 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.

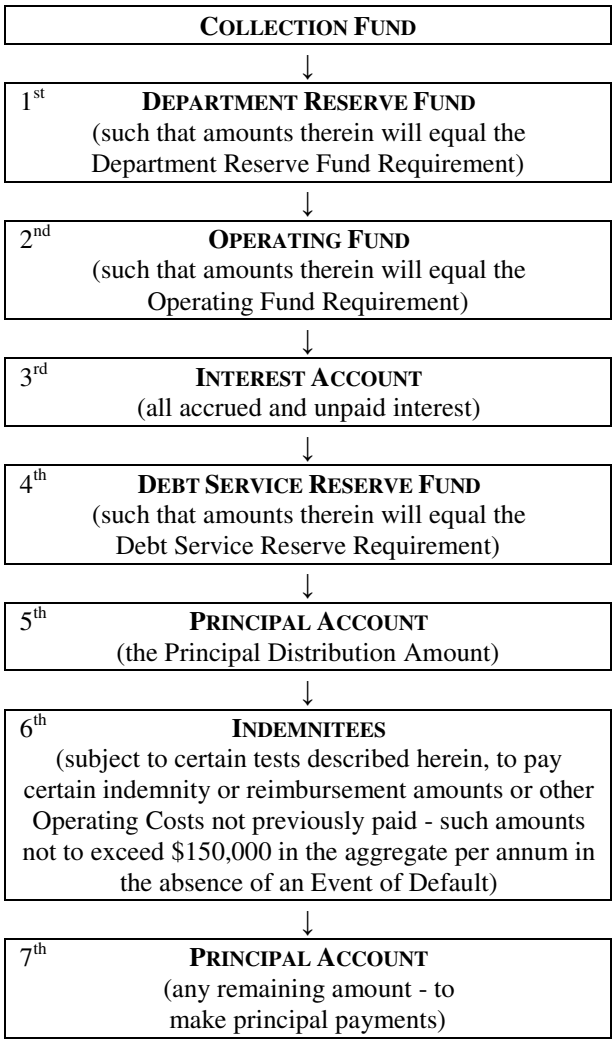
Characteristics of the Financed Student Loans

All of the Student Loans to become Financed Student Loans on the Issue Date have been originated by us in the ordinary course of our Student Loan Finance Program. These Student Loans are described more fully below under "**CHARACTERISTICS OF THE FINANCED STUDENT LOANS**" and will have an Initial Pool Balance of $950,823,965. As of October 20, 2010, the weighted average annual interest rate of the

Financed Student Loans before deducting any interest rate reductions earned by borrowers was approximately 5.90% and their weighted average remaining term to scheduled maturity was approximately 166 months.

Flow of Funds

As of the 16th day of the month prior to each Distribution Date, prior to an event of default, money in the Collection Fund will be used to make the following deposits and distributions, to the extent funds are available, as set forth in the following chart:



"***Principal Distribution Amount***" with respect to any Distribution Date, means the amount, if any, by which (i) the aggregate principal amount of the Notes Outstanding as of the end of the most recent Collection Period exceeds (ii) the Adjusted Pool Balance divided by 120%; but not less than the amount of any principal due if such Distribution Date is also a Stated Maturity Date or Notes have been duly called for redemption on such Distribution Date in accordance with the Series Resolution.

"***Adjusted Pool Balance***" for a given Distribution Date means the sum of the Pool Balance as of the end of the most recent Collection Period, the Value of the Debt Service Reserve Fund, and the Value of the Capitalized Interest Fund after giving effect to any withdrawals from each of such Funds since the end of the last Collection Period.

See "**THE TRUST ESTATE - Flow of Funds**" in this Offering Memorandum.

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 "**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Defaults and Remedies**."

No Cash Release

Cash not applied as described in items 1st through 6th above under "**Flow of Funds**" above will not be released from the Trust Estate but instead will be used to pay additional principal of the Notes.

Credit Enhancement

Credit enhancement for the Notes will include overcollateralization and cash on deposit in the Debt Service Reserve Fund and the Capitalized Interest Fund, as described below under "**THE TRUST ESTATE – Parity Percentage" and "- The Debt Service Reserve Fund**."

Parity Percentage

On the Issue Date, the Parity Percentage will be approximately 104.5%. For purposes of this Offering Memorandum, "***Parity Percentage***," for any Distribution Date, means the Adjusted Pool Balance divided by the aggregate principal amount of the Notes Outstanding after giving effect to the payments of principal to be made on such Distribution Date.

Because excess cash will not be released from the Trust Estate as described above under "**Flow of Funds -** ***No Cash Release***," we expect that the Parity Percentage will increase over time.

Servicing and Administration

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

We will covenant to maintain a Backup Servicing Agreement. The Financed Student Loans will be transferred for servicing by the Backup Servicer under the circumstances described in the definition of "***Servicer Transfer Trigger***" in **EXHIBIT "II**." For more information on the Backup Servicing Agreement with Nelnet Servicing, LLC, see "**THE BACKUP SERVICING AGREEMENT**" herein.

"***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. "***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.

Optional Redemption

The Notes are subject to optional redemption in whole at our option on any Distribution Date when the Pool Balance is 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, and through Clearstream and Euroclear as participants in The Depository Trust Company. You will not receive a certificate representing your Notes except in very limited circumstances. See **EXHIBIT IV –** "**BOOK-ENTRY SYSTEM**" and **EXHIBIT V** -. "**GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES**."

Rating of the Notes

The Notes will be rated by at least two Rating Agencies in their highest rating category.

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 enter into a Continuing Disclosure Certificate (the "***Continuing Disclosure Certificate***") for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist any Underwriter participating in the sale of the Notes in complying with Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission. See "**REPORTS TO NOTEHOLDERS**" herein.

CUSIP Numbers:

- A-1 Notes: 83715A AK5
- A-2 Notes: 83715A AL3
- A-3 Notes: 83715A AJ8

International Securities Identification Numbers (ISIN):

- A-1 Notes: US83715AAK51
- A-2 Notes: US83715AAL35
- A-3 Notes: US83715AAJ88

European Common Codes:

- A-1 Notes: 056160540
- A-2 Notes: 056160574
- A-3 Notes: 054531745

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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.

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 in the discrete Trust Estate created under the General Resolution. See "**THE TRUST ESTATE**" herein. No insurance or guarantee of the Notes will be provided by any government agency or instrumentality, by any insurance company or by any other person or entity. 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 in the Trust Estate. You will have no recourse against any party if the Trust Estate created under the General Resolution is insufficient for repayment of the Notes.

State Not Liable For 2010-1 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

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

No Subordinate Notes Will Be Issued and, Therefore, the Notes Will Bear All Losses Not Covered by Available Credit Enhancement

Credit enhancement for the Notes includes overcollateralization, and cash on deposit in the Capitalized Interest Fund and the Debt Service Reserve Fund. The Corporation will not issue any other bonds, notes, or other obligations on a parity with or subordinate to the Notes. Therefore, to the extent that the credit enhancement described above is exhausted, the Notes will bear any risk of loss.

Interest Rates and Differentials

There is a degree of basis risk associated with the Notes. Basis risk is the risk that shortfalls might occur because the interest rates of the Financed Student Loans and those of the Notes adjust on the basis of different indexes. As described above, 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 our control or anticipation. We can make no representation as to what these rates may be in the future. The interest payments, and certain other interest related payments, received by us from the Financed Student Loans will also vary from time to time based on changes in the bond equivalent rate of U.S. Treasury Bills and Commercial Paper rates, as applicable. Because of the differences in the bases for the calculation of interest payable on the Notes and the determination of the interest and interest-related payments received by us from the Financed Student Loans, there could be times when payments received by the Trust Estate are not sufficient to cover principal and/or interest payments to be made on the Notes and other costs of the Corporation in

administering our Student Loan Finance Program. Further, proceeds of the Notes and moneys in the funds and accounts under the Resolution may be invested from time to time in Investment Obligations that bear interest at rates that fluctuate and that differ from, and may be less than, the interest rates on the Notes.

Recent Law Eliminating 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, requires that all new federal student loans be originated through the federal Direct Loan program effective July 1, 2010.

The Corporation's ability to originate new FFELP loans terminated on June 30, 2010. Such termination 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 the 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 Capitalized Interest Fund and the Debt Service Reserve Fund are insufficient to cover any of such shortfalls, the Corporation's ability to make payments of principal of and interest on the Notes and pay Operating Costs may be adversely affected.

The elimination of the FFELP program may result in an increased level of prepayments on a portion of the Financed Student Loans. Borrowers of the Financed Student 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 federal Direct Loan. Having student loans in both programs may cause some of such borrowers to consolidate their student loans with a federal Direct Consolidation Loan, which would result in a prepayment on the Financed Student Loan. HCERA also allows borrowers having loans in both programs to consolidate during in-school and grace periods from July 1, 2010, to June 30, 2011. 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.

Changes in Federal Law

The programs effected 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 guarantee levels on new loans, reduced the special allowance support level on new loans, and increased up-front origination fees paid by lenders.

See "**EXHIBIT I**" under the heading "**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**."

Noncompliance with the Higher Education Act

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

Projections and Assumptions May Not be Accurate

The Corporation expects that the Trust Estate will be sufficient to pay when due the principal of and interest on the Notes and the Operating Costs. This expectation is based upon projections and cash flow assumptions, which the Corporation believes are reasonable, regarding the financing and repayment performance of Financed Student Loans, and the occurrence of certain future events and conditions.

There can be no assurance, however, that principal and interest payments from the Financed Student Loans will be received as anticipated, that the projected yield on the Financed Student Loans will be realized, that the reinvestment rates assumed with respect to the investment of various funds and accounts will be realized, or that Operating Costs will be incurred at the levels and on the schedule anticipated. Such projections are based upon the Corporation's prior experience with student loan performance. There can be no assurance, however, that the performance experience of the Financed Student Loans will conform to that of previously originated student loans. Furthermore, 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 from the Trust Estate. The effect of these factors, including the effect on the amount of assets from the Trust Estate available to make payments of principal of and interest on the Notes and pay Operating Costs, is impossible to predict.

Timing and Sufficiency of Receipts

Amounts received with respect to the Trust Estate, including, but not limited to, Financed Student Loans, may vary materially in both timing of receipts and amounts received as a result of innumerable factors (by way of example only, collectibility of loans and guaranty or other payments with respect thereto, deferral or forbearance of a borrower's repayment obligation, timing of the quarterly filings for and receipt of interest subsidy payments and special allowance payments with respect to Financed Student Loans, general economic conditions that can affect the ability of borrowers to pay principal of and interest on Financed Student Loans, or default claims that can affect the solvency of a Guaranty Agency). 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 and pay Operating Costs, as and when due.

General Economic Conditions

Regional and national economic developments over the past two and a half years have, by a number of measures, resulted in a greater reduction in household wealth and in the availability of civilian employment than during any comparable period during which the student loan finance program has operated. Such developments have also resulted in a reduction in the availability of consumer credit and of general financial market liquidity. It is impossible to predict how long such conditions may continue or whether such conditions may worsen during the period for which they continue. Future performance of Financed Student Loans may be adversely affected by the current economic recession or 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 for any Collection Period. The effect of these factors on the timing and amount of available funds for any Collection Period, the ability of the Corporation to make payments of principal of and interest on the Notes and pay Operating Costs, 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 will not occur or that, if they occur, such occurrence will not materially adversely affect our ability to pay the principal of and interest on the Notes and pay Operating Costs from the assets in the Trust Estate, as and when due.

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

The Higher Education Act requires that all FFELP loans be unsecured. As a result, the only security for payment of the Financed Student Loans held in the Trust Estate are the guarantee provided by a guaranty agency. Payments of principal and interest are guaranteed in whole or in part, as herein further described in **EXHIBIT "I**," 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 guarantee claims on defaulted FFELP loans could delay or impair the guaranty agency's ability to make claims payments. The financial condition of a guaranty agency can be adversely affected if it submits a large number of reimbursement claims to the U.S. Department of Education, which results in a reduction of the amount of reimbursement that the U.S. Department of Education is obligated to pay the guaranty agency. The U.S. Department of Education may also require a guaranty agency to return its reserve funds to the U.S. Department of Education upon a finding that the reserves are unnecessary for the guaranty agency to pay its program expenses or to serve the best interests of the federal student loan program. The inability of a Guaranty Agency to meet its guarantee obligations could reduce the amount of money available to pay principal and interest to you as an owner of Notes or Operating Costs or delay those payments past their due date.

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

Payment Offsets by a Guaranty Agency or the U.S. 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 U.S. Department of Education lender identification number for Financed Student Loans as it uses for other FFELP loans it holds that are not part of the Trust Estate. If so, the billings submitted to the U.S. Department of Education and the claims submitted to a guaranty agency with respect to such Financed Student Loans will be consolidated with the billings and claims for payments for FFELP loans that are not part of the Trust Estate using the same lender identification number. Payments on those billings by the U.S. Department of Education as well as claim payments by 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 U.S. Department of Education or a Guaranty Agency determines that the Corporation as eligible lender owes it a liability on any FFELP loan, the U.S. 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 Student 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 the Corporation's ability to pay you principal and interest on your Notes or pay Operating Costs from assets in the Trust Estate.

Repurchase of Financed Student Loans

We will agree to purchase from the Trust Estate any Financed Student Loan that has ceased to be eligible as a Financed Student Loan under the 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 guarantee or federal reinsurance, Interest Subsidy Payments, or Special Allowance Payments, within thirty (30) days of the date on which we become aware that such Financed Student Loan becomes ineligible. We may not have the financial resources to meet this repurchase obligation, and our failure to repurchase a Financed Student Loan would be a breach of our repurchase obligation, but is not an Event of Default, and would not permit the exercise of remedies under the Resolution.

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

In the event of that our servicing functions with respect to Financed Student loans are transferred to the Backup Servicer or 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 receipt of payments. The transfer of servicing is likely to take a number of weeks to complete, which could allow time for deterioration in the Trust Estate and a delay in the filing of default claims and the collection of revenues. The occurrence of these events could adversely affect us or our ability to pay principal of and interest on the Notes and pay Operating Costs from the assets in the Trust Estate.

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

It is a condition to the issuance of the Notes that they be rated in the highest rating category of at least two Rating Agencies. 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. 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

Recent disruptions in the credit markets, along with concerns over the financial health of several monoline insurers and financial institutions, have caused certain of the rating agencies to announce that they are reviewing or intend to review the ratings assigned to certain securities, including student loan backed securities. Additionally, repeated failed auctions for many auction rate securities ("***Auction Rate Securities***"), including student loan backed Auction Rate Securities, may also cause the rating agencies to announce ratings actions. The Corporation has previously issued student loan backed Auction Rate Securities the payment of which is supported by Ambac Assurance Corporation ("***Ambac***"), and failed auctions have occurred repeatedly since February of 2008 resulting in higher than expected interest rates thereon. Such Auction Rate Securities have been downgraded due to the deterioration of Ambac's financial position. In connection with a rehabilitation proceeding filed in Wisconsin, Ambac has transferred its obligations relating to such Auction Rate Securities into a segregated account having limited capital. Ratings actions may take place at any time due either to further deterioration of Ambac's financial position or to a deterioration of the trust estate pledged to the payment of such Auction Rate Securities. The Corporation cannot predict the timing of any ratings actions, nor can it predict whether the current ratings assigned to these 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.

You May Have Difficulty Selling your Notes

There currently is no secondary market for the Notes. The Underwriters may assist in resales of the Notes but are not 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 ratings of the Notes will not address the market liquidity for such notes.

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. 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 III –** "**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Modifications of the General Resolution and Outstanding Notes**."

Certain of the Rating Agencies rating the Notes have 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 Agencies determine 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 ratings provided by such Rating Agencies without first obtaining a confirmation of such ratings.

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 pay principal and interest on the Notes and pay Operating Costs from assets in the Trust Estate.

Notes Issued in Book-Entry Form Only

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

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

Military Service Obligations and Natural Disasters

Military service obligations and national disasters may result in delayed payments from borrowers 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 principal and interest payments on the Notes and pay Operating Costs from assets in 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 U.S. Department of Education, and the financial condition of the guaranty agencies.

Consumer Protection Laws

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

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 in 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 in the 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 Capitalized Interest Fund and perhaps 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.

Differing Incentive and Repayment Terms

Under some borrower payment incentive programs, a portion of the principal of Financed Student Loans may be forgiven and/or interest rates on Financed Student Loans may be reduced based upon the graduation and payment performance of the borrowers. We cannot predict which borrowers will qualify for or decide to participate in these programs. The effect of these incentive programs may be to reduce the yield on the Financed Student Loans. If the number of borrowers that utilize the Corporation's repayment incentives is greater than assumed in the

current analysis of the portfolio of Financed Student Loans, the total loan receipts on Student Loans will be less than assumed. For a summary of our existing borrower benefit programs, see "**THE CORPORATION - Borrower Benefit Programs**" below.

Borrower Default on the Student Loans

If a borrower defaults on a Financed Student 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 Student Loan. If defaults occur on the Financed Student Loans and the credit enhancement described herein is insufficient, the Noteholder may suffer a delay in payment or losses on the Notes. See **EXHIBIT "I"** hereto entitled "**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**" herein – **Guarantee and Reinsurance for FFELP Loans**" for information regarding the guarantee aspects of the 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.

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

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

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

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

Payments received on our student loans generally are deposited into an account in our name each business day. However, payments received on the Financed Student Loans will not be segregated from payments we receive on 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**."

Payment Priorities Among the Tranches of the Notes May Result in a Greater Risk of Loss

Except in the case of an Event of Default, some Notes will receive payments of principal after other Notes. The A-1 Notes will receive principal payments before the A-2 Notes and the A-3 Notes, and the A-2 Notes will receive principal payments before the A-3 Notes. Consequently, holders of certain Notes, particularly holders of Notes with longer maturities, may bear a greater risk of loss. Potential purchasers of the Notes should consider the priority of payment of each Tranche of Notes before making an investment decision.

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.

Corporation's Exempt Status

We have been determined by the Internal Revenue Service to be exempt from taxation as a 501(c)(3) organization. The Internal Revenue Service 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 Internal Revenue Service 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 pay principal of and interest on the Notes and Operating Costs from assets in the Trust Estate.

Potential for Auction Rate Securities Litigation

Over the last decade, a common structure in which student loan backed debt obligations have been issued has been as Auction Rate Securities. Both the Corporation and the Authority have issued Auction Rate Securities and, as of October 31, 2010, have $306 million and $788.3 million, respectively, in principal amount of Auction Rate Securities outstanding. In February, 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, 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.

Neither the Corporation nor the Authority has been party to any such lawsuit nor has any such lawsuit been threatened against the Corporation or the Authority. However, no assurance can be given that such a lawsuit will not be filed against either the Corporation or the Authority or that if such a lawsuit is filed against the Corporation or the Authority and is successful, that the Corporation's ability to make payments of principal of and interest on your Notes and pay Operating Costs from assets in the Trust Estate would not be materially impaired.

A portion of the proceeds of the Notes will be used to repay certain indebtedness to the Authority relating to the Authority's outstanding Auction Rate Securities. The Authority intends to use such proceeds to retire such Auction Rate Securities.

Performance of the Student Loan Portfolio May Differ From Historical Student Loan Performance

This Offering Memorandum contains certain information in **EXHIBIT "VIII**" entitled "**PREPAYMENT AND DEFAULT EXPERIENCE"** relating to the payment experience of the Authority and the Corporation in connection with previously originated FFELP loans. Such information is included for general reference purposes only and is not intended as a representation that the payment experience of the portfolio of Financed Student Loans will be similar to that of previously originated FFELP loans during any period or over the respective lives of such Financed Student Loans.

There can be no assurance that the performance of Financed Student Loans will in fact be consistent with that of previously originated FFELP loans. Some of the previously originated FFELP loans bore interest at variable interest rates, while most of the Student Loans that will become Financed Student Loans have fixed interest rates. In addition, past economic conditions may have been more favorable than future economic conditions. There can be no assurance that the ability of borrowers of more recently originated Financed Student Loans to repay such loans, or their propensity to prepay such loans, may not differ materially from that of borrowers of previously originated FFELP loans.

$920,000,000
South Carolina Student Loan Corporation
Student Loan Backed Notes,
2010-1 Series

Tranche	Original Principal Amount	Interest Rate	Price to Public	Stated Maturity Date	CUSIP Numbers
A-1 Notes	$292,000,000	3-month LIBOR plus 0.45%	99.80078%	January 25, 2021	83715A AK5
A-2 Notes	403,000,000	3-month LIBOR plus 1.00%	99.41797%	July 25, 2025	83715A AL3
A-3 Notes	225,000,000	3-month LIBOR plus 1.05%	97.01563%	October 27, 2036	83715A AJ8

INTRODUCTION

This Offering Memorandum is being provided by the South Carolina Student Loan Corporation (the "***Corporation***") with respect to the offering and sale of its $920,000,000 Student Loan Backed Notes (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***"), both effective on or about November 19, 2010 (collectively, the "***Resolution***") 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 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 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.

THE NOTES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, 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, 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 and other funds of the Corporation are being used in connection with the Corporation's Student Loan Finance Program to:

- repay or satisfy certain indebtedness of the Corporation (the "***Prior Indebtedness***"),
- fund a deposit to the Debt Service Reserve Fund,
- fund a deposit to the Capitalized Interest Fund, and
- pay costs and expenses associated with the issuance of the Notes. See "**EXPECTED APPLICATION OF NOTE PROCEEDS**."

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 II –** "**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.

Brief summaries and descriptions of the Notes, the Corporation, the Corporation's Student Loan Finance Program, the Authority, the Resolution, the Federal Family Education Loan Program (the "***FFELP***") of the Higher Education Act, and certain statutes, regulations and other documents and materials are included in this Offering Memorandum. These summaries and descriptions do not purport to be comprehensive or definitive. All references to the Notes, the 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 Student Loans that are expected to be become the Financed Student Loans is available prior to the date of sale of the Notes upon email request directed to the Corporation at investor_relations@scstudentloan.org.

DESCRIPTION OF THE NOTES

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, 2011. For any other Distribution Date, the Interest Period will begin on the prior Distribution Date and end on the day before such Distribution Date. Interest payable on each Distribution Date will be the interest that has accrued 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, 2011. Subsequent Distribution Dates for the Notes will be on the twenty-fifth (25^{th}) day of each January, April, July, and October, or the next Business Day if such day is not a Business Day.

The interest rate on the A-1 Notes for each Interest Period will be equal to the Initial LIBOR Indexed Rate or the LIBOR Indexed Rate, as applicable, which is the sum of the applicable LIBOR rate plus 0.45%. The interest rate on the A-2 Notes for each Interest Period will be equal to the Initial LIBOR Indexed Rate or the LIBOR Indexed Rate, as applicable, which is the sum of the applicable LIBOR rate plus 1.00%. The interest rate on the A-3 Notes for each Interest Period will be equal to the Initial LIBOR Indexed Rate or the LIBOR Indexed Rate, as applicable, which is the sum of the applicable LIBOR rate plus 1.05%.

For the Initial Period, the applicable LIBOR rate for each Tranche of the Notes will be determined based on the interpolation calculated by the following formula:

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

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

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

x = one-month LIBOR, and

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

After the Initial Period, the applicable 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 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***" means, for any given day, the rate per annum fixed by the British Bankers' Association at 11:00 a.m., London time (the "***BBA Libor Rate***"), on such day relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a three-month period. If such a day is not a business day in London, then the rate most recently fixed as the BBA Libor Rate for a three-month period shall be used. Such rate may be available on the following Bloomberg screen: US0003M<Index>HP. If the rate is no longer available from Bloomberg or its successor, the rate for that day will be determined on the basis of rates at which deposits in U.S. dollars, having a three-month maturity and in a principal amount of not less than US$1,000,000, are offered at approximately 11:00 a.m., London time, on that Interest Rate Determination Date, to prime banks in the London interbank market by the Reference Banks. The Trustee will request the principal London office of each Reference Bank to provide a quotation of its rate. If the Reference Banks provide at least two quotations, the rate for that day will be the arithmetic mean of the quotations. If the Reference Banks provide fewer than two quotations, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Administrator at approximately 11:00 a.m., New York City time, on that Interest Rate Determination Date, for loans in U.S. dollars to leading European banks having a three-month maturity and in a principal amount of not less than US$1,000,000. If the banks selected as described above do not provide such quotations, the LIBOR Rate in effect for the applicable Interest Period will be the LIBOR Rate in effect for the previous Interest Period.

The determination of the interest rates 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 LIBOR Rate or to determine the applicable LIBOR Indexed Rate for a Tranche of the Notes on any Interest Rate Determination Date, the LIBOR Rate will be ascertained and the LIBOR Indexed Rate for a Tranche of the Notes will be determined and communicated by the Corporation in accordance with the immediately succeeding paragraph. If the Corporation shall fail or refuse to determine the LIBOR Indexed Rate for a Tranche of the Notes within two Business Days after any Interest Rate Determination Date, the LIBOR Indexed Rate most recently determined for such Tranche of the Notes will remain in effect.

On each Interest Rate Determination Date the Trustee will (i) ascertain the LIBOR Rate and (ii) add the applicable Spread Factor to ascertain the applicable LIBOR Indexed Rate to be borne by each Tranche of the Notes as provided in the second preceding paragraph. Not later than 5:00 p.m., Eastern time on each Interest Rate Determination Date, the Trustee will notify *via* Electronic Means (or such other method designated by the Corporation and Bloomberg LP) the Corporation and Bloomberg LP of: (i) the CUSIP number for each Tranche of the Notes; (ii) the date of the immediately following Distribution Date; (iii) the amount of interest to be paid with respect to such Tranche; (iv) the amount of the payment of principal to be paid with respect to such Tranche; (v) the Ending Balance Factor for such Tranche; and (vi) the LIBOR Indexed Rate utilized in the calculation of the amount of interest to be paid on such Distribution Date for such Tranche, as well as the LIBOR Indexed Rate ascertained by the Trustee on the Interest Rate Determination Date that will apply to the Interest Period beginning on such Distribution Date.

Principal Distributions

The aggregate outstanding principal balance will be due and payable in full on the respective Distribution Date set out in the table below:

Tranche	Stated Maturity Date
A-1	January 25, 2021
A-2	July 25, 2025
A-3	October 27, 2036

The actual date on which the final distribution on each Tranche 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 is 10% or less of the Initial Pool Balance as more particularly described under "**Optional Redemption**" below.

The Notes are subject to payments of principal, applied *pro rata* within each Tranche, to be made on Distribution Dates from amounts deposited to the credit of the Principal Account for such purpose. Except after the occurrence of an Event of Default, 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. See "**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Defaults and Remedies**." Not less than two Business Days prior to each Distribution Date, the Trustee will send the Securities Depository written notice with respect to the dollar amount per $1,000 original principal amount of a Tranche thereof, that the Trustee will be paying to the Securities Depository on the Distribution Date. Such notices, which will be required to indicate clearly that they relate to a "Pro Rata Pass-Through Distribution of Principal," within a Tranche will be required to contain the Ending Balance Factor and the Trustee contact's name and telephone number, and will be required to be sent by Electronic Means (or such other method designated by the Securities Depository) to the Securities Depository's Dividend Department.

"***Principal Distribution Amount***," with respect to any Distribution Date, means the amount, if any, by which (a) the aggregate principal amount of the Notes Outstanding as of the end of the most recent Collection Period exceeds (b) the Adjusted Pool Balance divided by 120%; but not less than the amount of any principal due if such Distribution Date is also a Stated Maturity Date or Notes have been duly called for redemption on such Distribution Date in accordance with the 2010-1 Series Resolution.

Amounts on deposit in the Debt Service Reserve Fund, other than amounts in excess of the Debt Service Reserve Requirement that are transferred to the Collection Fund, will not be available to make principal payments on the Notes except upon their stated maturity.

Optional Redemption

The Notes are subject to optional redemption in whole but not in part at our option on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. Such optional redemption may be accomplished through refunding bonds or notes 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 second paragraph under the heading "**Principal Distributions**" above.

Pro Rata Pass-Through Distribution 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" within a Tranche.

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 the Securities Depository. The Securities Depository will act as securities depository for the Notes. Ownership interests in the Notes will initially be recorded in book-entry form by Participants of the Securities Depository, and the interest of such

Participants will be recorded in book-entry form by the Securities Depository. 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 bonds to be issued in lieu of bonds mutilated, lost, stolen, or destroyed. Such replacement bonds will be numbered in such fashion as to maintain a proper record thereof.

The Corporation and any Fiduciary 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 such 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 Noteholder or upon his 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 Fiduciary 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. Such beneficial ownership will be required to be of an Authorized Denomination multiplied by the Ending Balance Factor for the same maturity, or any integral multiple thereof. The Notes may also be eligible securities for distribution through Clearstream and through Euroclear. Such distributions will be credited to the cash accounts of Clearstream participants or Euroclear participants, as applicable, in accordance with the relevant system's rules and procedures.

The Notes will be issued in fully registered form with one certificate for each Tranche of the Notes, in the name of Cede & Co., as the nominee of the Securities Depository. 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 value. Such payments will be made to Cede & Co. or other nominee of the Securities Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Securities Depository 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 Noteholders.

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 in 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 APPLICATION OF NOTE PROCEEDS

Proceeds of the Notes are expected to be applied approximately as follows:

Refinance the Prior Indebtedness	$893,910,804
Deposit to Debt Service Reserve Fund	2,377,060
Deposit to Capitalized Interest Fund	8,210,000
Deposit to the Program Fund to pay Costs of Issuance	5,860,000
Total	$910,357,864

THE TRUST ESTATE

General

The Notes are limited obligations of the Corporation, secured by and payable from the Trust Estate. Under the General Resolution, the Trust Estate means, together with any proceeds, all rights, title, and interest of the Corporation in the following:

- Financed Student Loans acquired using funds made available and pledged pursuant to the General Resolution. See "**EXPECTED APPLICATION OF NOTE PROCEEDS**" above. Each such Financed Student Loan is to be insured or guaranteed and reinsured as described herein;
- Interest payments with respect to Financed Student Loans made by or on behalf of borrowers;
- Recoveries of Principal;
- Any applicable "Special Allowance Payments" authorized to be made by the Secretary in respect of Financed Student Loans pursuant to Section 438 of the Higher Education Act, subject to recapture of excess interest on certain Financed Student Loans, or any similar allowances authorized from time to time by federal law or regulation;
- Any applicable "Interest Subsidy Payments" payable in respect of any Financed Student Loans by the Secretary under Section 428 of the Higher Education Act;
- Any Backup Servicing Agreement and any Guaranty 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 moneys and securities from time to time held by the Trustee under the terms of the Resolution (excluding moneys and securities held, or required to be deposited, in the Department Reserve Fund) and any and all other real or personal property of every name and nature held from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Resolution.

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

Credit Enhancement

Credit enhancement for the Notes will include overcollateralization and cash on deposit in the Debt Service Reserve Fund and the Capitalized Interest Fund, as described below under "**Parity Percentage**," "**The Debt Service Reserve Fund**," and "**The Capitalized Interest Fund**."

The overcollateralization will result from the transfer to the Trust Estate (i) by the Corporation of Student Loans that have a Value in excess of the Prior Indebtedness being refinanced with proceeds of the Notes and (ii) by the Authority of Student Loans that have a Value in excess of the proceeds of the Notes being paid to the Authority.

In exchange for the transfers, the Corporation and the Authority will also receive residual trust certificates based on the amounts by which the Value of the transferred Student Loans exceed (i) the proceeds used to refinance the Prior Indebtedness of the Corporation and (ii) the Note proceeds received by the Authority, respectively.

Parity Percentage

On the Issue Date, after giving effect to the issuance of the Notes and the transfers to take place on the Issue Date, the Parity Percentage will be approximately 104.5% as estimated below.

Initial Pool Balance	$950,823,965
Amounts in the Debt Service Reserve Fund	2,377,060
Amounts in the Capitalized Interest Fund	8,210,000
Total Adjusted Pool Balance	$961,411,025
Principal amount of the Notes	$920,000,000
$961,411,025 ÷ $920,000,000	104.5%

For purposes of this Offering Memorandum, "***Parity Percentage***," for any Distribution Date, means the Adjusted Pool Balance divided by the aggregate principal amount of the Notes Outstanding after giving effect to the payments of principal to be made on such Distribution Date.

"***Pool Balance***" means for any date the aggregate Principal Balance of all Financed Student Loans on that date plus accrued interest that is expected to be capitalized as authorized under the Higher Education Act as determined by the Administrator.

"***Initial Pool Balance***" means $950,823,965, which is the Pool Balance as of October 20, 2010, of the Student Loans to become Financed on the Issue Date. The Initial Pool Balance consists of a Principal Balance of $926,276,694 and accrued interest expected to be capitalized of $24,547,271.

"***Adjusted Pool Balance***" for a given Distribution Date means the sum of the Pool Balance as of the end of the most recent Collection Period, the Value of the Debt Service Reserve Fund and the Value of the Capitalized Interest Fund, after giving effect to any withdrawals from each of such Funds since the end of the last Collection Period as determined by the Administrator.

The Collection Fund

The Trustee will establish the Collection Fund as part of the Trust Estate. All moneys received by or on behalf of the Corporation as assets of, or with respect to, the Trust Estate will be deposited promptly, but no later than two (2) Business Days after the receipt thereof, to the credit of the Collection Fund.

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

Flow of Funds

Not later than the fifteenth (15^{th}) 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 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 (16^{th}) day of the month following the last day of each Collection Period (as well as any additional date for which the Corporation directs the Trustee in a Certificate), using Available Funds, 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, 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 an amount equal to the Department Reserve Fund Amount (not to exceed four months of Department Reserve Fund Amounts as determined by us) (the "***Department Reserve Fund Requirement***").

(ii) Second, to the Operating Fund, an amount that, when added to the amount therein will equal an amount equal to the Operating Costs (not to exceed four months of Operating Costs as determined by us) (the "***Operating Fund Requirement***").

(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 interest due on all Outstanding Notes on the immediately succeeding Distribution Date.

(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 Principal Account, the Principal Distribution Amount for the payment of principal of the Notes.

(vi) Sixth, upon receipt by the Trustee of a Certificate of the Authority setting forth any amounts necessary to pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document or other Operating Cost not previously paid including, without limitation, any fees and expenses of the Fiduciaries in accordance with the General Resolution or other Operating Costs not previously paid (not to exceed $150,000 in the aggregate per annum in the absence of an Event of Default), to the party to be indemnified or reimbursed pursuant to the Transaction Document.

(vii) Seventh, to the Principal Account, any remaining funds available for the payment of principal of the Notes.

"***Available Funds***" means the sum of, to the extent not previously distributed: (a) any amount by which the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, (b) any amount by which the Department Reserve Fund exceeds the Department Reserve Fund Requirement, (c) any amount by which the Capitalized Interest Fund exceeds the Step-down Schedule, (d) any amount by which the Operating Fund exceeds the Operating Fund Requirement, (e) all funds 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 Servicer to the Trustee by Electronic Means, and (f) all interest earned on Investment Obligations having been deposited into the Collection Fund during the immediately preceding Collection Period.

"***Principal Distribution Amount***" with respect to any Distribution Date, means the amount, if any, by which (a) the aggregate principal amount of the Notes Outstanding as of the end of the most recent Collection Period exceeds (b) the Adjusted Pool Balance divided by 120%; but not less than the amount of any principal due if such Distribution Date is also a Stated Maturity Date or Notes have been duly called for redemption on such Distribution Date in accordance with the Series Resolution.

No Cash Release

Cash not applied as described in items (i) through (vi) above under "**Flow of Funds**" above will not be released from the Trust Estate but instead will be used to pay additional principal of the Notes.

The Operating Fund

The Trustee will establish the Operating Fund as part of the Trust Estate. No deposit to the Operating Fund will be made on the Issue Date. It will be funded as described in item (ii) in "**Flow of Funds**" above from funds available in the Collection Fund, or, if necessary, the Capitalized Interest 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 the Trustee shall first receive a Rating Agency Condition from Fitch and a Cash Flow Certificate. The Corporation will be required to provide thirty (30) days' prior written notice to S&P of any increase in Operating Costs. The Operating Fund will be funded as described above under "**Flow of Funds**" 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 quarterly 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
Servicing Fee	South Carolina Student Loan Corporation	0.63% [(1)]
Administrator Fee	South Carolina Student Loan Corporation	0.02% [(1)]
Servicing conversion fee	Nelnet Servicing, LLC	$400,000 [(2)]
Other	Various	$140,000 per annum [(3)]

(1) As a percentage of the Principal Balance of the Financed Student Loans.
(2) One time fee upon conversion of servicing.
(3) Includes Trustee fees, backup servicer fees, and any surveillance fees.

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. 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 Debt Service Reserve Fund is subject to a minimum amount equal to the greater of 0.25% of the Pool Balance as of the date of calculation or 0.10% of the Initial Pool Balance. We refer to such a minimum amount as the "***Debt Service Reserve Requirement***." 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, are insufficient for such purposes. See "**Application of Funds and Accounts to Avoid a Default; Order of Application**" below. To the extent the amount in the Debt Service Reserve Fund falls below the Debt Service Reserve Requirement, the Debt Service Reserve Fund will be replenished on each Distribution Date from funds available in the Collection Fund as described above. Funds on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Collection Fund.

The Debt Service Reserve Fund is intended to enhance the likelihood of timely distributions of interest to the Noteholders and to decrease the likelihood that the Noteholders will experience losses. In some circumstances, however, the Debt Service Reserve Fund could be reduced to zero. On the Stated Maturity Date of a Tranche of the Notes, any amounts on deposit in the Debt Service Reserve Fund will be available to pay principal of such Tranche of the Notes and accrued interest.

The Capitalized Interest Fund

The Trustee will establish a Capitalized Interest Fund as part of the Trust Estate. To the extent there are insufficient moneys otherwise available therefor under the Resolution, moneys in the Capitalized Interest Fund will be used to make one or more of the transfers described herein in items (i) through (iii) in "**Flow of Funds**" above. See also "**Application of Funds and Accounts to Avoid a Default; Order of Application**" below. Moneys withdrawn from the Capitalized Interest Fund will not be replenished. To the extent amounts in the Capitalized Interest Fund exceed the maximum amounts on the respective dates set forth in the Step-down Schedule below, the Trustee will be required to transfer such excess to the Collection Fund.

STEP-DOWN SCHEDULE	
Date	**Maximum Amount**
April 15, 2011	$5,460,000
July 15, 2011	2,710,000
July 16, 2012	0

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 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. The order of Funds and Accounts from which moneys are to be transferred in the event that deposits of moneys in the Collection Fund to the Interest Account and Principal Account are insufficient to avoid a default in payment of principal of or interest on the Notes will be as follows: Capitalized Interest Fund, the Collection Fund, the Principal Account or Interest Account of the Debt Service Fund, the Program Fund, 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 (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 Corporation to retire all Notes Outstanding.

CHARACTERISTICS OF THE FINANCED STUDENT LOANS

The following charts provide summary information concerning certain characteristics of (i) the Student Loans financed by the Prior Indebtedness and transferred to the Trust Estate in connection with the repayment and satisfaction of the Prior Indebtedness and (ii) the Student Loans transferred to the Trust Estate on the Issue Date. All such Student Loans were originated by us in the ordinary course of our Student Loan Finance Program. The Cutoff Date for the Student Loan portfolio that will be transferred to the Trust Estate on the Issue Date will be on or about October 20, 2010. As of the Cutoff Date, the Student Loans financed by the Prior Indebtedness and transferred to the Trust Estate in connection with the repayment and satisfaction of the Prior Indebtedness had an aggregate Principal Balance of approximately $887,019,497, and the additional Student Loans transferred to the Trust Estate had an aggregate Principal Balance of $39,257,198. On the Issue Date, all loan revenues received with respect to such Financed Student Loan portfolio after the Cutoff Date will be deposited in the Collection Fund other than Special Allowance Payments attributable to the period ending on such date. This information, particularly specific dollar amounts that change as a result of payments received, may have changed since that date.

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

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

Aggregate Current Principal Balance	$926,276,694
Number of Borrowers	91,706
Average Current Principal Balance per Borrower	$10,101
Average Current Principal Balance per Borrower—Consolidation Loans	$24,224
Average Current Principal Balance per Borrower—Non-Consolidation Loans	$7,667
Number of Loans	193,308
Average Current Principal Balance per Loan	$4,792
Weighted Average Remaining Term to Maturity (months) [(1)]	166
Weighted Average Payments Made (months) [(2)]	14
Weighted Average Annual Student Loan Interest Rate[(3)]	5.90%
Weighted Average Special Allowance Repayment Margin to 3-Month Commercial Paper [(3)]	2.37%

(1) Determined from the Cutoff Date of October 20, 2010, 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 giving effect to 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.

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

Loan Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Subsidized Stafford Loans	$290,640,469	31.4%	92,358
Unsubsidized Stafford Loans	297,145,029	32.1	74,527
PLUS Loans - Graduate/Professional	4,666,083	0.5	541
PLUS Loans - Parent	25,567,945	2.8	4,385
SLS Loans	11,980	0.0[(1)]	2
Consolidation Loans - Subsidized	139,928,705	15.1	10,665
Consolidation Loans - Unsubsidized	168,316,483	18.2	10,830
Total	$926,276,694	100.0%	193,308

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

Distribution of the Student Loans by School Type
(As of the Cutoff Date)

School Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Four Year Public & Private Non Profit	$771,382,134	83.3%	138,898
Two Year Public & Private Non Profit	146,397,105	15.8	52,793
For Profit/Vocational	5,941,515	0.6	1,461
Out of Country/Unknown	2,555,939	0.3	156
Total	$926,276,694	100.0%	193,308

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Distribution of the Student Loans by Loan Status
(As of the Cutoff Date)

Loan Status	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
School	$ 124,036,274	13.4%	35,740
Grace	60,107,352	6.5	14,768
Deferment	162,777,375	17.6	37,346
Forbearance	120,902,151	13.1	20,018
Repayment			
First year of repayment	180,734,616	19.5	40,625
Second year of repayment	93,957,453	10.1	19,492
Third year of repayment	75,511,140	8.2	11,216
More than three years of repayment	107,293,182	11.6	13,807
Claim	957,152	0.1	296
Total	$926,276,694	100.0%	193,308

Distribution of the Student Loans by Number of Months Remaining Until Scheduled Maturity
(As of the Cutoff Date)

Number of Months Remaining Until Scheduled Maturity [1]	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 to 12	$ 13,338	0.0% [2]	12
13 to 24	32,266	0.0 [2]	15
25 to 36	140,851	0.0 [2]	86
37 to 48	251,299	0.0 [2]	186
49 to 60	2,176,177	0.2	1,062
61 to 72	5,705,210	0.6	2,331
73 to 84	15,195,247	1.6	4,797
85 to 96	41,293,795	4.5	12,457
97 to 108	80,165,694	8.7	22,798
109 to 120	230,049,531	24.8	60,843
121 to 132	129,319,196	14.0	32,790
133 to 144	62,267,966	6.7	17,662
145 to 156	39,627,469	4.3	10,760
157 to 168	24,865,985	2.7	6,231
169 to 180	21,948,078	2.4	4,037
181 to 192	18,116,505	2.0	2,261
193 to 204	17,288,052	1.9	1,586
205 to 216	18,990,905	2.1	1,484
217 to 228	15,622,601	1.7	1,082
229 to 240	22,927,367	2.5	1,435
241 to 252	11,148,314	1.2	648
253 to 264	13,021,750	1.4	658
265 to 276	18,177,133	2.0	1,145
277 to 288	22,277,975	2.4	2,009
289 to 300	29,312,729	3.2	2,418
301 and above	86,341,262	9.3	2,515
Total	$926,276,694	100.0%	193,308

[1] Determined from the Cutoff Date of October 20, 2010, 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 giving effect to any deferment or forbearance periods that may be granted in the future.

[2] Represents a percentage greater than 0% but less than 0.05%.

Distribution of the Student Loans by Weighted Average Months Remaining In Status (As of the Cutoff Date)

Weighted Average Months Remaining In Status	Deferment	Forbearance	School	Grace	Repayment
School	-	-	18.0	6.0	118.1
Grace	-	-	-	1.3	119.3
Deferment	17.2	-	-	-	157.5
Forbearance	-	4.9	-	-	180.7
Repayment	-	-	-	-	170.8
Claim	-	-	-	-	110.3

Distribution of the Student Loans by Number of Days Delinquent (As of the Cutoff Date)

Number of Days Delinquent	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
0 - 30	$851,206,349	91.9%	175,127
31 - 60	28,827,678	3.1	6,551
61 - 90	14,938,146	1.6	3,685
91 - 120	8,962,933	1.0	1,985
121 and above	22,341,589	2.4	5,960
Total	$926,276,694	100.0%	193,308

Distribution of the Student Loans by SAP Interest Rate Index (As of the Cutoff Date)

SAP Interest Rate Index	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
90-day CP Index	$926,188,230	100.0%	193,257
91-day T-Bill Index	88,465	0.0 [(1)]	51
Total	$926,276,694	100.0%	193,308

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

Distribution of the Student Loans by Borrower Interest Rate Type (As of the Cutoff Date)

Borrower Interest Rate Type	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Fixed Rate	$831,202,445	89.7%	160,936
Variable Rate	95,074,250	10.3	32,372
Total	$926,276,694	100.0%	193,308

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Distribution of the Student Loans by Borrower Interest Rate
(As of the Cutoff Date)

Borrower Interest Rate [1]	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Less than 2.000%	$ 32,144,495	3.5%	10,962
2.000% to 2.999%	80,353,886	8.7	22,053
3.000% to 3.999%	47,910,993	5.2	4,016
4.000% to 4.999%	62,889,474	6.8	4,737
5.000% to 5.999%	67,873,657	7.3	4,848
6.000% to 6.999%	552,566,078	59.7	139,032
7.000% and above	82,538,112	8.9	7,660
Total	$926,276,694	100.0%	193,308

[1] Excludes any interest rate reductions earned by borrowers.

Distribution of the Student Loans by Current Principal Balance
(As of the Cutoff Date)

Range of Current Principal Balance	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Less than $5,000	$384,761,620	41.5%	144,224
$5,000 to $9,999	216,782,562	23.4	33,501
$10,000 to $14,999	83,637,642	9.0	6,823
$15,000 to $19,999	53,252,439	5.7	3,076
$20,000 to $24,999	49,369,614	5.3	2,211
$25,000 to $29,999	30,733,103	3.3	1,129
$30,000 to $34,999	27,913,160	3.0	862
$35,000 to $39,999	17,373,134	1.9	465
$40,000 to $44,999	11,743,235	1.3	277
$45,000 to $49,999	9,460,721	1.0	200
$50,000 to $54,999	5,657,227	0.6	108
$55,000 to $59,999	5,028,809	0.5	88
$60,000 to $64,999	3,884,097	0.4	62
$65,000 to $69,999	2,959,812	0.3	44
$70,000 to $74,999	2,823,235	0.3	39
$75,000 and above	20,896,284	2.3	199
Total	$926,276,694	100.0%	193,308

Distribution of the Student Loans by Date of Disbursement
(Dates Correspond to Changes in Special Allowance Support Level)
(As of the Cutoff Date)

Date of Disbursement [1]	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Prior to April 1, 2006	$ 178,961,500	19.3%	38,811
April 1, 2006 to September 30, 2007	568,671,506	61.4	119,460
October 1, 2007, and after	178,643,688	19.3	35,037
Total	$926,276,694	100.0%	193,308

[1] For Student Loans made on or after April 1, 2006, if the stated interest rate is higher than the special allowance support level, the holder of the FFELP loan must credit the difference to the U.S. Department of Education. Student Loans made on or after October 1, 2007, have a lower special allowance support level than those made prior to such date, but eligible not-for-profit holders receive a higher special allowance support level than for-profit holders.

Distribution of the Student Loans by Date of Disbursement
(Dates Correspond to Changes in Guaranty Percentage)
(As of the Cutoff Date)

Date of Disbursement [1]	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Prior to October 1, 1993	$ 46,890	0.0% [2]	27
October 1, 1993 to June 30, 2006	233,197,001	25.2	43,276
July 1, 2006, and after	693,032,804	74.8	150,005
Total	$926,276,694	100.0%	193,308

(1) Student Loans made prior to October 1, 1993, are 100% guaranteed by the Guaranty Agency. Student Loans made October 1, 1993, through June 30, 2006, are at least 98% guaranteed by the Guaranty Agency. Student Loans made July 1, 2006, through the present are at least 97% guaranteed by the Guaranty Agency.

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

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Distribution of the Student Loans by Geographic Location
(As of the Cutoff Date)

Geographic Location	Current Principal Balance	Percent of Current Principal Balance	Number of Loans
Alabama	$ 4,447,818	0.5%	560
Alaska	344,168	0.0 [1]	91
Arizona	1,626,863	0.2	236
Arkansas	749,396	0.1	102
California	5,775,362	0.6	860
Colorado	1,969,258	0.2	348
Connecticut	1,760,414	0.2	257
Delaware	888,716	0.1	146
District of Columbia	1,951,345	0.2	232
Florida	15,233,798	1.6	2,458
Georgia	34,973,468	3.8	5,789
Guam	33,937	0.0 [1]	7
Hawaii	870,524	0.1	135
Idaho	349,410	0.0 [1]	36
Illinois	3,410,984	0.4	557
Indiana	1,372,738	0.1	273
Iowa	505,618	0.1	74
Kansas	720,526	0.1	144
Kentucky	3,343,216	0.4	431
Louisiana	2,298,678	0.2	362
Maine	502,370	0.1	96
Maryland	8,408,298	0.9	1,309
Massachusetts	3,048,283	0.3	412
Michigan	1,700,281	0.2	333
Minnesota	807,054	0.1	127
Mississippi	1,281,301	0.1	182
Missouri	1,349,435	0.1	230
Montana	80,344	0.0 [1]	16
Nebraska	354,965	0.0 [1]	45
Nevada	516,925	0.1	105
New Hampshire	1,049,534	0.1	137
New Jersey	4,162,799	0.4	740
New Mexico	572,237	0.1	64
New York	7,752,113	0.8	1,192
North Carolina	38,400,545	4.1	5,847
North Dakota	129,635	0.0 [1]	24
Ohio	5,240,493	0.6	895
Oklahoma	736,356	0.1	115
Oregon	1,139,684	0.1	144
Pennsylvania	5,994,262	0.6	998
Puerto Rico	25,404	0.0 [1]	6
Rhode Island	670,928	0.1	65
South Carolina	722,234,183	78.0	161,455
South Dakota	161,661	0.0 [1]	31
Tennessee	7,841,144	0.8	1,102
Texas	7,829,841	0.8	1,271
Utah	730,178	0.1	100
Vermont	414,759	0.0 [1]	72
Virgin Islands	8,072	0.0 [1]	2
Virginia	15,299,212	1.7	2,127
Washington	1,604,729	0.2	282
West Virginia	1,092,757	0.1	220
Wisconsin	729,368	0.1	155
Wyoming	175,938	0.0 [1]	36
Armed Forces Africa, Canada, Europe, Middle East	404,985	0.0 [1]	91
Armed Forces America (Except Canada)	3,182	0.0 [1]	2
Armed Forces Pacific	414,317	0.0 [1]	67
Other	782,884	0.1	115
Total	$926,276,694	100.0%	193,308

[1] Represents a percentage greater than 0% but less than 0.05%.

Repayment Incentives to Borrowers and Borrower Benefits

For FFELP loans, the Corporation has offered certain borrower benefits for previously disbursed loans in the form of interest rate reductions for prompt and regular payments or payments made by automatic bank draft, as well as partial loan forgiveness for borrowers who earn educational degrees. As of the Cutoff Date, approximately 61% of the Financed Student Loans were eligible for a 2% interest rate reduction at 36 or 48 months for on-time payments and a 0.25% interest rate reduction for using automatic bank draft, and 33% of the Financed Student Loans were eligible for a 1% interest rate reduction at 36 or 48 months for on-time payments and either a 0.25% or 0.50% interest rate reduction for using automatic bank draft. The remainder of the Financed Student Loans are subject to various other benefit plans. As of the Cutoff Date, the weighted average interest rate reduction for all of the Financed Student Loans was 0.108%.

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.

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Management and Administration

The Corporation is governed by its Board of Directors, which may officially act by a majority of its members. Effective July 1, 2010, the Corporation's Chairman and other Directors are as follows:

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	2013
Loren D. Carlson, Vice Chairman	Managing Director, M.R. Beal & Company Former Managing Director, RBC Capital Markets Corporation	2011
Robert R. Hill, Jr., Treasurer	President and CEO, SCBT Financial Corporation	2012
Charlie C. Sanders, Jr., Secretary	President and CEO, South Carolina Student Loan Corporation	2013
Dr. Julia Boyd	Retired Executive Director of Community Relations, Richland School District Two	2011
J. Thornton Kirby, Esq.	President and CEO, South Carolina Hospital Association	2011
Neil E. Grayson, Esq.	Partner, Nelson Mullins Riley & Scarborough, LLP	2011
R. Jason Caskey, CPA	Shareholder, Elliott Davis, LLC	2011
William M. Mackie, Jr.	Retired President and CEO, South Carolina Student Loan Corporation	2013
Jeffrey R. Scott	Retired Senior Vice President and Human Resources Director, Community Resource Bank	2012

The Corporation's principal office is located at William M. Mackie, Jr. Interstate Center, Suite 210, 16 Berryhill Road, Columbia, South Carolina 29210, and its telephone number is (803) 772-9480. The Corporation employs a staff of approximately 170 people. The Corporation's Senior Management is as follows:

Senior Management

Charlie C. Sanders, Jr., *President and CEO*
Harry R. Brown, *Chief Financial Officer*
Thomas A. Dunnigan, *Chief Information Officer*
Michael E. Fox, *Vice President - Outreach*
Anne Harvin Gavin, *Senior Vice President - Administrative Services*
Jane W. Honeycutt, *Vice President, Senior Accountant*
Gerald I. Long, *Vice President - Repayment Services*
Robin T. Price, *Vice President - Human Resources*
David C. Roupe, *Vice President - Guaranty Services*

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 as Chairman of the Board of Trustees of Anderson University and Chairman of the Board of Directors of the Education Finance Council (EFC). He also serves on the Board of Directors of the South Carolina Independent Colleges and Universities and the Greater Columbia Educational Advancement Foundation as well as on the Executive Board of the South Carolina Association of Student Financial Aid Administrators.

Harry R. Brown 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. Mr. Brown served as Executive Vice President & Chief Financial Officer of Carolina National Corporation from May 2006 until February 2008, as Senior Officer and Director of Accounting Systems and Projects of NetBank, Inc. from November 1998 until April 2006, and as Executive Vice President, Chief Financial Officer and Chief Operating Officer of ComSouth BankShares, Inc. from January 1992 until November 1998. He received his B.S. in Accounting from the University of South Carolina and has been a licensed Certified Public Accountant with the State of South Carolina since January 1989.

Program Administration

In its administration of the Student Loan Finance Program for the Authority, the Corporation serves 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 2,081,000 loans to more than 468,000 students and parents.

Servicing of Student Loans

Student 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 student loans, which services include, but are not limited to: (i) verifying that all required documents for each student 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 October 31, 2010, the aggregate principal amount of FFELP loans being serviced by the Corporation was approximately $3.5 billion. Since the inception of the Corporation, the cumulative aggregate principal amount of FFELP loans serviced by the Corporation totals approximately $7.8 billion.

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Shown in the table below is information with respect to guarantee claims filed by the Corporation in the last six (6) 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 Guarantee 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
2005	$ 30,914,255	$ 0	0.00%	$ 0	$ 0	0.00%
2006	32,474,143	18,809	0.06	4,655	14,154	0.04
2007	39,647,387	8,218	0.02	0	8,218	0.02
2008	45,695,796	20,390	0.04	0	20,390	0.04
2009	52,983,776	21,119	0.04	16,033	5,086	0.01
2010	66,999,771	173,336	0.26	84,609	88,728	0.13
Total	$268,715,128	$241,872	0.09%	$105,297	$136,576	0.05%

(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 October 31, 2010.

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 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.

FFELP Delinquencies

As of June 30	30-60 Days	61-90 Days	91 to 120	121 to 180	181 to 270	271 or more
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%	0.6%
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%	2.3%	1.6%	1.7%	1.6%	0.6%

Other Programs

The Corporation currently administers other loan programs in the State of South Carolina, including the Teachers Loan Programs and a Palmetto Assistance Loan Program.

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, 2010, the Corporation had total assets of approximately $4.4 billion, total liabilities of approximately $4.0 billion, and a fund balance of approximately $410 million. Audited financial statements of the Corporation are generally available on the Corporation's web site (www.scstudentloan.org). Information found on such website is not part of this Offering Memorandum.

As of June 30, 2010, the Corporation had approximately $3.2 billion of bonds and notes outstanding issued under other, unrelated resolutions securing separate trust estates of which approximately $315 million constituted Auction Rate Securities.

The Corporation has a financing facility with Royal Bank of Canada. This facility is secured by, and payable from a pool of FFELP loans that will be pledged to the Trust Estate and become Financed Student Loans. This facility represents a portion of the Prior Indebtedness that will be repaid or satisfied from proceeds of the Notes.

The Corporation is indebted to the Authority under two loan agreements securing trust estates relating to the Authority and to the Authority's outstanding bonds issued under the 2002 Resolution and the 2009 Resolution. The obligations of the Corporation under such loan agreements are secured by, and payable only from, certain pools of FFELP loans that are not pledged to the Trust Estate. The indebtedness and obligations of the Corporation to the Authority relating to the bonds issued under the 2002 Resolution will be discharged in connection with the issuance of the Notes. The indebtedness relating to the 2002 Resolution represents the second and final portion of the Prior Indebtedness that will be repaid or satisfied from proceeds of the Notes.

The Corporation also has a financing facility established pursuant to a federal program called Straight A Funding. The Notes are not secured by the trust estate securing such facility.

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.

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 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 Mark Sanford	Governor of South Carolina
The Honorable Converse A. Chellis, III	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 Daniel T. Cooper	Chairman, South Carolina House of Representatives Ways and Means Committee

The Authority discharges its statutory obligations through two distinct programs. The program through which the Authority conducts its guarantee activities is herein referred to as the "***student loan insurance program***." The program through which the Authority finances FFELP loans and private loans that are not guaranteed by a guaranty agency under the Higher Education Act is herein referred to as the "***student loan finance program***."

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 Section 428(c) of the Higher Education Act. In order to administer its student loan insurance program effectively, the Authority processes loans submitted for guarantee, issues loan guarantees, 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 June 30, 2010, the outstanding principal amount of FFELP loans guaranteed by the Authority and originated and serviced by the Corporation was approximately $3.8 billion of which approximately $2.0 billion was in repayment status.

For a further description of the terms and conditions of these types of loans, see **EXHIBIT "I"** 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 "I"** 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
2005	$12,623,138	0.85%	$13,440,517	28.31%
2006	13,320,889	0.80	17,624,344	31.52
2007	13,711,301	0.76	21,472,234	31.99
2008	15,326,430	0.82	27,404,061	35.14
2009	16,691,818	0.82	29,426,392	29.99

(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 "I"** 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, 2010, the balance in the Authority's Agency Operating Fund was $29,591,886.

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 guarantees or reinsurance. Sources of funds for the Federal Fund include premiums, if any, received by the Authority for guaranteeing student or parent loans and all moneys made available to the Authority for the guaranteeing of FFELP loans, including federal funds made available for such purpose. As of June 30, 2010, the balance in the Federal Fund established by the Authority was $19,051,373.

The Higher Education Act requires that the Authority charge a federal default fee for certain FFELP loans made on or after July 1, 2006, and deposit to the Federal Fund. 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 "I"** hereto under the heading "**SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM - Guarantee and Reinsurance for FFELP Loans**."

Recall of Guaranty Agency Reserves

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
2005	$2,670,079,723	$ 8,930,667	0.33%
2006	2,851,392,708	6,988,735	0.25
2007	2,987,687,924	8,364,511	0.31
2008	3,374,702,424	11,632,943	0.37
2009	3,856,635,107	17,382,928	0.45

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

Authority's Student Loan Finance Program

The Authority was originally created in order to provide a means of making loans to Students in order to enable them to attend Eligible Institutions, as such terms are defined in the Higher Education Act. Such loan financing has been conducted by the Authority through its student loan finance program which has, since its initiation, been administered by the Corporation.

Pursuant to the Act, the Authority was established for the purpose of assuring that all eligible post-secondary education students have access to student and parent loans. In order to achieve such purpose, the Authority and the Corporation are empowered to finance student loans. To that end, the Authority issued an aggregate of $428,105,000 of Insured Student Loan Revenue Bonds under the 1979 Resolution none of which are outstanding; an aggregate of $473,795,000 of Guaranteed Student Loan Revenue Bonds under the 1993 Resolution none of which are outstanding; an aggregate of $905,500,000 of Education Loan Revenue Bonds under the 2002 Resolution of which an aggregate of $788,300,000 (all of which are Auction Rate Securities) was outstanding as of October 31, 2010; and an aggregate of $85,000,000 of Student Loan Revenue Bonds under the 2009 PAL General Resolution $73,455,000 of which were outstanding as of October 31, 2010. After application of the proceeds of the Notes, the Authority's Auction Rate Securities are expected to be paid in full.

Internal Revenue Service Audit of 1998 Bonds of Authority

In the second quarter of 2008, the Authority received a letter from the Internal Revenue Service (the "***IRS***") informing the Authority that the IRS would be auditing the $49,850,000 in aggregate principal amount of South Carolina State Education Assistance Authority Guaranteed Student Loan Revenue Bonds, 1998 Series (the "***1998 Bonds***") issued by the Authority in 1998 and redeemed in full in 2008. The 1998 Bonds were audited as part of an IRS project initiative involving student loan bonds.

As part of the audit of the 1998 Bonds, the IRS issued the Authority a Form 5701-TEB Notice of Proposed Issue ("***Form 5701***") in March of 2009 which raised issues regarding (i) the Authority's methodology for tracking student loans originated with the proceeds of the 1998 Bonds and (ii) the treatment of the consolidation loan rebate fee paid by the Corporation to the U.S. Department of Education. The Form 5701 asserts that because of the foregoing issues, the bond issue fails to qualify as a tax-exempt bond issue and that, therefore, interest on the 1998 Bonds to the bondholders would not be excludable from gross income under Section 103(a) of the Code. In the Form 5701, the IRS estimates the tax exposure to bondholders of the 1998 Bonds in an amount of $1,001,636, based on an application of 29% to collectable past interest paid. The Authority believes the IRS position is inconsistent with industry practice. The Authority responded to the IRS by disputing the conclusions contained in the Form 5701. The IRS has recently advised the Authority that any settlement of the audit of the 1998 Bonds will need to address any similar issues relating to all of the Authority's other bond issues.

The Authority does not predict the outcome of this matter nor does it predict whether the IRS will identify additional issues relating to the 1998 Bonds set forth in the Form 5701 or whether the IRS will open other bond audits of the Authority as a result of this inquiry.

Lender of Last Resort and Conflict of Interest Findings

On September 8, 2009, in connection with its review of the process for determining whether borrowers qualify for a FFELP Loan under the Lender-of-Last-Resort Program (the "***LLR Program***") of the Authority established under the Higher Education Act and the Authority's internal controls relating to the FFEL Program, the U.S. Department of Education made findings in a Final Program Review Determination (the "***FPRD***") that (i) since 1993, the Corporation has made FFELP loans under the LLR Program ("***LLR Loans***") without a request from the borrower to do so in violation of the Higher Education Act, (ii) since 1994, the Corporation has denied conventional FFELP loans to borrowers based solely on the fact that the borrowers had filed for bankruptcy and on the basis of such denial made LLR Loans to such borrowers in violation of the Bankruptcy Reform Act of 1994 (the "***Bankruptcy Act***") and guidance relating thereto issued by the U.S. Department of Education, and (iii) the Corporation has performed default aversion activities on behalf of the Authority in violation of the conflict of interest prohibitions contained in the Code of Federal Regulations promulgated under the Higher Education Act.

As a result of these findings the U.S. Department of Education determined in the FPRD that the Authority (i) must update its policies and procedures relating to the LLR Program, reclassify all LLR Loans made since 1993, calculate the amount of overpaid reinsurance relating to such LLR Loans, and refund such overpayment to the U.S. Department of Education, (ii) must require the Corporation to identify the specific loans designated as LLR loans as a result of the Corporation's denial of a conventional loan because of a bankruptcy filing and reverse that designation, instruct the Corporation to update its lending policies and procedures to comply with the Bankruptcy Act and associated guidance provided by the U.S. Department of Education, and (iii) must obtain an independent servicer, other than the Corporation, to perform default aversion activities on its behalf or begin to perform those activities with its own employees.

In the FPRD, the U.S. Department of Education has calculated that the amount to be paid as a result of the incorrect classification of loans as LLR Loans and the resulting overpayment of reinsurance on LLR Loans is approximately $4.1 million plus interest of approximately $654,000 by the Authority and approximately $1 million by the Corporation. As of June 30, 2010, the Corporation recorded a liability of approximately $1 million, and the Authority recorded a liability of approximately $4.8 million to recognize the potential exposure arising out of these findings.

On October 23, 2009, the Authority appealed the first finding of the FPRD on the grounds that, among other things, the U.S. Department of Education's position was not supported by the statute and regulations on which it relied. On May 20, 2010, the U.S. Department of Education issued a ruling sustaining this finding of the FPRD. On July 6, 2010, the Authority appealed the decision to the Secretary of Education.

With respect to the second finding, the Authority provided additional information to the U.S. Department of Education via a letter dated January 16, 2010, which stated that the Authority had caused the Corporation to discontinue the challenged practice and calculated the total associated liability of the Authority and Corporation to be approximately $35,000. On February 22, 2010, the U.S. Department of Education informed the Authority that the calculation provided in the January 16, 2010 letter was acceptable, and on March 18, 2010, the Corporation and Authority confirmed to the Department that they had made the necessary payments to resolve the issue.

With respect to the third finding, on January 16, 2010, the Authority formally requested a meeting with the U.S. Department of Education to discuss alternatives for implementing changes to its default aversion activities that would be satisfactory to the Department and least disruptive to the Authority. On February 22, 2010, the Department informed the Authority that it would respond to this request at some point in the future.

THE BACKUP SERVICING AGREEMENT

General

On or about the Issue Date, the Corporation and the Trustee will enter into a Backup Third Party Servicing Agreement (the "***Backup Servicing Agreement***") with Nelnet Servicing, LLC (the "***Backup Servicer***"). The Backup Servicing Agreement will constitute a Backup Servicing Agreement for purposes of the General Resolution. In general, the Backup Servicing Agreement sets forth the terms and conditions under which all Financed Student Loans being serviced by the Corporation would be converted to servicing under the Backup Servicer's servicing system (a "***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 Student Loans, which is also used by the Backup Servicer as its primary servicing platform for FFELP loans. In the Backup Servicing Agreement, the Corporation and the Backup Servicer agree to undertake the necessary actions to transfer servicing of the Financed Student Loans to the Backup Servicer if a Portfolio Conversion shall occur.

The Corporation will agree in the Backup Servicing Agreement 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 Portfolio Conversion (including, without limitation, utilizing the SLSS platform at all times to service all of the Financed Student Loans that it is responsible for servicing).

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 Backup Servicing Agreement, and (b) specifying the exchange file formats, electronic conversion process, and procedures anticipated to be used by the Backup Servicer in a Portfolio Conversion.

Within thirty (30) days after (a) the end of each calendar quarter and current as of the weekend following the end of such calendar quarter, or (b) receipt of reasonable written request by the Trustee, the Corporation will be required to deliver to the Backup Servicer, to be held by the Backup Servicer in escrow, the data and document images (including images of promissory notes) from the Corporation's servicing system that are utilized by the Corporation to service the Financed Student Loans ("***Escrowed Servicing Data***"), current as of the last day of such quarter (after the initial delivery of Escrowed Servicing Data, the Corporation will not be required to deliver duplicate images of documents previously provided). The initial delivery will be for Escrowed Servicing Data as of December 31, 2010. Escrowed Servicing Data will be encrypted on magnetic media and sent to the Backup Servicer. The form and method of delivery of the Escrowed Servicing Data may be modified as may be mutually agreed upon by the Corporation and the Backup Servicer. Upon receipt of the Escrowed Servicing Data for the most recent quarter, the Backup Servicer will retain the Escrowed Servicing Data for the previous quarter and return to the Corporation any and all previous Escrowed Servicing Data. Upon the occurrence of a Servicer Transfer Trigger with respect to the Servicer, the Escrowed Servicing Data will be released to the Backup Servicer or any other entity as expressly authorized by the Corporation. Delivery of the Escrowed Servicing Data will cease at such time as there are no Notes outstanding under the General Resolution or the Corporation is no longer a Servicer of Financed Student Loans.

Servicer Transfer Triggers

Under the Backup Servicing Agreement, the Backup Servicer will become the Servicer for the Financed Student Loans upon the occurrence of a "***Servicer Transfer Trigger***" as defined in the General Resolution. Under the General Resolution, 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 Servicer determines that it will no longer service any Financed Student Loans and provides written notice to the Backup Servicer and other parties as required under the Backup Servicing Agreement

and prompt written notice to the Trustee of the transfer of servicing pursuant to the Backup Servicing Agreement,

(ii) a material weakness regarding the applicable Servicer has 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 Administrator's receipt of such report identifying such material weakness and a Majority of the Noteholders has directed the Trustee and the Administrator in writing to proceed with a transfer of servicing,

(iii) the Servicer is 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 under the Higher Education Act and such material violation shall continue for a period of thirty (30) days after such Servicer becomes aware of such material violation and a Majority of the Noteholders has directed the Trustee and the Administrator in writing to proceed with a transfer of servicing, or

(iv) the occurrence of an Event of Insolvency of the Servicer.

"***Servicer Compliance Report***" means (i) any report generated by the U.S. Department of Education, Office of the Inspector General, specifically relating to a Servicer and (ii) a third party review of a Servicer conducted under the provisions of the Statement on Auditing Standards No. 70, "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 Agreement, in the event of a Servicer Transfer Trigger, the 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 Servicer and the Backup Servicer will be required to work together to achieve a 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 Servicer will be required to have transmitted the necessary electronic files, copies, and/or records (or such other format acceptable to Backup Servicer) to the Backup Servicer to enable the Backup Servicer to convert each Financed Student Loan then serviced by the Servicer to the Backup Servicer's system for servicing. The Backup Servicer will be under no obligation to convert such Financed Student 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. 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. The Servicer will be responsible for the continued servicing of the Financed Student Loans until the Portfolio Conversion shall have been completed. The Backup Servicer will have no 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 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 Financed Student Loans, to the extent such records are not required for completion of the Portfolio Conversion.

In September of 2010, the Corporation and Nelnet Servicing, LLC successfully completed a transfer of servicing for over 126,000 FFELP loans being sold by the Corporation to the U.S. Department of Education. Such transfer was complete within three (3) weeks of the start of the process. There is no guarantee, however, that any future transfer will occur as quickly.

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 Financed Student 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 Backup Servicing Agreement.

Term of Backup Servicing Agreement

General. The 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 the 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 Financed Student Loans after the Portfolio Conversion will be serviced in accordance with the FFELP Servicing Standards for the amount set forth on the Fee Schedule until such time as all of the Financed Student Loans subject to a Portfolio Conversion are paid in full.

Termination by the Corporation. The 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 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 Backup Servicing Agreement;

(iv) 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 Backup Servicing Agreement; or

(v) The Corporation shall terminate the 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 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 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 Backup Servicer.

Termination by the Backup Servicer. The 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 the 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) The Corporation shall discontinue utilizing the SLSS platform or another reasonably compatible system, as set forth in the Backup Servicing Agreement; or

(iv) The Backup Servicer shall terminate the Backup Servicing Agreement in accordance with the provisions thereof described under "*General*" or "*Failure to Pay for Backup Servicer's Services*" above.

In the event of the occurrence of an event set forth in (i) above, the Corporation shall 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 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 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. The 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 Backup Servicing Agreement relating to Financed Student Loans subject to a Portfolio Conversion will remain in effect until such Financed Student Loans are paid in full, unless otherwise terminated as described in "*Termination by the Corporation*" or "*Termination by the Backup Servicer*" above.

Backup Servicer's Limited Liability

If Backup Servicer shall take or fail to take any action in connection with servicing the Financed Student Loans (whether or not such action or inaction amounts to negligence) that causes any Financed Student Loan to be denied the benefit of any applicable interest subsidy payment, special allowance payment, or guarantee, 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 Student Loans at an amount equal to the amount the 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 Backup Servicing Agreement by the Backup Servicer will be limited as described in the immediately preceding 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 th Backup Servicing Agreement will be required to be commenced within one (1) year after the Financed Student Loans leave the Backup Servicer's servicing system.

Notwithstanding the foregoing, if either party is 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 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

The following information has been furnished by the Trustee for use in this Offering Memorandum. The Corporation does not guarantee or make any representation as to the accuracy or completeness thereof or the absence of material adverse change in such information or in the condition of the Trustee subsequent to the date

hereof. Wells Fargo Bank, National Association is a national banking association organized under the laws of the United States and a wholly owned subsidiary of Well Fargo & Company, a holding company with assets in excess of $1.3 trillion. Wells Fargo Bank, National Association has acted as indenture trustee on numerous transactions involving pools of student loans. See **EXHIBIT III –** "**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION**" for information regarding the responsibilities of the Trustee. The Trustee will have no obligation to administer, service or collect the Financed Student Loans or to maintain or monitor the administration, servicing or collection thereof.

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 enter into a Continuing Disclosure Certificate (the "***Continuing Disclosure Certificate***") for the benefit of the Noteholders and the Beneficial Owners of the Notes and in order to assist any underwriter participating in the sale of the Notes in complying with Rule 15c2-12 (the "***Rule***") under the Securities Exchange Act. The Corporation represents that it has, for the last five years, been in compliance with all of its prior undertakings under the Rule.

The Continuing Disclosure Certificate will contain various covenants and provisions, certain of which are summarized below. Reference should be made to the Continuing Disclosure Certificate for a full and complete statement of their respective provisions.

Pursuant to the terms of the Continuing Disclosure Certificate, the Corporation will be required to provide to each Repository Quarterly Reports containing the information described below and that are consistent with the requirements of the Continuing Disclosure Certificate. Each Quarterly Report must be provided to the Repositories on or prior to the last day of each January, April, July, and October, commencing in January, 2011.

The Quarterly 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, loan type distribution, borrower status distribution, school type distribution, delinquency distribution, the CPR payment experience, the Pool Balance, the Adjusted Pool Balance, the Outstanding principal balance of each Tranche of the Notes, the interest rates on each Tranche of the Notes, the principal and interest to be paid with respect to each Tranche of the Notes on such Distribution Date, 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.

The Corporation will also be required to provide to the Repositories the annual audited financial statements of the Corporation not more than four (4) months after the end of each fiscal year (currently June 30). The annual audited financial statements will be required to be prepared 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. Such standards will be required to be updated from time to time by the Governmental Accounting Standards Board.

The current web address for the only current National Repository, the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA System), is www.emma.msrb.org. Information found on such website is not part of this Official Statement. There is currently no State Repository.

Pursuant to the terms of the Continuing Disclosure Certificate, the Authority will be required to give notice to the Repositories of the occurrence of any of the following events with respect to the Notes:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, IRS notices, or events affecting the tax status of the Notes;
7. Modifications to rights of Noteholders;
8. Note calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Notes, if material; [(1)]
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership, or similar event of the Corporation;
14. Merger, consolidation, or acquisition of the Corporation, if material;
15. Appointment of a successor or additional Trustee, or the change of the name of the Trustee, if material;
16. Amendments to the General Resolution and the Series Resolution; [(2)]and
17. Increases in the Operating Costs as limited by the Series Resolution.

The Corporation will be required to file or cause to be filed notice of any such occurrence within ten (10) business days of the occurrence thereof with the Municipal Securities Rulemaking Board and each Repository.

The Corporation has covenanted in the General Resolution to comply with, and carry out or cause to be carried out, all provisions of the Continuing Disclosure Certificate.

The obligations of the Corporation under the Continuing Disclosure Certificate will terminate upon the redemption or payment in full of all of the Notes.

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(1) Notice of the occurrence of a Listed Event described in (10) above shall be given if the Corporation shall conclude that such event is material or if the Value of the property released, substituted, or sold exceeds $500,000 in any one year or $2,000,000 in the aggregate.

(2) The Corporation will make copies of the amended resolution(s) available to Noteholders upon request.

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

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that an ERISA Plan's investment of its assets be made in accordance with the documents governing such ERISA Plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans ("***Plan***" or collectively "***Plans***") and entities whose underlying assets include "plan assets" by reason of Plans investing in such entities with persons ("***Parties in Interest***" or "***Disqualified Persons***" as such terms are defined in ERISA and the Code, respectively) who have certain specified relationships to the Plans, unless a statutory, class or administrative exemption is available. Parties in Interest or Disqualified Persons that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA or Section 4975 of the Code unless a statutory, class or administrative exemption is available. Section 502(l) of ERISA requires the Secretary of the U.S. Department of Labor (the "***DOL***") to assess a civil penalty against a fiduciary who violates any fiduciary responsibility under ERISA or commits any other violation of part 4 of Title I of ERISA or any other person who knowingly participates in such breach or violation. If the investment constitutes a prohibited transaction under Section 408(e) of the Code, the IRA 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 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 Section 4975 of the Code, when a Plan acquires an "equity interest" (such as a Note) 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 (such as a Note). For purposes of this section, the terms "plan assets" ("***Plan Assets***") and the "assets of a Plan" have the meaning specified in the Plan Asset Regulation and 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. If the Notes are treated as having substantial equity features, a Plan or a Plan Asset Entity that purchases Notes could be treated as having acquired a direct interest in the Corporation. In that event, the purchase, holding, transfer, or resale of the Notes could result in a transaction that is prohibited under ERISA or the Code.

The Plan Assets Regulation provides an exemption from "Plan Asset" treatment for securities issued by an entity if such securities are debt securities under applicable state law with no "substantial equity features." 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.

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 25% or more of the value of any class of equity interests in such entity, as calculated under Section 3(42) of ERISA and the Plan Assets Regulation. Because the availability of this exception depends upon the identity of the holders of the Notes at any time, there can be no assurance that the Notes will qualify for this exception and that the Corporation's assets will not constitute a Plan Asset subject to ERISA's fiduciary obligations and responsibilities. Therefore, neither a Plan nor a Plan Asset Entity should acquire or hold Notes in reliance upon the availability of any exception under the Plan Assets Regulation.

Prohibited Transactions

The acquisition or holding of 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 Notes. Any such prohibited transaction could be treated as exempt under ERISA and the Code if the Notes were acquired pursuant to and in accordance with one or more statutory exemptions, individual exemptions or "class exemptions" issued by the DOL. Such class exemptions include, for example, Prohibited Transaction Class Exemption ("***PTCE***") 75-1 (an exemption for certain transactions involving employee benefit plans and broker dealers, reporting dealers and banks), PTCE 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 95-60 (an exemption for certain transactions involving an insurance company's general account) and PTCE 96-23 (an exemption for certain transactions determined by a qualifying in-house asset manager).

The Underwriters, 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 Notes, the purchase of Notes using plan assets over which any of these parties or their affiliates has investment authority might be deemed to be a violation of a provision of Title I of ERISA or Section 4975 of the Code. Accordingly, Notes may not be purchased using the assets of any Plan if any of the 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 purchase.

Purchaser's/Transferee's Representations and Warranties

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

4975 of the Code or similar law and will not subject the Corporation or 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 Notes on behalf of or with Plan Assets of any Plan or Plan Asset Entity, and any insurance company that proposes to acquire or hold Notes, should consult with its counsel with respect to the potential applicability of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code with respect to the proposed investment and the availability of any prohibited transaction exemption. A fiduciary with respect to a Non-ERISA Plan which is a "qualified retirement plan" that proposes to acquire or hold Notes should consult with counsel with respect to the applicable federal, state, and local laws.

TAX MATTERS

Legal Opinion

In the opinion of McNair Law Firm, P.A., Note Counsel, interest on the Notes will not be excluded from the gross income of the owners thereof for either federal or State of South Carolina income tax purposes.

Certain Federal Income Tax Consequences

The following is a summary of the principal federal income tax consequences resulting from the ownership of Notes by certain persons. This summary does not consider all the possible Federal tax consequences of the purchase, ownership or disposition of Notes and is not intended to reflect the individual tax position of any owner. Moreover, except as expressly indicated, it addresses initial purchasers of Notes that (a) purchase at a price equal to the first price to the public at which a substantial amount of each series of the Notes are sold; and (b) who hold a Note as capital assets within the meaning of Section 1221 of the Code. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Notes (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Note and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed under "Tax Considerations for Non-U.S. Beneficial Owners" below. This summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary is based upon the United States federal tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or its interpretations, any of which may be applied retroactively. It does not discuss the tax laws of any state, local or foreign governments.

Persons considering the purchase of Notes should consult their own tax advisors concerning the Federal income tax consequences to them in light of their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

Taxation of Stated Interest

If the Beneficial Owner is a U.S. holder, such owner generally will be required to include in gross income, as ordinary interest income, the stated interest on the Notes at the time the interest accrues or is received, in accordance with the Beneficial Owner's regular method of accounting for U.S. federal income tax purposes. If a partnership holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their tax advisors.

Although the matter is not free from doubt, it is anticipated that the Notes will be treated as providing for stated interest at "qualified floating rates," as this term is defined by applicable Treasury regulations, and accordingly as having been issued without original issue discount. If it were to be determined that the Notes do not provide for stated interest at qualified floating rates, the Notes would be treated as having been issued with original issue discount. In that event, the Beneficial Owner of a Note would be required to include original issue discount in

gross income as it accrues on a constant yield to maturity basis in advance of the receipt of any cash attributable to the income, regardless of whether the Beneficial Owner is a cash or accrual basis taxpayer.

Sale, Exchange, or Retirement of the Notes

A U.S. Beneficial Owner will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other taxable disposition of a Note in an amount equal to the difference between the amount of cash and the fair market value of any property received (excluding any amount received in respect of accrued stated interest, which will be recognized as ordinary interest income to the extent the holder has not previously included the accrued interest in income) and the Beneficial Owner's adjusted tax basis in the Note. The U.S. Beneficial Owner's tax basis in a Note generally will equal the amount the Beneficial Owner paid for the Note reduced by any payments on the Note that are not payments of stated interest. Gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if the Beneficial Owner held the Note for more than one year. Long-term capital gains of individuals, estates and trusts generally are taxed at lower rates than items of ordinary income. The deductibility of capital losses is subject to various limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of principal and interest made by the Corporation on, or the proceeds of the sale or other disposition of, the Notes to certain non-corporate U.S. holders, and backup withholding may apply unless the recipient of such payment provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury (as well as certain other information), or otherwise establishes an exemption from backup withholding. Any amount withheld under backup withholding rules is allowable as a credit against the U.S. Beneficial Owner's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Beneficial Owner's actual U.S. federal income tax liability and the U.S. Beneficial Owner provides the required information or appropriate claim form to the IRS.

Tax Considerations for Non-U.S. Beneficial Owners

Taxation of Interest. Interest on the Notes may also be taxable to non-U.S. Beneficial Owners to the extent described below.

Withholding on Interest and Portfolio Interest Exemption. If a Beneficial Owner is a non-U.S. holder, payments of principal and interest on the Notes will generally be exempt from withholding of U.S. federal income tax under the "portfolio interest" exemption if such Beneficial Owner properly certifies as to such Beneficial Owner's foreign status, as described below, and:

- the Beneficial Owner does not own, actually or constructively, 10% or more of the capital or profits interests of the Corporation;
- the Beneficial Owner is not a "controlled foreign corporation" that is related to the Corporation; and
- the Beneficial Owner is not a bank that has acquired the Notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described herein generally apply only if the Beneficial Owner appropriately certifies as to such holder's foreign status. A Beneficial Owner generally can meet this certification requirement by providing a properly executed Form W-8BEN or appropriate substitute form to the Corporation or the Paying Agent. If the Beneficial Owner holds the Notes through a financial institution or other agent acting on the Beneficial Owner's behalf, the Beneficial Owner may be required to provide appropriate certifications to the agent. The agent will then generally be required to provide appropriate certifications to the Corporation or the Paying Agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to the foreign status of partners, trust owners, or beneficiaries may have to be provided to the Corporation or the Paying Agent. In addition,

special rules apply to qualified intermediaries that enter into withholding agreements with the IRS, and such intermediaries generally are not required to forward any certification forms received from non-U.S. holders.

If a Beneficial Owner cannot satisfy the requirements described above, payments of interest made to such Beneficial Owner will be subject to the 30% U.S. federal withholding tax, unless such Beneficial Owner provides the Corporation with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of a tax treaty, or the payments of principal and interest are effectively connected with such Beneficial Owner's conduct of a trade or business in the United States and the Beneficial Owner meets the certification requirements described below. See "*Income or Gain Effectively Connected with a Trade or Business*."

Sale or Other Taxable Disposition of Notes. A Beneficial Owner generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, retirement or other taxable disposition of a Note unless:

- the gain is effectively connected with the conduct by such Beneficial Owner of a U.S. trade or business;
- the Beneficial Owner is an individual who has been present in the United States for 183 days or more of the taxable year of disposition and certain other requirements are met; or
- the Beneficial Owner was a citizen or resident of the United States and subject to special rules that apply to certain expatriates.

Income or Gain Effectively Connected with a U.S. Trade or Business. The preceding discussion of the tax consequences of the purchase, ownership and disposition of the Notes by a Beneficial Owner generally assumes that such Beneficial Owner is not engaged in a U.S. trade or business. If any interest on the Notes or gain from the sale, exchange, retirement, redemption, or other taxable disposition of the Notes is effectively connected with a U.S. trade or business conducted by the Beneficial Owner, then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates, but will not be subject to withholding tax if certain certification requirements are satisfied. A Beneficial Owner can generally meet the certification requirements by providing a properly executed Form W-8ECI or appropriate substitute form to the Corporation or the Paying Agent. If the Beneficial Owner is eligible for the benefits of a tax treaty between the United States and such Beneficial Owner's country of residence, any "effectively connected" income or gain will generally be subject to U.S. federal tax only if it is also attributable to a permanent establishment maintained by such Beneficial Owner in the United States. If the Beneficial Owner is a corporation, that portion of the Beneficial Owner's earnings and profits that are effectively connected with such Beneficial Owner's U.S. trade or business also may be subject to a "branch profits tax" at a 30% rate, although an applicable tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding. In general, information reporting and backup withholding will apply to payment of interest on the Notes unless the Beneficial Owner appropriately certifies as to such Beneficial Owner's foreign status or otherwise establishes an exemption.

Payment of the proceeds of a sale of a Note effected by a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless the Beneficial Owner properly certifies under penalties of perjury as to such Beneficial Owner's foreign status and certain other conditions are met, or the Beneficial Owner otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of a sale of a Note effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that such Beneficial Owner is a non-U.S. holder and certain other conditions are met, or the Beneficial Owner otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Note effected outside the United States by such a broker if it:

- is a United States person;

- derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;

- is a controlled foreign corporation for U.S. federal income tax purposes;

- is a foreign partnership that, at any time during the taxable year, has 50% or more of its income or capital interests owned by U.S. persons or is engaged in the conduct of a U.S. trade or business; or

- is a U.S. branch of a foreign bank or insurance company.

Any amount withheld under the backup withholding rules may be credited against the Beneficial Owner's U.S. federal income tax liability and any excess may be refundable if the proper information is provided to the IRS.

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.

TO THE EXTENT THAT THIS OFFERING MEMORANDUM PROVIDES FEDERAL INCOME TAX ADVICE, THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. THIS OFFERING MEMORANDUM IS BEING USED TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION DESCRIBED HEREIN. THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PLAN OF DISTRIBUTION

The Underwriters shown on the cover page hereof (the "***Underwriters***") have agreed, subject to certain conditions set forth in a Note Purchase Agreement (the "***Note Purchase Agreement***") with the Corporation, to purchase the Notes at the initial public offering prices and receive fees equal to $4,784,000. The Underwriters are committed to take and pay for all of the Notes if any are taken. The public offering prices may be changed from time to time by the Underwriters.

Subject to the terms and conditions in the Note Purchase Agreement, the Corporation has agreed to sell to each of the Underwriters named below, and each of the Underwriters has severally agreed to purchase, the principal amounts of the offered Notes shown opposite its name as follows:

Underwriter	A-1 Notes	A-2 Notes	A-3 Notes
RBC Capital Markets, LLC	$131,400,000	$181,300,000	$101,300,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	131,400,000	181,300,000	101,300,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	14,600,000	20,200,000	11,200,000
Stifel, Nicolaus & Company, Incorporated	14,600,000	20,200,000	11,200,000

The Underwriters have advised the Corporation that they propose initially to offer the Notes to the public at the prices shown on the cover page hereof and to certain other dealers at such prices less a concession not in excess of 0.26%. The Underwriters and those dealers may reallow to other dealers a concession not in excess of 0.13%. After the initial public offering, these prices and concessions may be changed.

In the ordinary course of their respective businesses, the Underwriters and their respective affiliates have engaged and may in the future engage in investment banking or commercial banking transactions with the Corporation and the Authority.

During and after the offering, the Underwriters may engage in transactions, including open market purchases and sales, to stabilize the prices of the Notes. The Underwriters, for example, may over-allot the notes for the account of the underwriting syndicate to create a syndicate short position by accepting orders for more Notes than are to be sold.

In general, over-allotment transactions and open market purchases of the Notes for the purpose of stabilization or to reduce a short position could cause the price of a Note to be higher than it might be in the absence of those transactions.

One or more of the Underwriters or their affiliates may retain a material percentage of the Notes for its own account. 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.

Each Underwriter has represented and agreed that:

(i) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to the expiration of the period of six months from the Issue Date except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments, as principal or agent, for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity in the United Kingdom, within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "***FSMA***"), received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Corporation; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been or will be taken by the Corporation or 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.

OTHER MATTERS RELATING TO THE UNDERWRITERS

In May of 2009, RBC Capital Markets Corporation (predecessor to RBC Capital Markets, LLC) ("***RBCCM***"), on behalf of itself and certain affiliates, entered into a Consent with the United States Securities and Exchange Commission (the "***SEC***"), and an Assurance of Discontinuance with the New York Attorney General's office pursuant to which RBCCM agreed to offer to repurchase, at par, Auction Rate Securities held by approximately 2,200 retail brokerage clients in the United States. Subsequent to such repurchases, and as of September 30, 2010, RBCCM held in inventory $102,600,000 of Auction Rate Securities issued by the Authority and $23,700,000 of Auction Rate Securities issued by the Corporation. RBCCM also agreed to continue to work with issuers and other interested parties to provide liquidity solutions for institutional investors not covered by the repurchase offer. Both documents, which were filed in court and are publicly available on the regulators' websites, finalized earlier term sheet settlements on substantially similar terms. On June 28, 2010, the SEC announced that RBCCM had satisfied its settlement obligation to use best efforts to provide institutional investors with opportunities to liquidate their Auction Rate Securities holdings.

Each of RBCCM and BB&T Capital Markets, a division of Scott & Stringfellow, LLC ("***BB&T***") is a defendant in civil claims by institutions and/or individuals that purchased Auction Rate Securities from it that were issued by the Corporation, the Authority, or both.

Additionally, Thomas Weisel Partners, LLC ("***TWP***"), an affiliate of Stifel, Nicolaus & Company, Incorporated has filed suits against both RBCCM and Merrill Lynch, Pierce, Fenner & Smith Incorporated in which it alleges fraudulent statements in respect of the liquidity of Auction Rate Securities sold to TWP by such institutions. In the case of the suit against RBCCM, the Auction Rate Securities sold to TWP include those issued by the Corporation and the Authority, which Auction Rate Securities of the Authority are intended to be retired as herein described.

While the Authority and the Underwriters believe that the retirement of the Authority's outstanding Auction Rate Securities is of considerable benefit to the Authority, the sale of the Notes and the application of the proceeds thereof to retire the Authority's outstanding Auction Rate Securities benefits certain of the Underwriters and their affiliates by liquidating illiquid holdings of (i) RBCCM, and (ii) institutions and individuals with pending claims against RBCCM and BB&T.

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

A condition to the purchase of the Notes by the Underwriters under the Note Purchase Agreement is that Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("***S&P***"), and Fitch Ratings ("***Fitch***") assign ratings to the Notes in their highest rating category for securities such as the Notes. With respect to S&P, such highest rating category is "AAA (sf)," and with respect to Fitch, such highest rating category is "AAA." The Corporation has furnished S&P and Fitch with certain information and materials concerning the Notes and the Corporation, some of which is not included in this Offering Memorandum. Generally, a Rating Agency bases its rating on such information and materials and also on such investigations, studies, and assumptions as each may undertake or establish independently.

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

LEGAL MATTERS

Certain legal matters, including certain income tax matters, will be passed upon for the South Carolina Student Loan Corporation by McNair Law Firm, P.A., certain legal matters will be passed upon for the South Carolina State Education Assistance Authority by McNair Law Firm, P.A., and certain legal matters will be passed upon for the Underwriters by Haynsworth Sinkler Boyd, P.A.

LITIGATION

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

FINANCIAL STATEMENTS

Appended hereto as **EXHIBIT "VI**" are certain financial statements of the Corporation as of and for the 12-month periods ended June 30, 2009, and 2010, and the report thereon of Derrick, Stubbs & Stith, independent certified public accountants. Such financial statements have been included herein in reliance upon the report of Derrick, Stubbs & Stith 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.**"

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.

This Offering Memorandum is deemed to be final as of its date, within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Commission, except for the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, and delivery date .

EXHIBIT I

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

FFELP included:

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

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

The following summary of certain provisions of FFELP is not intended to be complete and is qualified in its entirety by reference to the complete provisions of the Higher Education Act and the regulations thereunder. This summary is intended as a general description of FFELP and speaks only as of the date on the front cover of this Offering Memorandum. Neither the Corporation, the Underwriters, nor their respective counsel are 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 U.S. Department of Education or upon the financial condition of the Corporation.

Recent Law Eliminating 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 FDSLP 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 FDSLP 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 guarantee and federal reinsurance (described below), (ii) interest subsidy payments ("***Interest Subsidy Payments***") to eligible lenders for certain eligible borrowers with "subsidized" loans, and (iii) in some circumstances, special allowance payments ("***Special Allowance Payments***") paid by the Secretary to holders of certain eligible loans or paid by holders to the Secretary; and (b) an unsubsidized Stafford Loan Program, which includes federal insurance or separate guarantee and federal reinsurance and Special Allowance Payments in some circumstances.

Both subsidized and unsubsidized Stafford Loans are eligible for federal insurance or separate guarantee and federal reinsurance if made to eligible students (see below). In connection with eligible Stafford Loans, there are limits as to the maximum amount which may 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. Currently, all such loans are in the form of 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:

- $3,500 for the first year of undergraduate study,
- $4,500 for the second year of undergraduate study,
- $5,500 per year for the remainder of undergraduate study, and
- $8,500 per year for graduate and professional students.

The 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 7% per annum. On and after January 1, 1981, the fixed interest rate for new borrowers was 9% per annum unless the Secretary of the Treasury determined that the average of the bond equivalent rates of 91-day Treasury Bills auctioned for any twelve (12) month period beginning on or after January 1, 1981, was equal to or less than 9% in which case the fixed interest rate was 8% for any period of enrollment beginning on or after the date which was three (3) months after such determination. For loans first disbursed to new borrowers on or after July 1, 1988, the fixed interest rate was 8% from the date of loan disbursement through the fourth year of repayment and then converted in the fifth year of repayment to a fixed rate of 10% for the remainder of the repayment period.

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

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

periods and 2.3% during the repayment period and any periods of forbearance, in each case with the maximum rate capped at 8.25%. FFELP specifically provides that the foregoing interest rates are maximum rates only and that lenders may charge interest rates that are lower than the applicable FFELP rates.

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

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

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

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

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

(c) during certain deferment periods, and

(d) in the case of loans initially disbursed prior to October 1, 1981, during a six (6) month grace period following any authorized deferment period before repayment is required to resume.

The Secretary makes Interest Subsidy Payments quarterly on behalf of the borrower to the holder of the loan in an amount equal to the interest accruing on the unpaid principal amount of the loan during the applicable period. The Higher Education Act provides that the holder of a loan meeting the specified criteria has a contractual right, as against the United States, to receive Interest Subsidy Payments from the Secretary. Receipt of Interest Subsidy Payments is conditioned on compliance with the Higher Education Act, including continued eligibility of the loan for insurance or guarantee/reinsurance benefits. Such eligibility may be lost if the requirements of the Higher Education Act or applicable guarantee 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 7% per annum, and (b) not more than six (6) months with respect to loans for which the applicable interest rate is other than 7% after the student borrower ceases to pursue at least a half-time course of study (a "***Grace Period***"). However, during certain other periods and subject to certain conditions, no principal repayments need be made, including periods when the student has returned to an eligible educational institution on at least a half-time basis or is pursuing studies pursuant to an approved graduate fellowship program, or when the student is a member of the Armed Forces or a volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973, or when the borrower is temporarily totally disabled, or during which the borrower is unable to secure employment, or when the borrower is experiencing economic hardship (the "***Deferment Periods***"). The lender may also, and in some cases must, allow periods of forbearance during which the borrower may defer principal and/or interest payments because of temporary financial

hardship. The 1992 Reauthorization Bill simplified the deferment categories for new loans and expanded the opportunities for students to obtain forbearance from lenders due to temporary financial hardship.

Repayment. Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student in school, but generally begins on the day following the sixth (6^{th}) 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. Section 428J of the Higher Education Act authorizes the U.S. Department of Education to repay a maximum of $5,000 (combined total for loans obtained under both the FFELP and the FDSLP of a qualified borrower's Stafford loan obligations, and Consolidation loan obligations to the extent that a Consolidation loan repaid a borrower's qualifying Stafford loan(s) 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 FDSLP loan on October 1, 1998, or had no outstanding balance on a FFELP or a FDSLP loan on the date he or she obtained a loan after October 1, 1998.

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

THE FEDERAL SLS AND UNSUBSIDIZED STAFFORD LOAN PROGRAMS

History. The 1981 amendments to the Higher Education Act included a new program to provide unsubsidized loans to graduate and professional students and independent undergraduate students similar to PLUS Loans (see "**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 FDSLP 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 FDSLP 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 include the total of outstanding loans under the Stafford Loan Program, SLS Loan Program and loans under the FDSLP

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

Interest Rates.

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

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

An annual variable interest rate applies to SLS Loans made and disbursed on or after July 1, 1987, or those made prior to such time that are reissued at a variable rate. The applicable annual variable rate is determined on the basis of any twelve (12) month period beginning on July 1 and ending on the following June 30, and is equal to the

sum of the bond equivalent rate of 52-week Treasury Bills auctioned at the final auction held prior to the June 1 immediately preceding the applicable twelve (12) month period, plus a permitted spread.

For SLS Loans made and disbursed on or after July 1, 1987, the permitted spread is 3.25% and the maximum rate is 12% per annum. For SLS Loans first disbursed on or after October 1, 1992, the permitted spread is 3.10% and the maximum rate is 11% per annum. Since the SLS Program was eliminated as a separate program in 1993, no new SLS Loans have been originated since June 30, 1994. On or after July 1, 2001, the interest rate on outstanding SLS Loans will be based on the weekly average one-year constant maturity Treasury yield, 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.

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

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

An annual variable interest rate applies to PLUS Loans made and disbursed on or after July 1, 1987. The annual variable interest rate also applies to PLUS Loans that are refinanced on or after July 1, 1987 (as discussed below). The applicable annual variable rate is determined on the basis of any twelve (12) month period beginning on July 1 and ending on the following June 30, and is equal to the sum of the bond equivalent rate of 52-week

Treasury Bills auctioned at the final auction held prior to the June 1 immediately preceding the applicable twelve (12) month period, plus a permitted spread.

For PLUS Loans made and disbursed on or after July 1, 1987, the permitted spread is 3.25% and the maximum rate is 12% per annum. For PLUS Loans first disbursed on or after October 1, 1992, the permitted spread is 3.10% and the maximum rate is 10%. For PLUS Loans first disbursed on or after July 1, 1994, the permitted spread is 3.10% and the maximum rate is 9%. For PLUS Loans first disbursed on or after July 1, 1998, but before 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 3.1% or (ii) 9%. On or after July 1, 2001, the interest rate on outstanding PLUS Loans disbursed on or after July 1, 1987, but before July 1, 1998, will be based on the weekly average one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, in substitution for the bond equivalent rate of auctioned 52-week Treasury Bills.

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

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

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

Interest Rates. Consolidation Loans made before July 1, 1994, bear interest at a rate equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent subject to a floor rate of 9% per annum. Consolidation Loans made on or after July 1, 1994, 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 1/8th of a percent, or (ii) 8.25 percent. 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. Currently, the different repayment periods required to be offered for Consolidation Loans, based on the sum of the principal balances of the Consolidation Loan and other student loans (up to but not in excess of the balance of the Consolidation Loan), are as follows:

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

New borrowers on or after October 7, 1998, who 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 1.05% of the principal plus accrued and unpaid interest on the Consolidation Loan, such fee to be paid in monthly installments. The 1998 Reauthorization Bill made a temporary reduction in the Consolidation Loan Rebate Fee from

1.05% to 0.62% per annum for loans on which applications are received between October 1, 1998, and January 31, 1999.

Direct Loans. If a borrower is unable to obtain a Consolidation Loan with income-sensitive repayment terms acceptable to the borrower from the holders of the borrower's outstanding loans (which are selected for consolidation), or from any other lender, the Secretary is required to offer the borrower, if the borrower so requests, a direct Consolidation Loan under the FDSLP. Such direct Consolidation Loans shall be repaid either pursuant to income contingent repayment 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 revenue in excess of the special allowance support level for loans disbursed on or after April 1, 2006.

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

For Stafford Loans disbursed on or after July 1, 1998, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus 2.2% while borrowers are in school, grace or deferment status, or 2.8% while borrowers are in repayment periods. For PLUS Loans disbursed on or after July 1, 1998, and before January 1, 2000, Special Allowance Payments are based on the T-Bill Basis plus 3.1% to the extent such computation exceeds 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 9%/8.25% cap. However, for applications received on or after October 1, 1998, Special Allowance Payments are paid in order to afford the lender a yield equal to the 91-day Treasury Bill plus 3.1% whenever the formula exceeds the borrower's interest rate. For Consolidation Loans based upon consolidation applications received on or after October 1, 1998, and before January 1, 2000, there would be no Special Allowance Payments for such loans during any three (3) month period ending March 31, June 30, September 30, or December 31 unless the T-Bill Basis for the applicable quarter plus 3.1% exceeds the interest determined for such loans. Notwithstanding the foregoing, no Special Allowance Payments are made with respect to the portion of a Consolidation Loan representing loans made under Subpart I of Part A of Title VII of the Public Health Service Act.

For 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), the Special Allowance Payment is calculated based on the average of the bond equivalent rates of the quotes of the three (3) month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) (the "***CP Rate***") plus the following rates:

Loan Type	Loans Made January 1, 2000, through September 30, 2007	Loans Made on or after October 1, 2007, and Held by For-Profit Holder	Loans Made on or after October 1, 2007 and Held by Eligible Not-For-Profit Holder
Stafford Loan[(1)]	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.

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

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

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

ORIGINATION FEES

Lender Origination Fees. The lender is required to pay to the Secretary a fee based on the original principal balance of each loan made. This fee was increased from 0.5% to 1% effective for loans disbursed on or after October 1, 2007.

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

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

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

GUARANTEE AND REINSURANCE FOR FFELP LOANS

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

	Guaranty Percentage
Loans made (i) prior to October 1, 1993; (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, Section 1072(g)). The Higher Education Act further provides that the Secretary may direct a guaranty agency to return to the Secretary a portion of its 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 100% of the amounts owed on a loan made prior to October 1, 1993, and 98% of the amounts owed on a loan made on or after October 1, 1993, and before October 1, 1998, and 95% of the amounts owed on a loan made on or after October 1, 1998, for losses upon notice and determination of such amounts subject to reduction based on the guaranty agency's claims rate (as described below). The Secretary is also authorized to acquire the loans of borrowers who are at high risk of default and who request an alternative repayment option from the Secretary.

Reductions in Reinsurance Payments Based on Claims Rate. The amount of such reinsurance payments is subject to reduction based upon the annual claims rate of the guaranty agency calculated to equal the amount of federal reinsurance received as a percentage of the original principal amount of FFELP loans in repayment on the last day of the prior fiscal year. The original principal amount of 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 100%. The first trigger for a reduction in reinsurance payments is when the amount of the defaulted loan reimbursements exceeds 5% of the amount of all loans guaranteed by the guaranty agency in repayment status at the beginning of the federal fiscal year. The second trigger is when the amount of defaults exceeds 9% of the loans in repayment. The claims experience is not accumulated from year to year, but is determined solely on the basis of claims paid in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year. Guarantee reinsurance rates are presented in the following table:

Claims Paid Date	Maximum	5% Trigger	9% Trigger
Before October 1, 1993	100%	90%	80%
October 1, 1993 – September 30, 1998[(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 both of which are reinsured at 100%

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

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

Timing of Default Claims and Payment. A 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 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 0.40% of the total principal amount of the loans on which insurance was issued during such fiscal year. A guaranty agency is also currently paid an account maintenance fee of 0.06% of the original principal amount of outstanding loans under the FFELP insured by such guaranty agency.

Under the 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 16% for payments received on or after October 1, 2007.

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

SECRETARY'S TEMPORARY AUTHORITY TO PURCHASE STAFFORD LOANS AND PLUS LOANS

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

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

Through certain "Dear Colleague" letters issued to members of the higher education lending community, the Secretary has created three programs (defined and described below) to utilize its temporary purchasing authority: (1) the Loan Purchase Commitment Program, (2) the Loan Participation Purchase Program, and (3) the Asset-Backed Commercial Paper Conduit Program.

Loan Purchase Commitment Program

2008-2009 Academic Year Loan Purchase Commitment Program. Initially, in a May 21, 2008 "Dear Colleague" letter, the Secretary only committed to exercising the purchasing authority granted under the Ensuring Continued Access to Student Loans Act for eligible loans originated during the 2008-2009 academic year (the "***Loan Purchase Commitment Program***"). On July 1, 2008, the U.S. Department of Education published the terms and conditions of the Loan Purchase Commitment Program for the 2008-2009 academic year in the Federal Register (specifically, 73 FR 37422, as later corrected by 73 FR 41048). The Federal Register required eligible FFELP lenders to submit a Notice of Intent to Participate in the Loan Purchase Commitment Program to the U.S. Department of Education by July 31, 2008. Participating lenders were required to meet the terms and conditions set forth in the Federal Register which included, but were not limited to, the following: (a) the eligible Stafford Loans and PLUS Loans were required to have, among other things, been made to students and parents of dependent students, respectively, for loan periods that included, or began on or after, July 1, 2008; additionally, the first disbursement was required to have been scheduled to be made on or after May 1, 2008, but no later than July 1, 2009, and the loan was required to have been fully disbursed no later than September 30, 2009; (b) unless the participating lender had entered into a Master Participation Agreement (described under the Loan Participation Purchase Program below) with the U.S. Department of Education, each participating lender was required to enter into a Master Loan Sale Agreement with the U.S. Department of Education and provide a statement setting forth representations, warranties, and guarantees required by the U.S. Department of Education in the Federal Register notice on or prior to March 31, 2009; (c) each participating lender who had entered into a Master Participation Agreement with the U.S. Department of Education was also required to enter into the Master Loan Sale Agreement with the U.S. Department of Education on or prior to July 1, 2009 if the lender wished to sell any of its eligible loans to the U.S. Department of Education, (d) each participating lender was required to exercise, if at all, its option to sell its fully disbursed eligible Stafford Loans and PLUS Loans to the U.S. Department of Education on or before August 31, 2009 (per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #71 which extended the deadline to submit the 45-day Notice of Intent to sell loans from August 14, 2009 to August 31, 2009, allowing for a final purchase date of October 15, 2009); and (e) all loan sales for which the participating lender had properly exercised its option were required to have been completed on or before October 15, 2009 (per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #71 which extended the

final loan purchase date from September 30, 2009 to October 15, 2009 in order to accommodate possible increased activity at the end of program year 2009).

2009-2010 Academic Year Loan Purchase Commitment Program. Due to continued tightening in the credit markets and concern among students, schools, and lenders regarding the availability of FFELP loans for the 2009-2010 academic year, the Secretary further committed in a November 10, 2008 "Dear Colleague" letter, pursuant to the authority granted by P.L. 110-350, to replicating the Loan Purchase Commitment Program for the 2009-2010 academic year. On January 15, 2009, the U.S. Department of Education published the terms and conditions of the Loan Purchase Commitment Program for the 2009-2010 academic year in the Federal Register (specifically, 74 FR 2518). The Federal Register required eligible FFELP lenders to submit a Notice of Intent to Participate in the Loan Purchase Commitment Program as it related to the 2009-2010 academic year to the U.S. Department of Education. Participating lenders were required to meet the terms and conditions set forth in the Federal Register which included, but were not limited to, the following: (a) the eligible Stafford Loans and PLUS Loans were required to have, among other things, been made to students and parents of dependent students, respectively, for loan periods that included, or began on or after, July 1, 2009; additionally, the first disbursement was required to have been scheduled to be made on or after May 1, 2009, but no later than July 1, 2010, and the loan was required to have been fully disbursed no later than September 30, 2010; (b) unless the participating lender had entered into a Master Participation Agreement (described under the Loan Participation Purchase Program below) with the U.S. Department of Education, each participating lender was required to enter into a 2009 Master Loan Sale Agreement with the U.S. Department of Education and provide a statement setting forth representations, warranties, and guarantees required by the U.S. Department of Education in the Federal Register notice on or prior to March 31, 2010; (c) each participating lender who had entered into a Master Participation Agreement (described under the Loan Participation Purchase Program below) with the U.S. Department of Education was also required to enter into the 2009 Master Loan Sale Agreement with the U.S. Department of Education on or prior to July 1, 2010, if the lender wished to sell any of its eligible loans to the U.S. Department of Education, (d) each participating lender was required to exercise, if at all, its option to sell its fully disbursed eligible Stafford Loans and PLUS Loans to the U.S. Department of Education on or before August 31, 2010 (per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #86 which extended the deadline to submit the 45-day Notice of Intent to sell loans from August 15, 2010 to August 31, 2010, allowing for a final purchase date of October 15, 2010); and (e) all loan sales for which the participating lender had properly exercised its option were required to have been completed on or before September 30, 2010 (per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #86 which extended the final loan purchase date from September 30, 2010 to October 15, 2010 in order to accommodate possible increased activity at the end of program year 2010).

Loan Participation Purchase Program

2008-2009 Academic Year Loan Participation Purchase Program. In a May 21, 2008 "Dear Colleague" letter, the Secretary, utilizing its temporary authority under the Ensuring Continued Access to Student Loans Act, announced a new financing program to make capital available to FFELP lenders, whereby the Secretary committed to purchasing participation interests (the "***Loan Participation Purchase Program***") in pools of eligible Stafford Loans and PLUS Loans made by FFELP lenders for the 2008-2009 academic year and holding those participation interests until September 30, 2009 (provided, however, that the U.S. Department of Education's participation interests were permitted to have been reduced through loan sales made pursuant to the Loan Purchase Commitment Program until October 15, 2009, per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #71). On July 1, 2008, the U.S. Department of Education published the terms and conditions of the Loan Participation Purchase Program for the 2008-2009 academic year in the Federal Register (specifically, 73 FR 37422, as later corrected by 73 FR 41048). The Federal Register required eligible FFELP lenders to submit a Notice of Intent to Participate in the Loan Participation Purchase Program to the U.S. Department of Education by July 31, 2008. Participating lenders were required to meet the terms and conditions set forth in the Federal Register which included, but were not limited to, the following: (a) the eligible Stafford Loans and PLUS Loans were required to have, among other things, been made to students and parents of dependent students, respectively, for loan periods that included, or began on or after, July 1, 2008; additionally, the first disbursement was required to have been scheduled to be made on or after May 1, 2008 but no later than July 1, 2009, and the loan was required to have been fully disbursed no later than September 30, 2009, (b) each participating lender was required to enter into a Master Participation Agreement with the U.S. Department of Education and a third-party custodian acceptable to the U.S. Department of Education prior to the earlier of July 1, 2009, or the closing date of the sale of the first participation interest to the U.S. Department of Education, (c) each participating lender was required to exercise, if at all, its option to sell participation interests in its eligible loans to the U.S. Department of Education on or before August 31, 2009 (provided, however, certain sales of participation interests were permitted to occur as late as September 30,

2009), (d) any participation interests purchased by the U.S. Department of Education will be held by the U.S. Department of Education until the earlier of (i) the date the participating lender notifies the U.S. Department of Education that it will no longer participate in the Loan Participation Purchase Program (by redeeming its loans from the third-party custodian and, if desired by the participating lender, by selling such redeemed loans to the U.S. Department of Education in accordance with the Loan Purchase Commitment Program), (ii) the effective date of any termination event such as, but not limited to, the bankruptcy, insolvency, or other adverse event with respect to the participating lender, and (iii) September 30, 2009 (provided, however, that settlement of final loan sale transactions were permitted to occur until October 15, 2009 per the U.S. Department of Education's Loan Purchase Programs Electronic Announcement #71).

2009-2010 Academic Year Loan Participation Purchase Program. P.L. 110-350 additionally granted the Secretary the power to purchase eligible Stafford Loans and PLUS Loans from eligible FFELP lenders that were first disbursed on or after July 1, 2009, but prior to July 1, 2010. In response to continued tightening in the credit markets and concern among students, schools and lenders as to the availability of FFELP loans for the 2009-2010 academic year, the Secretary committed in a November 10, 2008 "Dear Colleague" letter, pursuant to the authority granted by P.L. 110-350, to replicating the Loan Participation Program for the 2009-2010 academic year. On January 15, 2009, the U.S. Department of Education published the terms and conditions of the Loan Participation Purchase Program for the 2009-2010 academic year in the Federal Register (specifically, 74 FR 2518). The Federal Register required eligible FFELP lenders to submit a Notice of Intent to Participate in the Loan Purchase Commitment Program and/or the Loan Participation Purchase Program to the U.S. Department of Education. Participating lenders were required meet the terms and conditions set forth in the Federal Register which included, but were not limited to, the following: (a) the eligible Stafford Loans and PLUS Loans were required to have, among other things, been made to students and parents of dependent students, respectively, for loan periods that included, or began on or after, July 1, 2009; additionally, the first disbursement was required to have been scheduled to be made on or after May 1, 2009, but no later than July 1, 2010, and the loan was required to have been fully disbursed no later than September 30, 2010, (b) each participating lender was required to enter into a 2009 Master Participation Agreement with both the U.S. Department of Education and a third-party custodian acceptable to the U.S. Department of Education prior to the earlier of July 1, 2010, or the closing date of the sale of the first participation interest to the U.S. Department of Education, (c) each participating lender was required to exercise, if at all, its option to sell participation interests in its eligible loans to the U.S. Department of Education on or before August 31, 2010 and (d) any participation interests purchased by the U.S. Department of Education would be held by the U.S. Department of Education until the earlier of (i) the date the participating lender notified the U.S. Department of Education that it would no longer participate in the Loan Participation Purchase Program as it related to the 2009-2010 academic year eligible Stafford Loans and PLUS Loans, (ii) the effective date of any termination event such as, but not limited to, the bankruptcy, insolvency, or other adverse event with respect to the participating lender, and (iii) September 30, 2010.

Asset-Backed Commercial Paper Conduit Program

In a November 10, 2008 "Dear Colleague" letter, the Secretary announced that, due to stagnation in the credit markets and the billions of dollars of student loans which remained on bank balance sheets, the U.S. Department of Education would develop an asset-backed commercial paper conduit program (the "***Asset-Backed Commercial Paper Conduit Program***") to purchase fully disbursed FFELP loans (other than Consolidation Loans) awarded between October 1, 2003 and July 1, 2009. Each conduit would be privately created by an eligible lender trustee and would contain the ownership rights of lenders to their eligible FFELP loans. The conduit would issue commercial paper to investors and secure the repayment of the commercial paper with the conduit's FFELP loan pool. The funds provided by investors would be paid to the student lenders who transferred the ownership rights in their eligible FFELP loans to the conduit. The U.S. Department of Education would, pursuant to the Ensuring Continued Access to Student Loans Act, enter into forward purchase commitments with each eligible lender trustee participating in the Asset-Backed Commercial Paper Conduit Program and commit to purchasing at a date in the future eligible FFELP loans at a certain price from the conduit if the conduit lacked sufficient funds to repay its investors as the commercial paper becomes due. On January 15, 2009, the U.S. Department of Education published the specific terms of the Asset-Backed Commercial Paper Conduit Program in the Federal Register (specifically, 74 FR 2518). Certain of the terms and conditions set forth in the Federal Register included, but were not limited to, the following: (a) the eligible Stafford Loans and PLUS Loans were required to have, among other things, been first disbursed by the eligible lender on or after October 1, 2003, but no later than June 30, 2009; fully disbursed no later than September 30, 2009; and conveyed to the conduit no later than June 30, 2010, (b) each conduit was required to enter into a Put Agreement with the U.S. Department of Education consistent with the terms and conditions in the Federal Register notice, (c) each conduit was expected to exercise its put option to the U.S. Department of Education

only after it had attempted to obtain funds from certain other sources, (d) the U.S. Department of Education would pay a purchase price of 97% or 100% (depending on the loan characteristics) of the principal balance outstanding plus the accrued but unpaid interest owed by the borrower for the eligible loans as of the purchase date, and (e) the U.S. Department of Education would agree to purchase eligible loans with a broader range of borrower benefits than those loans or participation interests in loans purchased by the U.S. Department of Education pursuant to the Loan Purchase Commitment Program and the Loan Participation Purchase Program (described above). On February 4, 2009, the U.S. Department of Education announced to the lending community *via* Loan Purchase Programs Electronic Announcement #47 that Straight-A Funding, LLC, through an eligible lender trustee agreement with the Bank of New York Mellon, entered into an agreement on January 20, 2009, with the U.S. Department of Education to serve as the initial conduit provider under the Asset-Backed Commercial Paper Conduit Program. On May 11, 2009, the U.S. Department of Education announced to the lending community *via* Loan Purchase Programs Electronic Announcement #60 that the Asset-Backed Commercial Paper Conduit Program had officially been implemented.

LENDER OF LAST RESORT PROGRAM

The FFELP allowed guaranty agencies and eligible lenders (after consideration by the state guaranty agency) to act as lenders of last resort. A lender of last resort was authorized to receive advances from the Secretary in order to ensure that adequate loan capital exists in order to make loans to students. Students and parents of students who were otherwise unable to obtain FFELP loans (other than Consolidation Loans) were permitted apply to receive loans from the state's lenders of last resort.

On May 7, 2008, the Ensuring Continued Access to Student Loans Act temporarily granted the Secretary authority until June 30, 2009, to designate qualified state institutions of higher education as eligible to apply for loans from lenders of last resort. On October 7, 2008, P.L. 110-350 became law and extended the Secretary's authority for an additional year until June 30, 2010. Any designation by the Secretary of an institution as eligible to apply for such loans would also expire on June 30, 2010 per P.L. 110-350. The Secretary had been ordered to develop standards detailing the qualifications necessary to participate in the lender of last resort program; such standards were permitted to include a requirement that the institution show that it had been unable to secure commitments from eligible lenders for a significant number of its students and a requirement that the institution demonstrate that it had met a minimum threshold, as determined by the Secretary, for the number or percentage of students at the institution who had been rejected by eligible lenders of FFELP loans.

EXHIBIT II

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

"***2002 General Resolution***" means "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY EDUCATION LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" effective June 2002, as amended.

"***A-1 Notes***" shall mean the $292,000,000 2010-1 Series A-1 Student Loan Backed Notes.

"***A-2 Notes***" shall mean the $403,000,000 2010-1 Series A-2 Student Loan Backed Notes.

"***A-3 Notes***" shall mean the $225,000,000 2010-1 Series A-3 Student Loan Backed Notes.

"***Accepted Servicing Procedures***" shall mean 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), 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.

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

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

"***Adjusted Pool Balance***" for a given Distribution Date shall mean the sum of the Pool Balance as of the end of the most recent Collection Period, the Value of the Debt Service Reserve Fund and the Value of the Capitalized Interest Fund, after giving effect to any withdrawals from each of such Funds since the end of the last Collection Period as determined by the Administrator.

"***Administrator***" shall mean 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***" shall mean the fees payable by the Corporation to the Administrator 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.

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

(a) 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;

(b) for as long as Moody's is a Rating Agency, a rating by Moody's no lower than (i) with respect to Investment Obligations with maturities less than 3 months or providers of such investments), A-1 and P-1, (ii) with respect to Investment Obligations with maturities less than 6 months but at least 3 months (or providers of such investments), Aa3 and P-1, or (iii) with respect to Investment Obligations with maturities of 6 months or more (or providers of such investments), Aaa and P-1, as appropriate (except with respect to paragraph (d) of the definition of Investment Obligations which must be Aa3 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

(c) 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***" shall mean the South Carolina State Education Assistance Authority, a body politic and corporate and a public instrumentality of the State of South Carolina.

"***Authorized Denomination***" shall mean $100,000 and available for purchase in multiples of $1,000 above such amount.

"***Authorized Newspaper***" shall mean a newspaper of general circulation in the State.

"***Authorized Officer***" shall 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, the Chairman, its President or any other officer designated in writing by the Chairman or its President.

"***Available Funds***" shall mean the sum of, to the extent not previously distributed: (a) any amount by which the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, (b) any amount by which the Department Reserve Fund exceeds the Department Reserve Fund Requirement, (c) any amount by which the Capitalized Interest Fund exceeds the Step-down Schedule, (d) any amount by which the Operating Fund exceeds the Operating Fund Requirement, (e) all funds 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 Servicer to the Trustee by Electronic Means, and (f) all interest earned on Investment Obligations having been deposited into the Collection Fund during the immediately preceding Collection Period.

"***Backup Servicer***" shall mean Nelnet Servicing, LLC or any other organization with which the Corporation has entered into the Backup Servicing Agreement with respect to the Student Loan Finance Program.

"***Backup Servicing Agreement***" shall mean an agreement that the Corporation has with a Backup Servicer relating to the servicing of the Financed Student Loans after a Servicer Transfer Trigger.

"***Beneficial Owner***" shall mean, 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 shall mean Noteholder.

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

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

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

"***Capitalized Interest Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Cash Flow Certificate***" shall mean a Certificate of an Authorized Officer of the Corporation 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 Amounts and Operating Costs for each such year, which Certificate may rely upon data and computations made on behalf of the Corporation.

"***Certificate***" shall mean a document signed by an Authorized Officer attesting to or acknowledging the circumstances or other matters therein stated.

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

"***Clearstream***" shall mean Clearstream International.

"***Collection Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Collection Period***" shall mean any three-month period ending on the last day of March, June, September, or December; provided the initial Collection Period shall begin on the Issue Date and end on December 31, 2010.

"***Continuing Disclosure Certificate***" shall mean the certificate executed by the Corporation on the Issue Date that sets forth the obligations of the Corporation on providing certain information to the Beneficial Owners while the Notes are Outstanding.

"***Corporation***" shall mean 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***" shall mean the costs of issuing the Notes.

"***Counsel's Opinion***" shall mean 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.

"***Debt***" shall mean (a) indebtedness of the Corporation for borrowed money; and (b) obligations of the Corporation evidenced by bonds, debentures, notes, letters of credit, interest rate and currency swaps or other similar instruments.

"***Debt Service Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Debt Service Reserve Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Debt Service Reserve Requirement***" shall mean, as of any particular date of calculation, the greater of (a) 0.25% of the Pool Balance, as such Pool Balance shall be certified by the Administrator using Electronic Means to the Trustee, or (b) 0.10% of the Initial Pool Balance. The Debt Service Reserve Requirement may be composed of cash or Investment Obligations or any combination of the two, as the Corporation may determine.

"***Default Payment***" shall mean moneys received, realized or recovered through proceedings taken by the Corporation in the event of default in respect of any Financed Student Loan or in respect of any insurance on or guarantee with respect to any Financed Student Loan, including moneys received pursuant to a contract of insurance in respect of any Financed Student Loan.

"***Department Reserve Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Department Reserve Fund Amount***" shall mean amounts on deposit (a) for payments due and payable to the U.S. Department of Education related to the Financed Student Loans (b) any other payment due and payable to a Guaranty Agency relating to its guaranty of Financed Student Loans, or (c) 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 Student 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***" shall mean as of any date, an amount equal to the Department Reserve Fund Amount of the Corporation for the current quarter and such additional amount as the Corporation 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.

"***Distribution Date***" shall mean January 25, 2011, and the twenty-fifth (25^{th}) day of each January, April, July, and October thereafter, or the next Business Day if such day is not a Business Day.

"***Electronic Means***" shall mean telecopy, facsimile transmissions, email transmissions or other similar electronic means of communication capable of producing a written record, including a telephonic communication confirmed by any method set forth in this definition.

"***Eligible Institution***" shall mean any educational institution that is an eligible institution as described in the Higher Education Act and also so described in the Act.

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

"***Ending Balance Factor***" shall mean, for any given day, the number calculated by dividing the unpaid principal balance of a Tranche of the Outstanding Notes (after any payments of principal are made) by the original principal balance of such Tranche of the Notes and rounding the result to nine decimal places.

"***Euroclear***" shall mean Euroclear System.

"***Event of Default***" shall have the meaning specified in General Resolution.

"***Event of Insolvency***" shall mean the occurrence of one or more of the following events:

(a) 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;

(b) 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;

(c) the making by the Corporation or the Servicer, as applicable, of an assignment for the benefit of creditors;

(d) 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;

(e) the declaration of a moratorium with respect to the payment of the debts of the Corporation or the Servicer, as applicable; or

(f) the initiation by the Corporation or the Servicer, as applicable, of any action in furtherance of or to authorize any of the foregoing.

"***Federal Reimbursement Contract***" shall mean 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 limited to) partial reimbursement of amounts paid or payable upon defaulted Financed Student 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.

"***Fiduciary***" or "***Fiduciaries***" shall mean the Trustee and any successor, the Registrar, any Paying Agent, or any of or all of them, as may be appropriate.

"***Financed***" when used with respect to Student Loans, shall mean 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***" shall mean Fitch Ratings, its successors and their assigns.

"***Fund***" or "***Funds***" shall mean one or more of the special trust funds that are created hereby.

"***General Resolution***" shall mean the General Resolution authorizing the issuance of the Notes in accordance with the terms and provisions thereof, adopted by the Corporation, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

"***Guaranty Agency***" shall mean 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***" shall mean an event that causes a Guaranty Agency not to pay claims on Financed Student Loans.

"***Guaranty Agreements***" shall mean the blanket guarantee or other guarantee agreements by or from any Guaranty Agency to the Eligible Lender for the purpose of guaranteeing Financed Student Loans, and any amendment of any of the foregoing entered into in accordance with the provisions thereof and the General Resolution.

"***Higher Education Act***" shall mean 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 Student Loans) insured by a Guaranty Agency, and other purposes.

"***Initial LIBOR Indexed Rate***," with respect to each Tranche of the Notes, shall mean the rate equal to the applicable LIBOR rate, calculated in accordance with the procedures described in the Offering Memorandum under the heading "**DESCRIPTION OF THE NOTES - Interest Payments**" plus the applicable Spread Factor.

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

"***Initial Pool Balance***" shall mean $950,823,965, which is the Pool Balance as of October 20, 2010, of the Student Loans to become Financed on the Issue Date.

"***Interest Account***" shall mean the Account so designated within the Debt Service Fund that is established by the General Resolution.

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

"***Interest Subsidy Payments***" shall mean interest subsidy payments payable in respect to any Financed Student Loans by the Secretary under Section 428 of the Higher Education Act.

"***Investment Obligations***" shall mean 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 the General Resolution, provided that such investments meet the Applicable Rating Criteria for Investment Obligations:

(a) 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;

(b) overnight repurchase agreements with respect to securities issued or guaranteed by the United States government or its agencies; and

(c) 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.

"***Issue Date***" shall mean November 30, 2010.

"***Joint Sharing Agreement***" shall mean an agreement that 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***" shall mean, with respect to each Tranche, the interest rate established by the Trustee on each Interest Rate Determination Date and equal to the LIBOR Rate plus the applicable Spread Factor.

"***LIBOR Rate***" shall mean, for any given day, the rate per annum fixed by the British Bankers' Association at 11:00 a.m., London time (the "***BBA Libor Rate***"), on such day relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a three-month period. If such a day is not a business day in London, then the rate most recently fixed as the BBA Libor Rate for a three-month period shall be used. Such rate may be available on the following Bloomberg screen: US0003M<Index>HP. If the rate is no longer available from Bloomberg or its successor, the rate for that day will be determined on the basis of rates at which deposits in U.S. dollars, having a three-month maturity and in a principal amount of not less than US$1,000,000, are offered at approximately 11:00 a.m., London time, on that Interest Rate Determination Date, to prime banks in the London interbank market by the Reference Banks. The Trustee will request the principal London office of each Reference Bank to provide a quotation of its rate. If the Reference Banks provide at least two quotations, the rate for that day will be the arithmetic mean of the quotations. If the Reference Banks provide fewer than two quotations, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Administrator at approximately 11:00 a.m., New York City time, on that Interest Rate Determination Date, for loans

in U.S. dollars to leading European banks having a three-month maturity and in a principal amount of not less than US$1,000,000. If the banks selected as described above do not provide such quotations, the LIBOR Rate in effect for the applicable Interest Period will be the LIBOR Rate in effect for the previous Interest Period.

"***Majority of the Noteholders***" shall mean the Noteholders of more than 50% in aggregate principal amount of the Notes Outstanding.

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

"***Nationally Recognized Rating Service***" shall mean any of S&P, Moody's, and Fitch (or the successor to any) or other nationally recognized securities Rating Agency.

"***Note***" or "***Notes***" shall mean any or all of the South Carolina Student Loan Corporation Student Loan Backed Notes authorized by the Series Resolution and issued under the General Resolution.

"***Noteholder***" shall mean the registered owner of a Note Outstanding, including the Securities Depository.

"***Note Purchase Agreement***" shall mean the agreement under which the Notes shall be sold to the underwriters.

"***Operating Costs***" shall mean all expenses of the Corporation, the Administrator, and the Servicer in carrying out and administering the Student Loan Finance Program under General Resolution and shall include, without limiting the generality of the foregoing, Paying Agent fees, Servicing Fees, Rating Agency fees and fees and expenses of the Fiduciaries, 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 General Resolution.

"***Operating Fund***" shall mean the Fund so designated that is created by the General Resolution.

"***Operating Fund Requirement***" shall mean as of any date, an amount equal to the Operating Costs for the current quarter 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.

"***Outstanding***" when used with reference to any Notes, shall mean, as of any date, all Notes theretofore or then being authenticated and delivered under General Resolution except:

(a) any Notes cancelled by the Trustee at or prior to such date;

(b) Notes (or portions thereof) for the payment of which there shall be held in a segregated trust account under the General Resolution (whether at or prior to the Stated Maturity Date) cash, equal to the principal amount or Redemption Price thereof, with interest to the Stated Maturity Date or earlier Distribution Date, as applicable; and

(c) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to the General Resolution.

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

"***Paying Agent***" shall mean 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***" shall mean 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***" shall mean 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***" shall mean for any date the aggregate Principal Balance of all Financed Student Loans on that date plus accrued interest that is expected to be capitalized as authorized under the Higher Education Act as determined by the Administrator.

"***Principal Account***" shall mean the Account so designated within the Debt Service Fund that is created by the General Resolution.

"***Principal Balance***" when used with respect to a Financed Student Loan, shall mean 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.

"***Principal Distribution Amount***" with respect to any Distribution Date, shall mean the amount, if any, by which (a) the aggregate principal amount of the Notes Outstanding as of the end of the most recent Collection Period exceeds (b) the Adjusted Pool Balance divided by 120%; but not less than the amount of any principal due if such Distribution Date is also a Stated Maturity Date or Notes have been duly called for redemption on such Distribution Date in accordance with the Series Resolution.

"***Program Fund***" shall mean the Fund so designated that is established by the General Resolution.

"***Rating Agency***" or "***Rating Agencies***" shall mean any Nationally Recognized Rating Service 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***" shall mean, 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***" shall mean, with respect to any installment of interest or principal to be paid on a Distribution Date, the Business Day prior to the Distribution Date.

"***Recoveries of Principal***" shall mean 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***" shall mean the total of principal and accrued but unpaid interest on any Note redeemed on a Distribution Date.

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

"***Registrar***" shall mean the Trustee, as well as any Co-Registrar appointed by the Corporation and the Trustee under the General Resolution.

"***Resolution***" shall mean, collectively, the General Resolution and the Series Resolution.

"***Secretary***" shall mean 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***" shall mean The Depository Trust Company, New York, New York or any additional or successor securities depository for the Notes.

"***Series***" shall mean all of the Notes authenticated and delivered pursuant to the Series Resolution and designated therein as a Series of Notes, and any Notes thereafter authenticated and delivered in lieu of or in substitution for such Notes pursuant thereto and hereto.

"***Servicer***" shall mean 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***" shall mean (i) any report generated by the U.S. Department of Education, Office of the Inspector General, specifically relating to a Servicer and (ii) a third party review of a Servicer conducted under the provisions of the Statement on Auditing Standards No. 70, "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.

"***Servicer Transfer Trigger***" shall mean one of the following events:

(a) the Servicer determines that it will no longer service any Financed Student Loans and provides written notice to the Backup Servicer and other parties as required under the Backup Servicing Agreement and prompt written notice to the Trustee of the transfer of servicing pursuant to the Backup Servicing Agreement,

(b) a material weakness regarding the applicable Servicer has been identified in any Servicer Compliance Report related to that 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 has directed the Trustee and the Administrator in writing to proceed with a transfer of servicing,

(c) the Servicer is in a material violation of its duties under the General Resolution (including but not limited to, those with respect to Accepted Servicing Procedures) or under the Higher Education Act and such material violation shall continue for a period of thirty (30) days after such Servicer becomes aware of such material violation and a Majority of the Noteholders has directed the Trustee and the Administrator in writing to proceed with a transfer of servicing, or

(d) the occurrence of an Event of Insolvency of the Servicer.

"***Servicing Fees***" shall mean the fees payable by the Corporation to the Servicer 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***" shall mean special allowance payments authorized to be made by the Secretary in respect of the Financed Student Loans pursuant to Section 438 of the Higher Education Act or similar allowances authorized from time to time by federal law or regulation.

"***Spread Factor***" shall mean with respect to the A-1 Notes, 0.45% per annum; with respect to the A-2 Notes, 1.00% per annum; and with respect to the A-3 Notes, 1.05% per annum.

"***S&P***" shall mean Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., its successors and their assigns.

"***State***" shall mean the State of South Carolina.

"***Stated Maturity Date***" shall mean, with respect to the A-1 Notes, January 25, 2021; with respect to the A-2 Notes, July 25, 2025; and with respect to the A-3 Notes, October 27, 2036.

"***Step-down Schedule***" shall mean the following maximum balances for the Capitalized Interest Fund.

Date	Maximum Amount
April 15, 2011	$5,460,000
July 15, 2011	2,710,000
July 16, 2012	0

"***Student Loan***" shall mean a student loan having the following characteristics:

(a) 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;

(b) the borrower thereunder is an eligible borrower under the Higher Education Act;

(c) such obligation represents advances of money made by an Eligible Lender to or on behalf of a student attending, enrolled, or having been enrolled at an Eligible Institution, evidenced by one or more promissory notes;

(d) 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;

(e) 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;

(f) such obligation is originated or financed using funds from the Trust Estate not in excess of the Value thereof;

(g) 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 deferral or forbearance periods granted in accordance with applicable laws or program requirements, including those of the Higher Education Act or any Guaranty Agreement;

(h) such obligation is subject to a Perfected Interest;

(i) 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;

(j) 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;

(k) such obligation qualifies the holder thereof to receive guarantee 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;

(l) 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;

(m) 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; and

(n) 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.

"***Student Loan Finance Program***" shall mean and include any acts or things done by the Authority or the Corporation pursuant to the Act and General Resolution for the purpose of financing Student Loans.

"***Student Loan Insurance Program***" shall mean the guarantee program of the Authority authorized by the Act related to Student Loans.

"***Supplemental Resolution***" shall mean any resolution supplemental to or amendatory of the General Resolution or the Series Resolution adopted by the Corporation in accordance with the General Resolution.

"***Tranche***" means Notes having the same Stated Maturity Date, interest rate methodology, and numerical or letter designation.

"***Transaction Documents***" shall mean the General Resolution, the Series Resolution, any Supplemental Resolution, any Notes, any Backup Servicing Agreement and any Guaranty Agreement.

"***Trust Estate***" shall mean, together with any proceeds, all rights, title, and interest of the Corporation in the following: (a) the Financed Student Loans; (b) interest payments with respect to Financed Student Loans made by or on behalf of borrowers; (c) Recoveries of Principal; (d) any Special Allowance Payments; (e) all Interest Subsidy Payments; (f) any Backup Servicing Agreement and any Guaranty Agreement; (g) 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 (h) 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 hereunder.

"***Trustee***" shall mean Wells Fargo Bank, National Association and the successor or successors thereto and any other corporation that may at any time be substituted in its place pursuant to the General Resolution.

"***UCC***" shall mean the Uniform Commercial Code as in effect in the State, as amended.

"***Value***" on any calculation date when required under General Resolution shall mean the value of the Trust Estate calculated by the Corporation as to (a) and (b) below and by the Trustee as to (c) and (d), inclusive, below, as follows:

(a) 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 to the General Resolution to be transferred to the Trustee, less the unguaranteed portion of Financed Student Loans in claims status;

(b) with respect to any funds of the Corporation held under 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;

(c) 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; and

(d) subject to the General Resolution, as to other investments, the fair market value based on accepted industry standards from Financial Times Interactive Data Corporation, or, if not available, from another industry provider selected by the Trustee.

EXHIBIT III

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 are 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.

Pledge of Trust Estate *(Section 501)*

In the General Resolution the Corporation will pledge and assign (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 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.

Subject to the limitations set forth in the 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 have been paid, to release any remaining portion of the Trust Estate from the lien of the General Resolution.

Creation 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
- Interest Account
- Principal Account

(4) Capitalized Interest Fund

(5) Operating Fund

(6) Department Reserve Fund

(7) 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 deposited promptly, but no later than two (2) Business Days after the receipt thereof, to the credit of the Collection Fund.

Not later than the fifteenth (15^{th}) 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 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 (16^{th}) day of the month following the last day of each Collection Period (as well as any additional date for which the Corporation directs the Trustee in a Certificate), using the Available Funds, 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, 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 (not to exceed four months of Department Reserve Fund Amounts as determined by the Corporation) as directed by the Corporation;

(ii) Second, to the Operating Fund, an amount that, when added to the amount therein, will equal the Operating Fund Requirement (not to exceed four months of Operating Costs as determined by the Corporation) as directed by the Corporation;

(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 interest due on all Outstanding Notes on the immediately succeeding Distribution Date as calculated by the Trustee;

(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 Principal Account, the Principal Distribution Amount, for the payment of principal of the Notes as calculated by the Trustee.

(vi) Sixth, to pay any indemnity or reimbursement amounts payable by the Corporation under any Transaction Document or other Operating Cost not previously paid including, without limitation, any fees

and expenses of the Fiduciaries in accordance with the General Resolution, or other Operating Costs not previously paid (not to exceed $150,000 in the aggregate per annum in the absence of an Event of Default), to the party to be indemnified or reimbursed pursuant to the Transaction Document; and

(vii) Seventh, to the Principal Account, any remaining funds available for the payment of principal of the Notes as calculated by the Trustee.

Application of Moneys in Other Funds and Accounts *(Section 505)*

(a) Moneys 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 in the Principal Account will be required to 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 by the Corporation to pay Operating Costs in accordance with the General Resolution. Such Operating Costs will not be permitted to be increased unless the Trustee shall first receive a Rating Agency Condition from Fitch and a Cash Flow Certificate. The Corporation will be required to provide thirty (30) days' prior written notice to S&P of any increase in Operating Costs. Such amounts on deposit will not be permitted to exceed four (4) months of Operating Costs as determined by the Corporation. If the Corporation shall determine that excess funds are on deposit in the Operating Fund, the Corporation 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 by the Corporation 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 Corporation. If the Corporation shall determine that excess funds are on deposit in the Department Reserve Fund, the Corporation 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 (f) below.

(f) 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 as a result of a shortfall in the Debt Service Fund. The order of Funds and Accounts from which moneys will be required to be transferred in the event that moneys in the Interest Account or Principal Account are insufficient to avoid a default in payment of principal of or interest on the Notes will be as follows: the Capitalized Interest Fund, the Collection Fund, the Principal Account or Interest Account of the Debt Service Fund (as applicable), the Program Fund, 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 Corporation to retire all Notes Outstanding.

(h) To the extent there are insufficient moneys in the Department Reserve Fund, the Operating Fund, or the Interest Account to make one or more of the transfers or payments described in items (i) through (iii) of "**Distributions of Moneys from the Collection Fund**" above and amounts are on deposit in the Capitalized Interest Fund, the Trustee will be required to withdraw from the Capitalized Interest Fund, the lesser of an amount equal to such deficiency or the entire amount then on deposit in the Capitalized Interest Fund and to deposit such amount in such Fund or Account. All amounts on deposit in the Capitalized Interest Fund will be required to be transferred to the credit of the Collection Fund to the extent they exceed the amounts in the Step-down Schedule.

(i) Upon discharge of the lien of the General Resolution in full, the remaining assets in the Trust Estate, including but not limited to the Financed Student Loans and the deposit in the Funds and Accounts, will be distributed to the Authority and the Corporation proportionately in kind using the following calculation made by the Corporation, as shall be certified to the Trustee and the Authority using Electronic Means. The Authority's portion of the Trust Estate will be calculated by multiplying the Authority Trust Estate Percentage (as set forth in the Series Resolution) by the Value of the Trust Estate and the Corporation's portion of the Trust Estate will be calculated by multiplying the Corporation Trust Estate Percentage (as set forth in the Series Resolution) by the Value of the Trust Estate. Such calculations and resulting in kind distributions will be required to be made as promptly as possible by the Corporation and the Trustee, as applicable. In making such distribution, the Trustee will be entitled to rely upon such calculations made by the Corporation and shall be under no duty to recalculate and confirm such calculations.

Investment of Funds and Accounts *(Section 506)*

The General Resolution requires or permits investments of moneys (including moneys comprising of temporary liquidity surpluses), at the direction of the Corporation, in each Fund and Account, consistent with the required uses of such moneys, in Investment Obligations. See **EXHIBIT II –** "**GLOSSARY OF CERTAIN DEFINED TERMS FROM THE GENERAL AND SERIES RESOLUTIONS**," for the definition of the term "***Investment Obligations***."

Conditions Precedent to Authentication and Delivery of a Series of Notes *(Section 207)*

The Trustee may authenticate and deliver Notes under the General Resolution by or on behalf of the Corporation only upon the Trustee's receipt of:

(i) a copy of the Series Resolution, certified by an Authorized Officer of the Corporation;

(ii) a Certificate of an Authorized Officer of the Corporation as to the delivery of the Notes and describing the Notes to be authenticated and delivered, designating the purchaser or purchasers to whom the Notes are to be delivered, and stating the purchase price of the Notes;

(iii) an approving Counsel's Opinion;

(iv) evidence satisfactory to the Trustee that funds will be on deposit on the Issue Date in the Debt Service Reserve Fund in an amount equal to the initial Debt Service Reserve Requirement;

(v) a Certificate of an Authorized Officer of the Corporation stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements, or provisions contained in the General Resolution or the Series Resolution;

(vi) a Cash Flow Certificate;

(vii) the amount of the proceeds of the Notes to be deposited in any Fund or Account as set forth in the General Resolution and the Series Resolution and such further documents, moneys and securities as are required hereby or by the Series Resolution;

(viii) evidence of ratings, if any, by each Rating Agency on the Notes; and

(ix) UCC-1 financing statements prepared by the Corporation and evidence that appropriate arrangements have been made by the Corporation for the filing of such UCC-1 financing statements.

No Additional Obligations *(Section 205)*

No additional series of notes or bonds may be authenticated and issued under the General Resolution.

Certain Covenants of the Corporation *(Article VI)*

The Corporation has covenanted 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 Student Loans made thereunder will continue to benefit from Federal Reimbursement Contracts, the federal programs of insurance and reinsurance of Financed Student 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 Student 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.

Expenditure and Collection. *(Section 604)* Only Student Loans eligible to be financed pursuant to the General Resolution and the Act shall 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 Student 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 Student 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 Student Loans for payment of guarantee 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 timely and fully perform and comply, and 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.

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 guarantee 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 ninety (90) days from the end of each fiscal year of they 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 or otherwise make the same available to any Beneficial Owners or their representatives duly authorized in writing.

The Corporation will covenant and agree that it will comply with and carry out or cause to be carried out all of the provisions of the Continuing Disclosure Certificate.

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, 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 Eligible Lender to sell, transfer, or otherwise dispose of Financed Student Loans unless the Corporation has been directed to make any such sale following an Event of Default, or such sale, transfer, or disposition is authorized in the Series Resolution for the payment of Redemption Price on any Distribution Date.

If necessary or desirable for administrative purposes or, with respect to any particular Student Loan, if requested by the borrower, the Corporation will be permitted to substitute Student Loans for existing Financed Student Loans if the substituted Student Loans have characteristics (including aggregate Principal Balance, borrower status, remaining term, and lender yield) that are substantially similar to the characteristics of the substituted Financed Student Loans, and the Trustee shall have received a Certificate of the Corporation certifying that such substitution will not materially adversely affect the Corporation's ability to pay principal of, and interest on, the Notes and all other payment obligations under the General Resolution and the Series Resolution. In addition, the Corporation will be permitted to substitute one or more Student Loans (of approximately the same aggregate Principal Balance, borrower status, remaining term, and lender yield as the substituted Financed Student Loans) for existing Financed Student Loans in order to (i) evidence the additional obligations of borrowers whose Student Loans have been previously Financed under the General Resolution; or (ii) substitute Student Loans that are eligible, for Financed Student Loans that are no longer eligible to be Financed Student Loans under the General Resolution. Any such Student Loans so transferred to the General Resolution to become Financed Student Loans in exchange for Student Loans previously financed or credited thereunder to the Program Fund will, for all purposes of the General Resolution, be credited to the Program Fund. No such substitution will be permitted if the Value of such Student Loans in such substitution, combined with the Value of all prior transfers exceeds ten percent (10%) of the aggregate Value of the Trust Estate on the Issue Date. Each Rating Agency will be required to be provided notice of such substitution by the Corporation, and the Corporation will be required to provide a report summarizing the change in the characteristics of the Financed Student Loans.

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 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 Student Loans will be required to be held by 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 no longer qualifies or will 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 be required to maintain a Backup Servicing Agreement. Any and all Financed Student Loans serviced by the Servicer will be required to be transferred for servicing by the Backup Servicer promptly upon the occurrence of a Servicer Transfer Trigger with respect to that Servicer in accordance with the requirements contained in the Backup Servicing Agreement.

Perfection and Priority of Security Interest. (Section 615) The Corporation will be required to take all steps necessary, 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) If the Corporation shares the U.S. Department of Education lender identification number associated with the Financed Student Loans with other student loans securing different trust estates, the Corporation will not share such lender identification number unless it has implemented and executed a Joint Sharing Agreement.

Recourse Debt. (Section 619) The Corporation will not be permitted to incur any Debt other than (a) Debt arising under the General Resolution, (b) Debt the payment of which is a limited recourse obligation of the Corporation, payable solely from a discrete and specific pool of pledged assets (which does not include any of the Trust Estate), and (c) Debt the aggregate outstanding principal balance of which will not be secured by or payable from the Trust Estate and will not exceed the lesser of (i) $25,000,000 or (ii) 10% of the net assets as set forth in the most recently audited financial statements of the Corporation.

Defaults and Remedies

Events of Default. (Section 801) Under the General Resolution, each of the following events is an "Event of Default":

(1) default by the Corporation in the payment of any installment of interest on the Notes, when due;

(2) default by the Corporation in the payment of any principal of the Notes on a Stated Maturity Date or of any Redemption Price;

(3) 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 (except for the covenant relating to the Backup Servicer described above, in which case five (5) days will applicable) after written notice thereof by the Trustee or the Noteholders of not less than twenty five percent (25%) in principal amount of the Outstanding Notes; or

(4) an Event of Insolvency of the Corporation shall have occurred.

Remedies. (Section 802) Upon the happening and continuance of any Event of Default and subject to provisions of the General Resolution, the Trustee, upon the written described below under the subheadings "*Accelerated Maturity*" and "*Direction to Trustee*," will be required to proceed to protect and enforce the rights of the Noteholders by such of the following remedies as directed:

- enforce, by mandamus or other suit, action, or proceedings at law or in equity, all rights of the Noteholders, including the right to require the Corporation, the Servicer, or the Administrator to receive and collect or cause to be received and collected the Trust Estate assets, adequate to carry out the covenants and agreements as to, and pledge of, such Trust Estate, and to require the Corporation, the Servicer, or the Administrator to carry out or cause to be carried out any of its other covenants or agreements with Noteholders and to perform or cause to be performed duties under the Act;

- bring suit upon the Notes;

- require the Corporation and/or the Eligible Lender by action or suit to account as if it were the trustee of an express trust for the Noteholders;

- enjoin by action or suit any acts or things which may be unlawful or in violation of the rights of the Noteholders;

- declare all Notes due and payable in accordance with the provisions of the General Resolution described below under the subheading "*Accelerated Maturity*;"

- 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 Administrator 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 "**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 subheading; and

- take any other action as may directed as described below under the subheadings "*Accelerated Maturity*" and "*Direction to Trustee.*"

Upon the happening of any Event of Default, the Trustee will be permitted to do any of the following:

- 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

- 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;

Except in the case of an Event of Insolvency of the Corporation, if the Trustee shall determine 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 (a) the Value of the Financed Student Loans as of the cutoff date or the date of sale or (b) 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. 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 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 803)* 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 payment of principal of, Redemption Price and interest on such Noteholder's Notes.

Priority of Payments After Default. *(Section 804)* 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 (a) the fees of and expenses, liabilities, and advances incurred or made by the Trustee, including, but not limited to, the fees and expenses of its counsel and other agents and (b) any other amounts owed to the Trustee under the General Resolution or under any of the Transaction Documents, as follows:

Unless the principal of all of the Notes shall have become or have been declared due and payable:

First: To the payment of Operating Costs and Department Reserve Fund Amounts;

Second: To the payment to the persons entitled thereto of all installments of interest then due on such Notes in the order of such installments and, if the amount available shall not be sufficient to pay in full any installment 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

Third: To the payment to the persons entitled thereto of the unpaid principal of any such 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.

If the principal of all of the Notes shall have become or have been declared due and payable:

First: To the payment of Operating Costs and Department Reserve Fund Amounts; and

Second: To the persons entitled thereto for the payment of principal and interest, without any preference or priority, ratably according to the aggregate amounts due, to the persons entitled thereto.

Accelerated Maturity. *(Section 805)* 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 (1) or (2) above), or upon the written direction of a Majority of the Noteholders, will be required to declare, the principal of all Notes then Outstanding, and the interest thereon, if not previously due, immediately due and payable, anything in the Notes or the General Resolution to the contrary notwithstanding. Such Noteholders may annul such declaration and its consequences. The Trustee will also be required to provide written notice to each Rating Agency of any acceleration under the General Resolution.

Direction to Trustee. *(Section 806)* 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 authorized by the terms of the General Resolution to be so taken or to be discontinued or delayed; provided, however, that such Noteholders will not be entitled to cause the Trustee to take any proceedings that in the Trustee's opinion would be unjustly prejudicial to non-assenting Noteholders, but the Trustee will be entitled to assume that the action requested by the Majority of Noteholders will not be prejudicial to any non-assenting Noteholders unless the Noteholders of at least fifty-one percent (51%) of the collective aggregate principal amount of the non-assenting Noteholders, in writing, certify to the Trustee how they will be prejudiced.

Termination of Proceedings. *(Section 807)* 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 conferred in the General Resolution will continue as though no such proceeding had been taken.

Remedies Not Exclusive. *(Section 808)* No remedy conferred upon or reserved to the Trustee or the Noteholders by the General Resolution is intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and in addition to any other remedy given thereunder, now or hereafter existing at law or in equity or by statute.

No Waiver of Default. *(Section 809)* No delay or omission of the Trustee or any Noteholder to exercise any right or power 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 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.

Notice of Event of Default to Noteholders. *(Section 810)* The Trustee will be required to give to the Noteholders notice of each Event of Default under the General Resolution known to 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 mailing written notice thereof: (1) 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; (2) to such Noteholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

Redemption of Notes *(Article X)*

Privilege of Redemption and Redemption Price. *(Section 1001)* 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 1002)* In the case of any redemption of Notes otherwise than as described in the subheading "*Redemption Otherwise than at Corporation's Election or Direction*" below, 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 Series, of the principal amounts of the Notes of each Stated Maturity Date 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 subheading "*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.

Redemption Otherwise than at Corporation's Election or Direction. *(Section 1003)* Whenever by the terms of the General Resolution, the Trustee will be required to redeem Notes otherwise than at the election or direction of the Corporation, and subject to and in accordance with the terms of the General Resolution described under this heading, the Trustee will be required to select the Distribution Date of the Notes to be redeemed, give the notice of redemption, and pay the Redemption Price to the appropriate Paying Agents from the Debt Service Fund.

Notice of Redemption. *(Section 1005)* 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 subheading "*Redemption at the Election or Direction of the Corporation*," and when redemption of Notes is required by the General Resolution pursuant to the provisions of the General Resolution described above under the subheading "*Redemption Otherwise than at the Corporation's Election or Direction*," the Trustee will be required to give notice in the name of the Corporation, of the redemption of such Notes, which notice will be required to specify the Series and maturities of the Notes to be redeemed, the Distribution Date, and the place or places where amounts due upon such redemption will be payable and, if less than all of the Notes of any like Series and Stated Maturity Date are to be redeemed, the letters and numbers or other distinguishing marks of such Notes so to be redeemed and, in the case of Notes to be redeemed in part only, such notice will also be required to specify the respective portions of the principal amount thereof to be redeemed. 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, or the Redemption Price of the specified portions of the principal thereof in the case of Notes to be redeemed in part only, 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 subheading "*Payment of Redeemed Notes*." The Trustee will be required to mail a copy of such notice in accordance with the Series Resolution.

Payment of Redeemed Notes. *(Section 1006)* Notice having been given in the manner described above under the subheading "*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 there shall be drawn for redemption less than all of a Note, the Corporation will be required to execute and the Trustee will be required to authenticate and the Paying Agent to deliver, upon the surrender of such Note, without charge to the Noteholder, for the unredeemed balance of the principal amount of the Note so surrendered at the option of the Noteholder, Notes of like Series, interest rate, and Stated Maturity Date in any Authorized Denomination. 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.

Concerning Fiduciaries *(Article IX)*

Trustee. *(Section 901)*. 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 and obligations 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 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 that it believes to be authorized under the General Resolution and within its powers. The Trustee will not be liable for any action taken or omitted by it in good faith at the direction of a Majority of 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.

Evidence on Which Fiduciaries May Act. (Section 904) Each Fiduciary will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, 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 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 Fiduciary will be permitted to consult with counsel, who may or may not be counsel to the Corporation, and the opinion of such counsel 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 Fiduciary 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 upon the faith thereof, but in its sole discretion the Fiduciary 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 Fiduciary will be sufficiently executed if executed in the name of the Corporation by an Authorized Officer. Each Fiduciary 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. The Trustee 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.

Compensation. (Section 905) The Corporation will be required to pay to each Fiduciary from time to time such compensation for all services rendered under the General Resolution as such Fiduciary 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, 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 and upon approval by the Corporation, but solely from the Trust Estate. The rights of any Fiduciary described under this heading will survive the resignation or removal of such Fiduciary.

Resignation of Trustee. (Section 907) The Trustee will be permitted at any time to resign and be discharged of the duties and obligations created by the General 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 908) The Trustee will be required to be removed by the Corporation if at any time so requested by an instrument or concurrent instructions 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, 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 such successor Trustee, which successor Trustee will be required to be an Eligible Lender.

Appointment of Successor Trustee. *(Section 909)* 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 subheading 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. 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).

Modifications of the General Resolution and Outstanding Notes *(Section 701)*

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 the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation, and a copy of such filing will also be required to be sent by the Corporation to each Rating Agency:

- 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;

- 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, in the opinion of the Trustee, who shall be entitled to receive and to rely exclusively upon 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;

- 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;

- 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

- 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 702) 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 upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

General Provisions Relating to Supplemental Resolutions. (Section 703) 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 approved 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 704) 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:

- 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,

- reduce the percentage of Notes the consent of the Noteholders of which is required to effect such amendment, or

- change the existing preferences or priorities of Notes over any other Notes or create any new preferences or priorities.

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 subheading described). Such Supplemental Resolution will not be effective unless and until:

(A) there shall have been filed with the Trustee:

(i) the written consents, which may be given by Electronic Means, of Noteholders of the required percentage of Outstanding Notes,

(ii) 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

(B) a notice shall have been mailed as required by the General Resolution.

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. A certificate or certificates filed with the Trustee that the Trustee has examined such proof and that such proof is sufficient in accordance with the requirements of the General Resolution shall be conclusive that the consents have been given by the Noteholders described in such certificate or certificates. 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 Noteholders 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 Noteholders of such Notes by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter described under this subheading 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 Noteholders of the required percentage of Notes shall have filed their consents to the Supplemental Resolution, the Trustee will be required to make and file with the Corporation a written statement that the Noteholders of such required percentage of Notes have filed such consents. 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 registered owners of the required percentages of Notes and will be effective as described under this subheading 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 subheading). The Corporation will be required to file with the Trustee proof of the mailing thereof.

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 at the expiration of thirty (30) days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Corporation, the Trustee, the Servicer, the Administrator, and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending will be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Modifications by Unanimous Action. *(Section 706)* 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; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of any Fiduciary without its written assent thereto in addition to the consent of the Corporation and of the Noteholders.

Exclusion of Notes. *(Section 707)* Unless the Corporation owns all of the Notes 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.

Parties in Interest *(Section 1103)*

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, is 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 1104)*

All covenants, stipulations, promises, agreements, and obligations of the Corporation, the Servicer, or the Administrator contained in the General Resolution should be deemed to be the covenants, stipulations, promises, agreements, and obligations of the Corporation, the Servicer, or the Administrator and not of any director, member, officer, or employee of the Corporation, the Servicer, or the Administrator in his 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.

EXHIBIT IV

BOOK-ENTRY SYSTEM

The information in this section concerning DTC, Clearstream and Euroclear and the Book-Entry System has been obtained from DTC, Clearstream, and Euroclear. None of the Corporation and its counsel, the Underwriters and their counsel, or Note Counsel take any responsibility for the accuracy thereof.

General. Investors acquiring beneficial ownership interests in the Notes issued in book-entry form may hold their Notes in the United States through DTC (as defined under the caption "***Depositary Institutions***" below) or in Europe through Clearstream or Euroclear (each as defined under the caption "***Depositary Institutions***" below) if they are participants of such systems, or indirectly through organizations which are participants in such systems.

Principal and interest payments on the Notes are to be made to Cede & Co. DTC's practice is to credit direct participant's accounts upon receipt of funds and corresponding detail information from the Corporation on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of the participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the Corporation or the Trustee. Disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants. Under a book-entry format, holders of the Notes may experience a delay in receipt of payments, since payments will be forwarded by the Trustee to Cede & Co., which will forward the payments to its participants who will then forward them to indirect participants or holders of the Notes.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the Notes to be redeemed.

DTC has advised that it will take any action permitted to be taken by a holder of Notes under the General Resolution and the Series Resolution (collectively, the "***Resolution***") only at the direction of one or more participants to whose accounts with DTC the Notes are credited. Clearstream and Euroclear will take any action permitted to be taken by a holder of Notes under the Resolution on behalf of a participant only in accordance with their relevant rules and procedures and subject to the ability of the relevant depositary to effect these actions on its behalf through DTC.

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

None of the Corporation, the Trustee, or the Underwriters will have any responsibility or obligation to any DTC participants, Clearstream participants or Euroclear participants or the persons for whom they act as nominees with respect to the accuracy of any records maintained by DTC, Clearstream, or Euroclear or any participant, the payment by DTC, Clearstream, or Euroclear or any participant of any amount due to any beneficial owner in respect of the principal amount or interest on the Notes, the delivery by any DTC participant, Clearstream participant or Euroclear participant of any notice to any beneficial owner which is required or permitted under the terms of the Resolution to be given to holders of Notes or any other action taken by DTC.

In certain circumstances, the Corporation may discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, note forms are to be printed and delivered. DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Corporation or the Trustee. In the event that a successor securities depository is not obtained, note forms are required to be printed and delivered.

Form, Denomination and Trading. The Notes will be issued in minimum denominations and additional increments as set forth herein, and may be held and transferred, and will be offered and sold, in principal balances of not less than their applicable minimum denomination set forth herein.

Interests in the Notes denominated in U.S. Dollars will be represented by a global bond certificate held through DTC (each, a "***U.S. Global Bond Certificate***"). On or about the Issue Date of the Notes, the Corporation will deposit a U.S. Global Bond Certificate for the Notes with the applicable DTC custodian registered in the name of Cede & Co., as nominee of DTC. At all times the U.S. Global Bond Certificates will represent the outstanding principal balance of the Notes. At all times, with respect to the Notes, there will be only one U.S. Global Bond Certificate.

DTC will record electronically the outstanding principal balance of the Notes represented by a U.S. Global Bond Certificate held within its system. DTC will hold interests in a U.S. Global Bond Certificate on behalf of its account holders through customers' securities accounts in DTC's name on the books of its depositary. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's name on the books of its respective depositary which in turn will hold positions in customers' securities accounts in such depositary's name on the books of DTC. Citibank N.A. will act as depositary for Clearstream and JP Morgan Chase will act as depositary for Euroclear. Except as described below, no person acquiring a book-entry bond will be entitled to receive a physical certificate representing the Notes. Unless and until definitive certificates are issued, it is anticipated that the only holder of Notes will be Cede & Co., as nominee of DTC.

Interests in the U.S. Global Bond Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, and Clearstream as applicable, and their respective direct and indirect participants. Transfers between participants will occur in accordance with DTC Rules. Transfers between Clearstream participants and Euroclear participants will occur in accordance with their respective rules and operating procedures.

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

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

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

Identification Numbers and Payments to the Notes. The Corporation will apply to DTC for acceptance in its book-entry settlement systems of the Notes denominated in U.S. Dollars. The Notes will have the CUSIP number, ISIN, and European Common Code, as applicable, set forth herein. Payments of principal, interest and any other amounts payable under the U.S. Global Bond Certificate will be made to or to the order of the relevant clearing system's nominee as the registered holder of the U.S. Global Bond Certificate.

Because of time zone differences, payments to holders of Notes that hold their positions through a European clearing system will be made on the business day following the applicable payment date, in accordance with customary practices of the European clearing systems. No payment delay to the holder of Notes holding the U.S. Global Bond Certificate clearing through DTC will occur on any payment date, unless, as set forth above, those holders of Notes interests are held indirectly through participants in European clearing systems.

Depository Institutions. The Depository Trust Company, or DTC, is a limited-purpose trust company organized under the laws of the State of New York, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act. DTC was created to hold securities for its participating organizations and to facilitate the clearance and settlement of securities transactions between those participants through electronic book-entries, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations, including Euroclear and Clearstream. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Some direct participants and/or their representatives, own part of the Depositary Trust Company Corporation, the parent of DTC.

In accordance with its normal procedures, DTC is expected to record the positions held by each of its participants in securities issued in book-entry form, whether held for its own account or as nominee for another person. In general, beneficial ownership of book-entry certificates will be subject to the rules, regulations and procedures governing DTC and its participants as in effect from time to time.

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

To facilitate subsequent transfers, all Notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of such Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of 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 participants remain responsible for keeping account of their holdings on behalf of their customers.

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

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

trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

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

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

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

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

NEITHER THE CORPORATION, THE TRUSTEE, NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (B) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE NOTES, (C) THE DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO THE REGISTERED OWNER, (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES, OR (E) ANY OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF THE NOTES.

In reading this Offering Memorandum, it should be understood that while the Notes are in the Book-Entry System, references in other sections of this Offering Memorandum to holder, beneficial owner or Noteholder should be read to include the Beneficial Owners of the Notes, but (a) all rights of ownership must be exercised through DTC and the Book-Entry System and (b) notices that are to be given to registered owners by the Corporation or the Trustee will be given only to DTC.

EXHIBIT V

GLOBAL CLEARANCE, SETTLEMENT, AND TAX DOCUMENTATION PROCEDURES

Except in some limited circumstances, the Notes offered herein will be available only in book-entry form as "Global Securities." Investors in the Global Securities may hold such Global Securities through DTC or, if applicable, Clearstream or Euroclear. The Global Securities will be tradable as home market instruments in both the European and U.S. domestic markets. Initial settlement and all secondary trades will settle in same-day funds.

Secondary market trading between investors holding Global Securities through Clearstream and Euroclear will be conducted in the ordinary way in accordance with their normal rules and operating procedures and in accordance with conventional eurobond practice.

Secondary market trading between investors holding Global Securities through DTC will be conducted according to the rules and procedures applicable to U.S. corporate debt obligations.

Secondary, cross-market trading between Clearstream or Euroclear and DTC participants holding securities will be effected on a delivery-against-payment basis through the respective depositaries of Clearstream and Euroclear (in such capacity) and as DTC participants.

Non-U.S. holders (as described below) of Global Securities will exempt from U.S. withholding taxes, provided that the holders meet certain requirements and deliver appropriate U.S. tax documents to the securities clearing organizations or their participants.

Initial Settlement

All U.S. dollar denominated Global Securities will be held in book-entry form by DTC in the name of Cede & Co. as nominee of DTC. Investors' interests in the U.S. dollar-denominated Global Securities will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Clearstream and Euroclear will hold positions in U.S. Dollar denominated Global Securities on behalf of their participants through their respective depositaries, which in turn will hold positions in accounts as DTC participants.

Investors electing to hold their Global Securities through DTC will follow the settlement practices applicable to U.S. corporate debt obligations. Investor securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their Global Securities through Clearstream or Euroclear accounts will follow the settlement procedures applicable to conventional eurobonds, except that there will be no temporary global security and no "lock-up" or restricted period. Global Securities will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC participants. Secondary market trading between DTC participants will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds.

Trading between Clearstream and/or Euroclear participants. Secondary market trading between Clearstream participants and/or Euroclear participants will be settled using the procedures applicable to conventional eurobonds in same-day funds.

Trading between DTC seller and Clearstream or Euroclear purchaser. When Global Securities are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser will send instructions to Clearstream or Euroclear through a Clearstream participant or Euroclear participant at least one business day prior to settlement. Clearstream or Euroclear will instruct the applicable depositary to receive the Global Securities against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment date to and excluding the settlement date. Payment will then be made by the respective depositary to a DTC participant's account against delivery of the Global Securities.

Securities. After settlement has been completed, the Global Securities will be credited to the applicable clearing system and by the clearing system, in accordance with its usual procedures, to the Clearstream or Euroclear participant's account. The Global Securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Global Securities will accrue from, the value date (which would be the preceding day when settlement occurred in New York.) If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream or Euroclear cash debit will be valued instead as of the actual settlement date.

Clearstream participants and Euroclear participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Clearstream or Euroclear. Under this approach, they may take on credit exposure to Clearstream or Euroclear until the Global Securities are credited to their accounts one day later.

As an alternative, if Clearstream or Euroclear has extended a line of credit to them, Clearstream participants or Euroclear participants can elect not to preposition funds and allow that credit line to be drawn upon the finance settlement. Under this procedure, Clearstream participants or Euroclear participants purchasing Global Securities would incur overdraft charges for one day, assuming they cleared the overdraft when the Global Securities are credited to their accounts. However, interest on the Global Securities would accrue from the value date. Therefore, in many cases the investment income on the Global Securities earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each Clearstream participant's or Euroclear participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC participants can employ their usual procedures for sending Global Securities to the respective European depositary for the benefit of Clearstream participants or Euroclear participants. The sale proceeds will be available to DTC seller on the settlement date. Thus, to DTC participants a cross-market transaction will settle no differently than a trade between two DTC participants.

Trading between Clearstream or Euroclear seller and DTC purchaser. Due to time zone differences in their favor, Clearstream participants and Euroclear participants may employ their customary procedures for transactions in which Global Securities are to be transferred to the respective clearing system, through the respective depositary, to a Depository Trust Company participant. The seller will send instructions to Clearstream or Euroclear through a Clearstream participant or Euroclear participant at least one business day prior to settlement. In these cases Clearstream or Euroclear will instruct the depositary, as appropriate, to deliver the Global Securities to the DTC participant's account against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment to and excluding the settlement date, on the basis of the actual number of days in such accrual period and a year assumed to consist of 360 days. For transactions settling on the 31st of the month, payment will include interest accrued to and excluding the first day of the following month. The payment will then be reflected in the account of the Clearstream participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream participant's or Euroclear participant's account would be back-valued to the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream participant or Euroclear participant have a line of credit with its respective clearing system and elect to be in debt in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Clearstream Participant's or Euroclear Participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream or Euroclear and that purchase Global Securities from DTC participants for delivery to Clearstream participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(1) borrowing through Clearstream or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream or Euroclear accounts) in accordance with the clearing system's customary procedures;

(2) borrowing the Global Securities in the U.S. from a DTC participant no later than one day prior to settlement, which would give the Global Securities sufficient time to be reflected in their Clearstream or Euroclear accounts in order to settle the sale side of the trade; or

(3) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Clearstream participant or Euroclear participant.

Certain U.S. Federal Income Tax Documentation Requirements

A holder of Global Securities may be subject to U.S. withholding tax (currently at 30%), or U.S. backup withholding tax (currently at 28%), as appropriate on payments of interest, including original issue discount, on registered debt issued by U.S. persons, unless (i) each clearing system, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business in the chain of intermediaries between the beneficial owner and the U.S. entity required to withhold tax complies with applicable certification requirements, and (ii) that holder takes one of the following steps to obtain an exemption or reduced tax rate:

Exemption for non-U.S. person-Form W-8BEN. Non-U.S. persons that are beneficial owners can obtain a complete exemption from the withholding tax. To obtain this exemption, they are generally required to file a signed Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding). If the information shown on Form W-8BEN changes, a new Form W-8BEN must be filed within 30 days of the change.

Exemption for non-U.S. persons with effectively connected income-Form W-8ECI. A non-U.S. person, including a non-U.S. corporation or partnership, for which the income is effectively connected with its conduct of a trade or business in the United States, can obtain an exemption from the withholding tax by filing Form W-8ECI (Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States).

Exemption or reduced rate for non-U.S persons resident in treaty countries-Form W-8BEN. Non-U.S. persons that are beneficial owners residing in a country that has a tax treaty with the United States can obtain an exemption or reduced tax rate, depending on the treaty terms, by filing Form W-8BEN.

Exemption for U.S. person-Form W-9. U.S. persons can obtain a complete exemption from the withholding tax by filing Form W-9 (Request for Taxpayer Identification Number and Certification certifying that they are not subject to U.S. backup withholding tax).

U.S. Federal Income Tax Reporting Procedure. The Global Security holder or his agent files by submitting the appropriate form to the person through which he holds. This is the clearing agency, in the case of persons holding directly on the books of the clearing agency. Form W-8BEN, provided without a taxpayer identification number ("***TIN***"), and Form W-8ECI are generally effective from the date the form is signed to the last day of the third succeeding calendar year. Form W-8BEN provided with a TIN will generally be effective until a change in circumstances makes any information on the form incorrect.

For these purposes, a U.S. person is (i) a citizen or individual resident of the United States; (ii) a corporation or partnership, including an entity treated as such, organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source; or (iv) a trust whose administration is subject to the

primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

To the extent provided in Treasury regulations, some trusts in existence on August 20, 1996, and treated as U.S. persons before that date, that elect to continue to be treated as U.S. persons, will be U.S. persons and not foreign persons.

This discussion does not deal with all aspects of U.S. federal income tax withholding that may be relevant to foreign holders of the Global Securities. Investors are advised to consult their own tax advisors for specific tax advice concerning their holding and disposing of the Global Securities.

EXHIBIT VI

CERTAIN FINANCIAL INFORMATION WITH RESPECT TO THE CORPORATION

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SOUTH CAROLINA STUDENT LOAN CORPORATION

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2010

SOUTH CAROLINA STUDENT LOAN CORPORATION
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YEAR ENDED JUNE 30, 2010

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An Independently Owned Member

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited the accompanying statement of financial position of South Carolina Student Loan Corporation as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2009 financial statements and, in our report dated September 22, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Student Loan Corporation as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2010, 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 and 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* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of South Carolina Student Loan Corporation, taken as a whole. The accompanying supplementary information on pages 22 - 28 is presented for purposes of additional analysis and is not a required part of the basic 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 Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Derrick, Stubbs & Stith, LLP

Columbia, South Carolina
August 30, 2010

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010			2009 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	**$ 57,194,505**	**$ 133,604,544**	**$ 190,799,049**	$ 207,010,580
Investments	**4,054,251**	**-**	**4,054,251**	3,676,060
Current portion of student loan receivables	**1,326,668**	**259,991,397**	**261,318,065**	229,612,348
Interest due from borrowers	**622,257**	**101,134,136**	**101,756,393**	86,720,120
Due from SC State Education Assistance Authority	**1,075,542**	**18,772,261**	**19,847,803**	12,543,342
Accrued investment income	**3,781**	**86,954**	**90,735**	119,589
Prepaid expenses	**117,863**	**-**	**117,863**	64,345
Due from (to) other funds	**575,208**	**(575,208)**	**-**	-
Total current assets	**64,970,075**	**513,014,084**	**577,984,159**	539,746,384
Investments and Long-Term Receivables				
Other student loan receivables less current portion and net of allowance for loan loss of $ 11,934,660	**24,498,418**	**3,778,265,527**	**3,802,763,945**	3,437,769,449
Teacher loans receivable - less allowance for teacher loan cancellations of $ 17,373,368 and current portion	**-**	**20,088,442**	**20,088,442**	16,939,788
Deferred cost of issuance of debt	**-**	**5,891,822**	**5,891,822**	5,987,949
Total investments and long-term receivables	**24,498,418**	**3,804,245,791**	**3,828,744,209**	3,460,697,186
Property and Equipment				
Land	**565,000**	**-**	**565,000**	565,000
Building	**2,431,329**	**-**	**2,431,329**	2,431,329
Furniture and equipment	**2,067,977**	**-**	**2,067,977**	2,033,037
Automobiles	**73,563**	**-**	**73,563**	73,563
Less, accumulated depreciation	**(2,351,286)**	**-**	**(2,351,286)**	(2,069,300)
Net property and equipment	**2,786,583**	**-**	**2,786,583**	3,033,629
Total assets	**$ 92,255,076**	**$ 4,317,259,875**	**$ 4,409,514,951**	$ 4,003,477,199

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010			2009 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of notes payable - finance loans	$ -	$ 56,455,084	$ 56,455,084	$ 50,820,000
Current maturities of bonds payable	-	70,799,616	70,799,616	29,273,526
Lines of credit	-	760,178,189	760,178,189	150,722,739
Interest payable	-	1,955,506	1,955,506	2,072,222
Accounts payable	1,521,997	291,508	1,813,505	433,855
Accrued pension payable	1,572,219	-	1,572,219	617,582
Compensated absences	632,989	29,671	662,660	464,406
Due to SC State Education Assistance Authority	-	-	-	6,845,590
Due to United States Department of Education	26,575	10,691,088	10,717,663	10,121,680
Total current liabilities	3,753,780	900,400,662	904,154,442	251,371,600
Noncurrent Liabilities				
Bonds payable less current maturities	-	1,952,663,107	1,952,663,107	2,069,030,813
Less, bond discounts		5,056,959	5,056,959	5,682,500
Net bonds payable less, current maturities and bond discounts	-	1,947,606,148	1,947,606,148	2,063,348,313
Notes payable - finance loans less current maturities	-	779,294,661	779,294,661	1,018,171,820
Other notes payable	-	368,328,251	368,328,251	289,571,636
Total noncurrent liabilities	-	3,095,229,060	3,095,229,060	3,371,091,769
Total liabilities	3,753,780	3,995,629,722	3,999,383,502	3,622,463,369
Net Assets				
Temporarily restricted				
For bond indentures - current debt service	-	14,067,026	14,067,026	10,569,307
For bond indentures	-	242,376,009	242,376,009	224,882,374
For teacher loans	-	34,143,750	34,143,750	32,054,054
For lines of credit	-	31,043,368	31,043,368	20,933,797
Total temporarily restricted	-	321,630,153	321,630,153	288,439,532
Unrestricted				
Board designated	100,000	-	100,000	2,100,000
Undesignated	88,401,296	-	88,401,296	90,474,298
Total unrestricted	88,501,296	-	88,501,296	92,574,298
Total net assets	88,501,296	321,630,153	410,131,449	381,013,830
Total liabilities and net assets	$ 92,255,076	$ 4,317,259,875	$ 4,409,514,951	$ 4,003,477,199

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010			2009 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
Revenue				
Income from United States Department of Education				
Student loan interest - subsidized	$ 78,812	$ 45,211,051	$ 45,289,863	$ 40,716,522
Special allowances	(237,808)	(96,232,428)	(96,470,236)	(42,280,743)
Student loan interest - non-subsidized	956,813	161,096,970	162,053,783	147,842,065
Investment income	175,737	550,629	726,366	5,273,921
Unrealized gain (loss) on investments	451,893	121,277	573,170	(450,364)
Late charges	12,382	1,772,985	1,785,367	1,680,742
Miscellaneous payments of student loans	(1,345)	6,455	5,110	(4,344)
Gain on sale of loans	-	109	109	-
Miscellaneous income	-	-	-	2,527,770
State appropriations - Department of Education	-	4,966,143	4,966,143	5,787,043
Remittance from SC State Education Assistance Authority for operating cost	6,765,203	-	6,765,203	5,326,708
Net assets released from restrictions	84,302,570	(84,302,570)	-	-
Other	199,858	-	199,858	216,989
Total revenue	92,704,115	33,190,621	125,894,736	166,419,320
Expenses				
Personnel	6,972,409	-	6,972,409	7,213,533
Contractual services	1,897,516	-	1,897,516	1,111,802
General operating	2,043,622	-	2,043,622	1,840,637
Interest on debt	28,480,980	-	28,480,980	62,717,282
TLP cancellations	5,099,391	-	5,099,391	5,878,296
State recall of funds	500,000	-	500,000	-
Amortization of deferred cost of bond issuance	1,400,190	-	1,400,190	1,281,478
Payments to SC State Education Assistance Authority for student loan income	15,315,442	-	15,315,442	31,231,285
Loan fees	19,507,841	-	19,507,841	20,741,163
Reinsurance expense	1,555,221	-	1,555,221	413,899
Borrower incentives	5,392,236	-	5,392,236	11,734,554
Broker dealer fees	439,943	-	439,943	129,710
Building rental expenses	350,717	-	350,717	345,365
Loan loss expense	6,896,963	-	6,896,963	(1,063,634)
Other	666,248	-	666,248	1,794,847
Total expenses	96,518,719	-	96,518,719	145,370,217
Employee Benefits - Related Changes Other Than Net Periodic Pension Cost	(258,398)	-	(258,398)	(439,999)
Change in net assets	(4,073,002)	33,190,621	29,117,619	20,609,104
Net Assets				
Beginning	92,574,298	288,439,532	381,013,830	360,187,737
Ending	$ 88,501,296	$ 321,630,153	$ 410,131,449	$ 380,796,841

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010			2009 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
Cash Flows from Operating Activities				
Change in net assets	$ (4,073,002)	$ 33,190,621	$ 29,117,619	$ 20,826,093
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	281,986	-	281,986	319,802
Unrealized gain (loss) on investments	(451,893)	(121,277)	(573,170)	450,364
Amortization of premiums and discounts on bonds payable	-	625,541	625,541	(651,423)
Amortization of cost of debt issuance	-	890,779	890,779	1,123,768
Allowance for loan loss	(174,356)	7,071,319	6,896,963	(1,063,633)
Changes in operating assets and liabilities		-		
Decrease in due from Department of Education	11,217	584,766	595,983	16,581,655
(Increase) decrease in due from SCSEAA	(366,356)	(6,938,105)	(7,304,461)	6,239,441
(Increase) decrease in interest due from borrowers	33,943	(15,070,216)	(15,036,273)	(11,295,252)
Decrease in accrued investment income	2,972	25,882	28,854	353,738
Decrease in miscellaneous receivables	-	-	-	11,771
(Increase) in prepaid expenses	(53,519)	-	(53,519)	(30,233)
(Decrease) in interest payable	-	(116,716)	(116,716)	(1,543,444)
Increase (decrease) in accounts payable	1,290,230	89,421	1,379,651	(180,197)
Increase in accrued pension payable	954,637	-	954,637	380,820
Increase (decrease) in compensated absences	216,084	(17,830)	198,254	100,388
(Decrease) retiree medical insurance payable	-	-	-	(3,291,834)
Increase (decrease) in due to SCSEAA	(1,241,446)	(5,604,144)	(6,845,590)	5,266,391
Due to (from) other funds	(292,402)	292,402	-	-
Net cash provided (used in) by operating activities	(3,861,905)	14,902,443	11,040,538	33,598,215
Cash Flows from Investing Activities				
Purchase of property and equipment	(34,940)	-	(34,940)	(113,379)
Principal payments on student loans	4,218,060	1,219,595,037	1,223,813,097	(1,038,546,836)
Purchase and issuance of student loans	(6,719,758)	(1,628,934,541)	(1,635,654,299)	505,027,814
Teacher loan cancellations	-	5,095,372	5,095,372	5,878,296
Purchase of investments	-	-	-	(4,164,512)
Sale of investments	73,702	121,277	194,979	221,433
Net cash (used in) investing activities	(2,462,936)	(404,122,855)	(406,585,791)	(531,697,184)

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010			2009 Totals Memorandum Only
	Unrestricted	Temporarily Restricted	Total	
Cash Flows from Financing Activities				
Proceeds from financing loans	$ -	$ 42,394,865	$ 42,394,865	$ (112,190,891)
Payments on financing loans	-	(275,636,940)	(275,636,940)	170,284,884
Proceeds from lines of credit	-	1,407,160,122	1,407,160,122	500,438,740
Payments on lines of credit	-	(1,087,276,308)	(1,087,276,308)	(229,667,253)
Payments of bonds	-	(74,841,616)	(74,841,616)	(63,695,661)
Proceeds from other notes payable	-	370,442,026	370,442,026	-
Payments on other notes payable	-	(2,113,775)	(2,113,775)	-
Payments of debt issuance costs	-	(794,652)	(794,652)	-
Net cash provided by financing activities	-	379,333,722	379,333,722	265,169,819
Net (decrease) in cash and cash equivalents	(6,324,841)	(9,886,690)	(16,211,531)	(232,929,150)
Cash and Cash equivalents				
Beginning	63,519,346	143,491,234	207,010,580	439,939,730
Ending	57,194,505	133,604,544	190,799,049	207,010,580
Supplemental Disclosures of Cash Flow Information				
Cash payments for interest	$ -	$ 28,597,696	$ 28,597,696	$ 64,260,766

See notes to financial statements.

Notes to Financial Statements

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.

The Corporation administers the operations of the South Carolina State Education Assistance Authority (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 under the Act 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, 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, criteria 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 financial position, results of operations and cash flows solely of the South Carolina Student Loan Corporation.

Overall operating arrangement: The Authority, as a guaranty agency, has approved the Corporation as an eligible lender to administer the Federal Family Education Loan Program (FFEL). 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 United States Department of Education (USDE). Upon entering the repayment period, the interest is paid by the borrower.

The Corporation finances these 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 the administration of the loans financed by the Authority's bonds in accordance with a previously approved budget.

Because of the scarcity of tax-exempt private activity bond allocation from the State and because of the yield limitation for loans financed with tax-exempt bonds, the Corporation issued taxable Education Loan Revenue Bonds for the first time in the year ended June 30, 1997.

During the 1984-85 year, the Corporation began administering the Teacher Loan Program (TLP). The TLP is a part of the Education Improvement Act of 1984 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 alternative 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 seeking their residency and relocating. These loans were funded from Corporation accumulated unrestricted net assets and bond funds. The Corporation discontinued offering this PAL loan program in December 2008 due to lack of funds.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Overall operating arrangement (continued): 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, parents, or legal guardians of 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 an $ 85,000,000 bond offering issued by the South Carolina State Education Assistance Authority dated October 2, 2009.

The Corporation has entered into other financing agreements to provide additional funding for student loans (See Note 9).

Basis of accounting: These statements are prepared on the accrual method of accounting recognizing income when earned regardless of when received and expenses when incurred regardless of when paid.

Accounting changes: The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) effective for financial statements issued for interim and annual periods after September 15, 2009. The ASC is an aggregation of previously issued authoritative U.S. generally accepted accounting principles (GAAP) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated in the ASC through Accounting Standards Updates (ASU).

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.

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, 2010, all of the Corporation's cash was held in demand deposit accounts covered by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name.

Investments: Investments are valued at market value. Realized and unrealized gains and losses on sale of investments are determined based on the cost of investments.

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 $ 17,373,368 at June 30, 2010.

Notes to Financial Statements

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 of guaranteed loans by the Corporation. 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 $ 11,934,660 at June 30, 2010 (see Note 5 on Federal Reinsurance of FFEL loans).

Property and equipment: Property and equipment costing over $ 10,000 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 operating expenses.

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 except when this termination is involuntary or inadequate notice is given. 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 incomes taxes under Section 503(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.

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, 2009, from which the summarized information was derived.

Note 2. Cash and Cash Equivalents

As of June 30, 2010, cash and cash equivalents include demand deposits and short-term investments with a maturity of three months or less as follows:

	Cost	Market Value
Unrestricted		
Demand deposits	$ 152,086	$ 152,086
South Carolina State Treasurer pool	61,332	61,332
Collateralized demand deposits	56,981,087	56,981,087
Total unrestricted	57,194,505	57,194,505
Temporarily Restricted		
Money market	13,149,649	13,149,649
Repurchase agreements	6,430,821	6,430,821
Collateralized demand deposit	9,315,227	9,212,766
South Carolina State Treasurer pool	8,994,840	9,345,952
Guaranteed investment contracts	95,465,356	95,465,356
Total temporarily restricted	$ 133,355,893	$ 133,604,544

Cash and Cash Equivalents included in the Teacher Loan Program include the South Carolina State Treasurer Pool totaling $ 9,345,952.

Notes to Financial Statements

Note 3. Investments

Market value of investments is determined by quoted market values and consists of the following as of June 30, 2010:

	Cost	Market Value
Unrestricted		
Bond and equity funds	$ 4,567,658	$ 4,054,251

Note 4. Amounts Due from/to the Corporation

The Authority owes the Corporation funds collected on their behalf of $ 19,847,803. These funds collected on behalf of the Corporation are required to be paid to the Corporation by the tenth of each month.

Note 5. Federal Family Education Loans (FFEL) and Federal Reinsurance of FFEL Loans

In 2010 and 2009, these loans were bearing interest at fixed rates ranging from 2.875 to 12.000 percent or an annual variable rate of 1.88 percent to 3.73 percent. 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 1.7 percent to 3.25 percent with a cap on the rate of 8.25 percent to 12 percent. The repayment period for these loans is five (5) to thirty (30) years with a minimum payment of $ 360 or $ 600 per year. 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.

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, 2010, are $ 3,813,286,475. The Federal Default Fee required by the Higher Education Act on guaranteed loans made on or after July 1, 2006 is paid by the Authority on the borrower's behalf.

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.

The Health Care and Education Reconciliation Act of 2010 (HCRA) was signed into law on March 30, 2010, and, among other things, requires all new federal student loans be originated through the Federal Direct Loan program effective July 1, 2010. The Corporation's ability to originate FFEL loans terminated on June 30, 2010. Such termination 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. Additionally, since the FFEL loan program was the major component of the Corporations lending activity, it is expected that the future asset growth and related earnings on that portion of the asset growth will be impacted. The Corporation is currently evaluating the potential impact to its future revenue stream and is also currently exploring alternative revenue sources. Since the legislation is in its infancy, the potential impact cannot yet be reasonably predicted.

Note 6. 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 three 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, 2010, the Corporation held funds on deposit in the debt service funds of $ 1,654,924.

Notes to Financial Statements

Note 6. Bonds Payable (Continued)

The bonds outstanding as of June 30, 2010 are as follows:

Issued	Original Amount	Maturity Date	Balance Outstanding 06/30/09	Issued (Retired) During FY 10	Balance Outstanding 06/30/10
11/10/04	$ 180,000,000	6/1/2034	$ 167,050,000	$ (10,000,000)	$ 157,050,000
7/19/05	700,000,000	12/3/18 - 12/1/23	700,000,000	-	700,000,000
7/11/06	500,000,000	12/2/19 - 12/1/22	500,000,000	-	500,000,000
10/25/06	182,000,000	9/4/2046	168,950,000	(10,850,000)	158,100,000
6/25/08	600,000,000	9/2/14 - 9/3/24	562,304,339	(53,991,616)	508,312,723
			$ 2,098,304,339	$ (74,841,616)	$ 2,023,462,723

LIBOR Indexed Bonds Secured by 1996 General Resolution

The Corporation's LIBOR Indexed Bonds in the 1996 General Resolution totaled $ 1,200,000,000 as of June 30, 2010, and have variable interest rates equal to three-month LIBOR plus 0.09% to 0.14%, as adjusted quarterly. Throughout the year ended June 30, 2010, none of the rates exceeded 0.8075%. Future interest payment projections are based upon the six-year weighted average rate at June 30, 2010, which was 2.864%.

The LIBOR Indexed Bonds are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules. Failure by the Corporation to make any such payment contemplated by an applicable Targeted Amortization Schedule for the LIBOR Indexed Bonds under the 1996 General Resolution does not constitute a payment default. The Corporation intends to follow these payment schedules with respect to these bonds.

Auction Rate Securities Secured by 2004 General Resolution

The Corporation’s auction rate securities (ARS) totaled $ 315,150,000 as of June 30, 2010, and have variable interest rates determined by auctions every 28 days. These ARS first failed in February 2008, and have been in a failed mode since that time. Payment of the 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. The ARS are subject to redemption in whole or in part at par plus accrued interest on the first day of any auction period.

Due to adverse market conditions, most auctions associated with ARS across a variety of sectors and asset classes have experienced widespread failure since February 11, 2008. All of the Corporation's auctions have failed since this date, and the interest rates have been set at the applicable maximum rates. This has had the effect of increasing the Corporation’s relative cost of funds. Although the Corporation has no requirement to refinance its ARS, the Corporation was able to successfully refinance $ 275,000,000 of ARS as part of the 2008-1 Series transaction. The Corporation is considering several refinancing options for the remainder of its outstanding ARS.

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.

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 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, 2010, was $ 508,312,723.

Notes to Financial Statements

Note 6. Bonds Payable (Continued)

Projected Debt Service

As of June 30, 2010, the scheduled debt service to retire the bonds and notes of the Corporation is as follows:

	Principal	Interest	Totals
2011	$ -	$ 59,356,653	$ 59,356,653
2012	168,435,000	57,839,290	226,274,290
2013	254,516,000	51,620,919	306,136,919
2014	204,385,000	44,686,057	249,071,057
2015	268,889,000	37,073,075	305,962,075
2016	148,153,000	31,549,877	179,702,877
2017	120,491,000	27,601,387	148,092,387
2018	371,477,000	22,320,549	393,797,549
2019	29,654,000	14,060,007	43,714,007
2020	116,000,000	12,922,493	128,922,493
2021	-	10,389,721	10,389,721
2022	-	10,389,721	10,389,721
2023	-	10,389,721	10,389,721
2024	-	10,389,721	10,389,721
2025	26,312,723	9,815,203	36,127,926
2026	-	9,623,696	9,623,696
2027	-	9,623,696	9,623,696
2028	-	9,623,696	9,623,696
2029	-	9,623,696	9,623,696
2030	-	9,623,696	9,623,696
2031	-	9,623,696	9,623,696
2032	-	9,623,696	9,623,696
2033	-	9,623,696	9,623,696
2034	157,050,000	9,623,696	166,673,696
2035	-	4,827,880	4,827,880
2036	-	4,827,880	4,827,880
2037	-	4,827,880	4,827,880
2038	-	4,827,880	4,827,880
2039	-	4,827,880	4,827,880
2040	-	4,827,880	4,827,880
2041	-	4,827,880	4,827,880
2042	-	4,827,880	4,827,880
2043	-	4,827,880	4,827,880
2044	-	4,827,880	4,827,880
2045	-	4,827,880	4,827,880
2046	-	4,827,880	4,827,880
2047	158,100,000	1,206,972	159,306,972
Totals	$ 2,023,462,723	$ 556,159,190	$ 2,579,621,913

The weighted average interest rate used for future interest payment projections was 2.864%. An additional 0.150% 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 and the 2008-1 General Resolution, the Corporation is making optional redemption payments to pay down the bonds when they receive excess funds from the student loan receivables. At June 30, 2010, the Corporation estimated they would make optional redemption payments for the next year in the amount of $ 70,799,616.

Notes to Financial Statements

Note 7. 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 SCSLC from the Authority's 2002 General Resolution are made pursuant to a loan agreement dated June 12, 2002 and 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 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 will 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 Fund Balance. Each loan is calculated as set forth in the respective loan agreements.

The finance loans as of June 30, 2010, and 2009 are as follows:

Bond Resolution	**Balance 6/30/2010**	Balance 6/30/2009
1993	**$ -**	$ 222,191,459
2002	**795,625,032**	846,800,361
2009	**40,124,713**	-
Totals	**$ 835,749,745**	$ 1,068,991,820

Note 8. Line of Credit Financing

Initially on March 22, 2005, the Corporation entered into a one year line of credit agreement providing for advances to the Corporation funded by asset-backed commercial paper and secured by student loan receivables. The borrowing period was renegotiated annually under similar terms to end March 22, 2010. During the 2010 fiscal year, the line was extended under essentially the same terms with an expiration date of March 22, 2011. An extension is not guaranteed, but may be extended by written agreement among the borrower, the servicer, the lender, the alternative lender and the facility agent, with notice to the trustee. If the financing agreement is not extended, the Corporation must immediately find a new financing source and repay the line of credit. Interest is paid monthly at the commercial paper rate plus a spread. The interest rate ranged from 0.20% to .42% during fiscal year 2010. The agreement calls for certain covenants which include maintaining at least a $ 100 million net asset balance and a debt reserve account of 0.5% of the outstanding loan balance. The Corporation was in compliance with all covenants at June 30, 2010. The outstanding balance of the facility was $ 119,822,000 at June 30, 2010. The maximum amount allowed on the line of credit is $ 124,000,000

On December 18, 2008, the Corporation entered into a line of credit agreement to facilitate the transfer of certain student loans from a nonrecourse trust and provide funding for future and existing student loans. This agreement is secured by existing student loans that are reinsured under the Federal Family Education Loan Program. Monthly interest payments are due on the last business day of each month beginning in December 2008 at a per annum rate equal to the adjusted LIBOR rate or a 2.0% minimum rate. Interest rates were 2.0% for fiscal year 2010. The line of credit matures on August 31, 2010, and all outstanding principal and interest are due at such time. As of June 30, 2010, the Corporation had an outstanding balance of $ 1,285,385. The maximum amount allowed on the credit line is $ 50,000,000.

On February 5, 2009, the Corporation entered into a revolving line of credit agreement to facilitate the transfer of certain student loans from a nonrecourse trust and funding existing and future student loans. The line of credit is secured by the student loan receivables. Monthly interest payments are due on the last business day of each month beginning in February 2009 at a per annum rate equal to the adjusted LIBOR rate or a 4.0% minimum rate. Interest rates were 4.0% for fiscal year 2010. The line of credit matures on August 31, 2010 and all outstanding principal and interest are due at such time. As of June 30, 2010, the Corporation had an outstanding balance of $137,183. The maximum amount allowed under the line is $ 10,000,000.

Notes to Financial Statements

Note 8. Line of Credit Financing (Continued)

On December 12, 2008, the Corporation entered into the 2008-2009 Federal Family Education Loan Purchase Participation Program (LPP) under a Master Participation Agreement (MPA) with the USDE as a financing facility to fund eligible student loans. The 2008-2009 LPP terminated on September 30, 2009. The Corporation notified the USDE of its intent to participate in the Loan Purchase Commitment Program for eligible FFEL Student Loans (commonly known as Conduit, or Straight-A Funding), and on July 7, 2009, entered into an agreement and finalized the agreement with the Department on July 30, 2009, to finance the 2008-2009 LPP loans outstanding balance and redeem $ 155.6 million of outstanding bonds issued under the 1993 Resolution (see Note 9 for further details). The USDE extended the LPP program for loans made during the 2009-2010 school year, with a termination date of October 15, 2010. The Corporation is required to notify the USDE in no later than 45 days prior to October of its intent to either redeem the outstanding student loans financed under this agreement or exercise the Put Option, as defined in the MPA, to the USDE for those student loans by October 15, 2010 (see Note 17). As of June 30, 2010, the Corporation had an outstanding Participation Interest balance of $ 638,933,621 under the 2009-2010 LPP program. On August 2, 2010, the Corporation notified the USDE of its intent to exercise the Put Option for approximately $ 467,000,000 of this outstanding loan balance with the USDE on September 20, 2010. In addition, the Corporation has notified the USDE of its intent to exercise the Put Option for the remaining loan outstanding balance in the 2009-2010 LPP program on October 15, 2010. Upon settlement of the Puts, the USDE will reimburse the seller the one percent (1%) Lender fee initially paid by the seller at loan origination, plus $ 75 for each loan included in the Put. As a result, the Corporation expects to realize approximately $ 14.2 million in fees for the Put scheduled for September 20, 2010, and approximately $ 2.8 million in fees for the Put scheduled for October 15, 2010. The interest rates varied from .71% to .91% during the year ended June 30, 2010.

Note 9. Other Notes Payable – Straight-A Funding

On July 7, 2009, the Corporation entered into an agreement with USDE under the Loan Purchase Commitment Program, (commonly known as Conduit, or Straight-A funding) to finance all of the outstanding loans in the 2008-2009 LPP program in addition to $ 155.6 million of outstanding loans issued under the 1993 Resolution for an aggregate amount of $ 372.4 million. The agreement was finalized on July 30, 2009. The Conduit, or Straight-A funding, facility provides liquidity support to eligible student lenders for FFEL Program Stafford and PLUS loans first disbursed by September 2009. In addition to providing financing cost based on market rate, a significant benefit to lenders is that eligible loans are permitted to have borrower benefits. Funding from the Conduit is provided indirectly by the capital markets through the sale to private investors of government back-stopped asset-backed commercial paper. The Corporation received funding equal to 97% of the principal and interest of the pledged student loans through the issuance of a funding note which was purchased by the Conduit. The funding note matures on June 30, 2015. The commercial paper issued by the Conduit has short-term maturities generally ranging up to 90 days. In the event the commercial paper issued by the Conduit cannot be reissued at maturity and the Conduit does not have sufficient cash to repay investors, the Federal Financing Bank (FFB) has committed to provide short-term liquidity to the Conduit. If the Conduit is not able to issue sufficient commercial paper to repay its investors or liquidity advances from the FFB, the Corporation can either secure alternative financing and repay the Conduit borrowings or sell the pledged student loans to USDE at a predetermined price based on first disbursement date and certain other loan criteria. If the Corporation were to sell the pledged loans to USDE, it would likely result in a significant loss to the Corporation. As of June 30, 2010, the outstanding balance of this financial instrument was $ 368,328,251. There are no scheduled payments associated with this note, however, the outstanding balance of the note must agree with the supporting outstanding loans each month. As a result, any payments received, or any changes in loan balances must be remitted to the Conduit provider on a monthly basis. The weighted average rate paid on this instrument for the fiscal year 2010 was 0.2972% and 0.3685% for the calendar quarter ending June 30, 2010.

Note 10. Special Allowance Income or Expense

As an inducement to the lender to make guaranteed student loans, the USDE pays the Corporation a special allowance on the unpaid principal of the Federal loans which is based on a variable percentage rate. It 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, 2010, the Corporation remitted $ 96,470,236 of interest income in excess of the special allowance support level to the USDE.

Notes to Financial Statements

Note 11. 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. BB&T is the Trustee of the 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 2010 is $ 292,000 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 2009 was $ 311,150, of which the Authority reimbursed $ 102,680 for its employees. All employees who have completed one year of service and attainment of age 21 are eligible to receive employer contributions. Contributions are 100% vested when made. Employees are eligible to make voluntary contributions to the Plan.

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 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 the 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, 2010:

	Defined Benefit Plan
Change in benefit obligation:	
Benefit obligation at end of prior plan year	$ (8,144,639)
Service cost	(318,224)
Interest cost	(494,019)
Actuarial gain/(loss)	(1,065,395)
Actual distributions	256,156
Benefit obligation at end of year	(9,766,121)

Notes to Financial Statements

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued):

	Defined Benefit Plan
Change in plan assets:	
Plan assets at fair value at beginning of year	$ 7,527,057
Actual return on plan assets	906,001
Actual employer contributions	600,000
Actual distributions/benefits paid	(256,156)
Plan assets at fair value at end of year	8,776,902
Funded status at end of year	(989,219)
Amounts recognized in the balance sheets consists of:	
Current liabilities	(989,219)
Amounts recognized in unrestricted net assets consists of the following:	
Unrecognized net actuarial (gain)/loss	3,913,700
Unrecognized prior service cost	(149,101)
Net amount recognized	$ 3,764,599

The following are weighted average assumptions used to determine benefits, obligations and net periodic benefit cost as of June 30, 2010. The measurement date of the projected benefits obligation and Plan assets was June 30, 2010.

	Defined Benefit Plan
Assumptions Used	
Weighted-average assumptions used in computing ending obligations	
Discount rate	5.37%
Rate of compensation increase	4.00%
Weighted-average assumptions used in computing net cost	
Discount rate	5.37%
Rate of compensation increase	4.00%
Expected return on plan assets	7.50%

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.

Notes to Financial Statements

Note 11. Employee Benefit Plans (Continued)

Components of net periodic benefit cost and employee benefit-related changes other than net periodic pension cost are as follows:

	Defined Benefit Plan
Net Periodic Benefit Cost	
Service cost	$ 318,224
Interest cost	494,019
Expected return on plan assets	(560,524)
Amortization of prior service cost	(26,483)
Amortization of net (gain)/loss	356,660
Net periodic benefit cost	581,896
Administrative expenses	48,695
Net periodic benefit cost	630,591
Corporation's share	418,082
Authority's share	212,509
	630,591
Employee Benefit - Related Changes Other Than Net Periodic Pension Cost	
Net (gain)/loss	719,918
Amortization of prior service cost	26,483
Amortization of net (gain)/loss	(356,660)
Employee benefit-related changes other than net periodic benefit cost	389,741
Corporation's share	258,398
Authority's share	131,343
Total	389,741
Total net periodic benefit cost and employee benefit-related changes other than net periodic benefit cost	$ 1,020,332

The net pension expense for this Defined Benefit Pension Plan totaled $ 971,637, plus $ 48,695 of administrative expenses, totaling $ 1,020,332 for the year ended June 30, 2010. The Authority contributed $ 346,480 and the Corporation contributed $ 673,852 to the expense for this Plan for its employees for the year ended June 30, 2010. 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 unrestricted net assets into net periodic benefit cost over the next fiscal year are $ 391,104 and $ (26,483), respectively.

The accumulated benefit obligation for the defined benefit pension plan was $ 8,738,126 at June 30, 2010.

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, 2010, by asset category, is as follows:

Asset Category	
Equity securities	55%
Debt securities	40%
Real estate	5%
Total	100%

Notes to Financial Statements

Note 11. Employee Benefit Plans (Continued)

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.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in the financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Corporation cannot predict the future impact to the fund value of the investment portfolios.

The Corporation expects to contribute $ 600,000 to its Defined Benefit Plan during 2010-2011.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits
2011	$ 340,600
2012	359,100
2013	399,400
2014	421,300
2015	488,400
Year 2016-2020	2,937,400

Note 12. Rental Property and Operating Leases

The Corporation owns an office building and occupies approximately 68% of the building. The Corporation leased office space to five (5) tenants as of June 30, 2010 with lease agreements of varying duration. Certain lease expense is allocated to the Authority based on space occupied. Building rental income included in other revenue for fiscal 2010 and 2009 was $ 177,085 and $ 216,989, respectively. Future minimum lease payments are by year as follows: $ 158,641 in 2011; $ 26,605 in 2012. No current lease agreements extend beyond 2012.

Note 13. Disclosures about Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Corporation uses various methods including market, income and cost approaches. Based on these approaches, the Corporation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observables of the inputs used in the valuation techniques, the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Notes to Financial Statements

Note 13. Disclosures about Fair Value of Financial Instruments (Continued)

Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuation incorporate certain assumption and projections in determining the fair value assigned to such assets or liabilities.

Management uses the following methods and assumption to estimate the fair value of the Corporation's financial instrument.

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. Student loan receivables' carrying value approximates fair value based on like sale of student loans within the industry. Debt instruments carrying value also approximates fair value based on the prices for the same of similar debt issues and on current rates offered to the Corporation for debt of the same remaining maturities with similar collateral requirements.

	Carrying Value	Estimated Fair Value
Financial Assets		
Cash and cash equivalents	$ 190,799,049	$ 190,799,049
Investments	4,054,251	4,054,251
Student loan receivables	4,113,478,480	4,113,478,480
Financial Liabilities		
Notes payable	$ 1,204,077,996	$ 1,204,077,996
Bonds payable	2,018,405,764	2,018,405,764
Line of credit	760,178,189	760,178,189

		Fair Value Measurements at Reporting Date Using		
Description	6/30/2010	Quoted Prices in Active Markets for Indentical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash and cash equivalents	$ 190,799,049	$ 190,799,049	$ -	$ -
Investments	4,054,251	4,054,251	-	-
Student loan receivables	4,113,478,480	-	4,113,478,480	-
Total financial assets	$ 4,308,331,780	$ 194,853,300	$ 4,113,478,480	$ -
Financial Liabilities				
Notes payable	$ 1,204,077,996	$ -	$ 1,204,077,996	$ -
Bonds payable	2,018,405,764	-	2,018,405,764	-
Line of credit	760,178,189	-	760,178,189	-
Total financial liabilities	$ 3,982,661,949	$ -	$ 3,982,661,949	$ -

Notes to Financial Statements

Note 14. Assets Released from Restrictions

Net assets during the year ended June 30, 2010, were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Personnel	$	282,940
Contractual services		443,552
General operating		53,609
Interest on debt		28,480,980
TLP cancellations		5,099,391
Amortization of deferred cost of bond issuance		1,400,190
State recall of funds		500,000
Payment to SC State Education Assistance Authority for student loan income		15,315,442
Loan fees		19,497,097
Reinsurance expense		515,860
Borrowers incentives		5,373,248
Broker dealer fees		439,943
Loan loss expense		7,071,319
Other		665,106
Total expenses		85,138,677
Transfers to the 08 Resolution for operations	(	2,444)
Transfers to tax exempt bonds for operations	(	3,238)
Transfer to Warehouse financing for operations		409,395
Transfers from taxable bonds for loan servicing	(	1,239,820)
Total	$	84,302,570

Note 15. Reclassifications

Certain reclassifications of fiscal year 2009 amounts were made on the statement of financial position and the statement of activities for comparability to fiscal year 2010 with no effect on the change in net assets.

Note 16. Board Designated Net Assets

During fiscal year 2006, the Board designated $ 100,000 to establish the Mackie Scholarship Fund to award scholarships to employees or family members of employees. In fiscal year 2007, the Board designated $ 2,000,000 for scholarships for South Carolina residents attending one of the State's public colleges or Universities; however, during fiscal year 2010, the Board released the $ 2,000,000 back to the unrestricted fund balance. As of June 30, 2010, no scholarships have been awarded for either of these programs.

Note 17. Contingencies

On September 8, 2009, in connection with its review of the process for determining whether borrowers qualify for a FFEL Loan under the Lender-of-Last-Resort Program (the "*LLR Program*") of the Authority established under the Higher Education Act and the Authority's internal controls relating to FFEL, the Department of Education made findings in a Final Program Review Determination (the "*FPRD*") stating that (i) since 1993, the Corporation has made FFEL loans under the LLR Program ("*LLR Loans*") without a request from the borrower to do so in violation of the Higher Education Act, (ii) since 1994, the Corporation has denied conventional FFEL loans to borrowers based solely on the fact that the borrowers had filed for bankruptcy and on the basis of such denial made LLR Loans to such borrowers in violation of the Bankruptcy Reform Act of 1994 (the "*Bankruptcy Act*") and guidance relating thereto issued by the USDE, and (iii) the Corporation has performed default aversion activities on behalf of the Authority in violation of the conflict of interest prohibitions contained in the Code of Federal Regulations promulgated under the Higher Education Act.

As a result of these findings the USDE determined in the FPRD that the Authority (i) must update its policies and procedures relating to the LLR Program, reclassify all LLR Loans made since 1993, calculate the amount of overpaid reinsurance relating to such LLR Loans, and refund such overpayment to the USDE, (ii) must require the Corporation to identify the specific loans designated as LLR loans as a result of the Corporation's denial of a conventional loan because of a bankruptcy filing and reverse that designation, instruct the Corporation to update its lending policies and procedures to comply with the Bankruptcy Act and associated guidance provided by the USDE, and (iii) must obtain an independent servicer, other than the Corporation, to perform default aversion activities on its behalf or begin to perform those activities with its own employees.

Notes to Financial Statements

Note 17. Contingencies (Continued)

In the FPRD, the USDE has calculated the amount to be paid as a result of the incorrect classification of loans as LLR Loans and the resulting overpayment of reinsurance on LLR Loans is approximately $ 4.1 million plus interest of approximately $ 654,000 by the Authority and approximately $ 1 million by the Corporation. As of June 30, 2010, the Corporation recorded a liability of approximately $ 1 million and the Authority recorded a liability of approximately $ 4.8 million to recognize the potential exposure to these findings. However, both the Corporation and the Authority continue to appeal these findings.

On October 23, 2009, the Authority appealed the first finding of the FPRD on the grounds that, among other things, the USDE's position was not supported by the statute and regulations on which it relied. On May 20, 2010, the Department of Education issued a ruling sustaining this finding of the FPRD. On July 6, 2010, the Authority appealed the decision to the Secretary of Education.

With respect to the second finding, the Authority provided additional information to the USDE via a letter dated January 16, 2010, which stated that the Authority had caused the Corporation to discontinue the challenged practice and calculated the total associated liability of the Authority and Corporation to be approximately $ 35,000. On February 22, 2010, the USDE informed the Authority that the calculation provided in the January 16, 2010, letter was acceptable, and on March 18, 2010, the Corporation and Authority confirmed to the USDE that they had made the necessary payments to resolve the issue.

With respect to the third finding, on January 16, 2010, the Authority formally requested a meeting with the USDE to discuss alternatives for implementing changes to its default aversion activities that would be satisfactory to the USDE and least disruptive to the Authority. On February 22, 2010, the USDE informed the Authority that it would respond to this request at some point in the future. To date, no response has been received.

Note 18. Subsequent Events

The Corporation evaluated subsequent events through August 30, 2010, the date these financial statements were available to be issued. There were no material events that required recognition or additional disclosure in these financial statements except as follows:

During August 2010, the Corporation engaged RBC Capital Markets (RBC) to initiate a Bond Offering of approximately $ 920 million to finance existing student loans under the 2002 Resolution of $ 800 million, and existing student loans under a Royal Bank of Canada Line of Credit Warehouse facility of $ 121 million. This offering is expected to be finalized during October 2010 and will be issued as a Taxable Floating Rate Bond indexed with three months Libor +. The proceeds of this offering will in part be used to pay off the note owed to the Authority by the Corporation for student loans funded under the 2002 Resolution. The Authority will in turn, redeem all outstanding bonds issued under the 2002 Resolution, which are currently in a failed auction rate mode, and effectively reduce its assets by approximately $ 1.1 billion consisting of a $ 800 million note receivable from SCSLC for funds advanced to originate or purchase student loans under the 2002 Resolution, and $ 3 million to fully eliminate the existing outstanding balance of the Deferred Cost of Issuance asset related to the 2002 Bond issuance. In addition, the Authority will reduce its liabilities by approximately $ 800 million as it will redeem all outstanding bonds issued under the 2002 Resolution and will also reduce its fund balance by approximately $ 3 million to fully recognize cost of issuance expenses incurred as a result of early termination of the 2002 Bond issuance.

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2010

	Unrestricted	Temporarily Restricted								Tax Exempt			
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	09 PAL Resolution	93 Resolution	02 Resolution	Total
ASSETS													
Current Assets													
Cash and cash equivalents	$ 57,194,505	$ 9,345,952	$ 2,287,618	$ 60,051,999	$ 21,279,103	$ 16,713,416	$ 2,344,827	$ 13,577,093	$ 6,500,813	$ 1,503,723	$ -	$ -	$ 190,799,049
Investments	4,054,251	-	-	-	-	-	-	-	-	-	-	-	4,054,251
Current portion of student loan receivables	1,326,668	1,891,521	6,150,759	69,263,859	16,942,106	51,922,564	32,513,405	12,327	24,839,772	803,597	-	55,651,487	261,318,065
Interest due from borrowers	622,257	2,692,573	1,517,745	19,286,987	11,015,551	12,269,635	13,797,404	582	15,509,292	230,401	-	24,813,966	101,756,393
Due from SC State Education Assistance Authority	1,075,542	135,558	175,939	9,403,277	94,644	814,949	720,697	-	297,298	1,594,377	-	5,535,522	19,847,803
Accrued investment income	3,781	53,519	343	22,846	4,817	5,429	-	-	-	-	-	-	90,735
Prepaid expenses	117,863	-	-	-	-	-	-	-	-	-	-	-	117,863
Due from (to) other funds	575,208	(32,932)	(31,451)	38,996	(134,700)	(193,672)	-	-	(221,979)	530	-	-	-
Total current assets	64,970,075	14,086,191	10,100,953	158,067,964	49,201,521	81,532,321	49,376,333	13,590,002	46,925,196	4,132,628	-	86,000,975	577,984,159
Investments and Long-Term Receivables													
Other student loan receivables less, current portion and allowance for loan loss	24,498,418	-	119,614,267	1,194,260,771	295,497,783	468,166,668	604,142,603	63,175	339,328,329	34,562,961	-	722,628,970	3,802,763,945
Teacher loans receivable - less allowance for teacher loan cancellations and current portion	-	20,088,442	-	-	-	-	-	-	-	-	-	-	20,088,442
Deferred cost of issuance of debt	-	-	-	1,530,242	1,368,196	2,198,732	-	-	794,652	-	-	-	5,891,822
Total investments and long-term receivables	24,498,418	20,088,442	119,614,267	1,195,791,013	296,865,979	470,365,400	604,142,603	63,175	340,122,981	34,562,961	-	722,628,970	3,828,744,209
Property and Equipment													
Land	565,000	-	-	-	-	-	-	-	-	-	-	-	565,000
Building	2,431,329	-	-	-	-	-	-	-	-	-	-	-	2,431,329
Furniture and equipment	2,067,977	-	-	-	-	-	-	-	-	-	-	-	2,067,977
Automobiles	73,563	-	-	-	-	-	-	-	-	-	-	-	73,563
Less, accumulated depreciation	(2,351,286)	-	-	-	-	-	-	-	-	-	-	-	(2,351,286)
Net property and equipment	2,786,583	-	-	-	-	-	-	-	-	-	-	-	2,786,583
Total assets	$ 92,255,076	$ 34,174,633	$ 129,715,220	$ 1,353,858,977	$ 346,067,500	$ 551,897,721	$ 653,518,936	$ 13,653,177	$ 387,048,177	$ 38,695,589	$ -	$ 808,629,945	$ 4,409,514,951

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2010

	Unrestricted	Temporarily Restricted								Tax Exempt			
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	09 PAL Resolution	93 Resolution	02 Resolution	Total
LIABILITIES AND NET ASSETS													
Current Liabilities													
Current portion of notes payable - finance loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 803,597	$ -	$ 55,651,487	$ 56,455,084
Current maturities of bonds payable	-	-	-	-	16,808,000	53,991,616	-	-	-	-	-	-	70,799,616
Lines of credit	-	-	119,822,000	-	-	-	638,933,621	1,422,568	-	-	-	-	760,178,189
Interest payable	-	-	-	649,806	412,307	524,335	364,840	4,218	-	-	-	-	1,955,506
Accounts payable	1,521,997	1,324	155,943	-	14,411	-	-	-	63,140	56,690	-	-	1,813,505
Accrued pension payable	1,572,219	-	-	-	-	-	-	-	-	-	-	-	1,572,219
Compensated absences	632,989	29,671	-	-	-	-	-	-	-	-	-	-	662,660
Due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to United States Department of Education	26,575	(112)	615,428	1,440,127	58,536	1,283,404	3,980,083	545,264	2,768,358	-	-	-	10,717,663
Total current liabilities	3,753,780	30,883	120,593,371	2,089,933	17,293,254	55,799,355	643,278,544	1,972,050	2,831,498	860,287	-	55,651,487	904,154,442
Noncurrent liabilities													
Bonds payable less, current maturities and bond	-	-	-	1,200,000,000	298,342,000	454,321,107	-	-	-	-	-	-	1,952,663,107
Less, bond discounts	-	-	-	4,505,340	-	551,619	-	-	-	-	-	-	5,056,959
Net bonds payable less, current maturities and bond discounts	-	-	-	1,195,494,660	298,342,000	453,769,488	-	-	-	-	-	-	1,947,606,148
Notes payable - finance loans less, current maturities	-	-	-	-	-	-	-	-	-	39,321,116	-	739,973,545	779,294,661
Other notes payable	-	-	-	-	-	-	-	-	368,328,251	-	-	-	368,328,251
Total noncurrent liabilities	-	-	-	1,195,494,660	298,342,000	453,769,488	-	-	368,328,251	39,321,116	-	739,973,545	3,095,229,060
Total liabilities	3,753,780	30,883	120,593,371	1,197,584,593	315,635,254	509,568,843	643,278,544	1,972,050	371,159,749	40,181,403	-	795,625,032	3,999,383,502
Net Assets													
Temporarily restricted for bond indentures current debt service	-	-	-	649,806	1,005,117	-	-	-	-	-	-	13,004,913	14,659,836
Temporarily restricted for bond indentures	-	-	-	155,624,578	29,427,129	42,328,878	-	-	15,888,428	(1,485,814)	-	-	241,783,199
Temporarily restricted for teacher loans	-	34,143,750	-	-	-	-	-	-	-	-	-	-	34,143,750
Temporarily restricted for lines of credit	-	-	9,121,849	-	-	-	10,240,392	11,681,127	-	-	-	-	31,043,368
Board designated for scholarships	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
Unrestricted	88,401,296	-	-	-	-	-	-	-	-	-	-	-	88,401,296
Total net assets	88,501,296	34,143,750	9,121,849	156,274,384	30,432,246	42,328,878	10,240,392	11,681,127	15,888,428	(1,485,814)	-	13,004,913	410,131,449
Total liabilities and net assets	$ 92,255,076	$ 34,174,633	$ 129,715,220	$ 1,353,858,977	$ 346,067,500	$ 551,897,721	$ 653,518,936	$ 13,653,177	$ 387,048,177	$ 38,695,589	$ -	$ 808,629,945	$ 4,409,514,951

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted								Tax Exempt			
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	09 PAL Resolution	93 Resolution	02 Resolution	Total
Revenue													
Income from United States Department of Education student loan interest - subsidized	$ 78,812	$ 801	$ 974,330	$ 8,664,050	$ 99,963	$ 6,638,539	$ 9,670,228	$ 292,523	$ 6,754,380	$ 65,657	$ -	$ 12,050,580	$ 45,289,863
Special allowances	(237,808)	(14)	(3,572,848)	(14,378,080)	(351,451)	(12,127,373)	(20,572,502)	(736,658)	(17,227,036)	(239,741)	-	(27,026,725)	(96,470,236)
Student loan interest - non-subsidized	956,813	2,788,234	6,711,439	51,045,749	11,309,746	18,095,554	17,808,412	673,016	16,570,346	919,313	679,450	34,495,711	162,053,783
Investment income	175,737	246,772	4,472	154,753	53,707	61,930	19	27,969	144	-	-	863	726,366
Unrealized gain (loss) on investments	451,893	121,277	-	-	-	-	-	-	-	-	-	-	573,170
Late charges	12,382	21,783	54,560	716,352	126,684	458,479	7,770	-	42,541	10,116	2,594	332,106	1,785,367
Miscellaneous payments of student loans	(1,345)	(250)	(49)	(1,374)	(91)	(1,618)	(99)	(3)	(7,444)	(6)	18,277	(888)	5,110
Gain (loss) on sale of loans	-	-	-	-	-	-	-	-	(148,865)	-	148,974	-	109
State appropriations - Department of Education	-	4,966,143	-	-	-	-	-	-	-	-	-	-	4,966,143
Remittance from SC State Education Assistance Authority for operating cost	6,765,203	-	-	-	-	-	-	-	-	-	-	-	6,765,203
Other	199,858	-	-	-	-	-	-	-	-	-	-	-	199,858
Total revenue	8,401,545	8,144,746	4,171,904	46,201,450	11,238,558	13,125,511	6,913,828	256,847	5,984,066	755,339	849,295	19,851,647	125,894,736
Expenses													
Personnel	6,689,469	282,940	-	-	-	-	-	-	-	-	-	-	6,972,409
Contractual services	1,453,964	26,479	-	-	-	-	61,825	141,511	213,737	-	-	-	1,897,516
General operating	1,990,013	51,200	-	-	-	-	-	2,409	-	-	-	-	2,043,622
Interest on debt		-	1,536,854	5,866,490	9,153,246	5,932,788	3,129,131	630,295	2,232,176	-	-	-	28,480,980
TLP cancellations	-	5,095,372	-	4,019	-	-	-	-	-	-	-	-	5,099,391
Amortization of deferred cost of bond issuance	-	-	-	678,638	258,661	462,891	-	-	-	-	-	-	1,400,190
State recall of funds	-	500,000	-	-	-	-	-	-	-	-	-	-	500,000
Payments to SC State Education Assistance Authority for student loan income	-	-	-	-	-	-	-	-	-	2,169,426	763,315	12,382,701	15,315,442
Loan fees	10,744	-	1,451,314	9,632,824	177,518	(967)	2,603,113	3,963,516	(6,774)	-	73,078	1,603,475	19,507,841
Reinsurance expense	1,039,361	-	-	259,332	2,741	118,149	3	-	2	6,603	4,649	124,381	1,555,221
Borrower incentives	18,988	10,173	271,403	3,301,624	111,283	455,149	183,539	123,424	53,547	65,124	8,253	789,729	5,392,236
Broker dealer fees	-	-	9,250	87,612	294,285	48,796	-	-	-	-	-	-	439,943
Building rental expenses	350,717	-	-	-	-	-	-	-	-	-	-	-	350,717
Loan loss expense	(174,356)	-	(5,304)	-	6,870,139	-	118,170	(11,870)	100,184	-	-	-	6,896,963
Other	1,142	88,886	-	-	576,220	-	-	-	-	-	-	-	666,248
Total expenses	11,380,042	6,055,050	3,263,517	19,830,539	17,444,093	7,016,806	6,095,781	4,849,285	2,592,872	2,241,153	849,295	14,900,286	96,518,719
Employee benefits - related changes other than net periodic pension cost (expense) benefit	(258,398)	-	-	-	-	-	-	-	-	-	-	-	(258,398)
Transfer Between Accounts													
Transfers in	62,251,029	-	2,750	578,022	-	2,444	967,217,370	725,426,464	242,197,731	-	-	3,238	1,997,679,048
Transfers out	(63,087,136)	-	(409,395)	(21,154,336)	(1,623,450)	(2,442,620)	(960,572,802)	(718,688,812)	(229,700,497)	-	-	-	(1,997,679,048)
Total transfers between accounts	(836,107)	-	(406,645)	(20,576,314)	(1,623,450)	(2,440,176)	6,644,568	6,737,652	12,497,234	-	-	3,238	-
Change in net assets	(4,073,002)	2,089,696	501,742	5,794,597	(7,828,985)	3,668,529	7,462,615	2,145,214	15,888,428	(1,485,814)	-	4,954,599	29,117,619
Net Assets													
Beginning	92,574,298	32,054,054	8,620,107	150,479,787	38,261,231	38,660,349	2,777,777	9,535,913	-	-	-	8,050,314	381,013,830
Ending	$ 88,501,296	$ 34,143,750	$ 9,121,849	$ 156,274,384	$ 30,432,246	$ 42,328,878	$ 10,240,392	$ 11,681,127	$ 15,888,428	$ (1,485,814)	$ -	$ 13,004,913	$ 410,131,449

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF CASH FLOWS BY FUND
YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted								Tax Exempt			
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	09 PAL Resolution	93 Resolution	02 Resolution	Total
Cash Flows from Operating Activities													
Change in net assets	$ (4,073,002)	$ 2,089,696	$ 501,742	$ 5,794,597	$ (7,828,985)	$ 3,668,529	$ 7,462,615	$ 2,145,214	$ 15,888,428	$ (1,485,814)	$ -	$ 4,954,599	$ 29,117,619
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities													
Depreciation	281,986	-	-	-	-	-					-	-	281,986
Unrealized (gain) loss on investments	(451,893)	(121,277)	-	-	-	-	-	-	-	-	-	-	(573,170)
Amortization of premiums and discounts on bonds payable	-	-	-	509,411	-	116,130	-	-	-	-	-	-	625,541
Amortization of cost of debt issuance	-	-	-	169,227	258,661	462,891	-	-	-	-	-	-	890,779
Allowance for Loan Loss	(174,356)	-	(5,304)	-	6,870,139	-	118,170	(11,870)	100,184	-	-	-	6,896,963
Changes in operating assets and liabilities													
(Increase) decrease in due from US Department of Educatior	11,217	(36)	14,123	585,591	3,464	279,939	2,600,366	(940,197)	2,768,358	-	(1,599,773)	(3,127,069)	595,983
(Increase) decrease in due from SC State Education Assistance Authority	(366,356)	4,416	(100,802)	(1,683,799)	(94,644)	(770,162)	(703,197)	-	(297,298)	(1,594,377)	-	(1,698,242)	(7,304,461)
(Increase) decrease in interest due from borrowers	33,943	(108,872)	178,198	685,890	3,449,570	794,014	(9,109,497)	193,279	(15,509,292)	(230,401)	4,673,659	(86,764)	(15,036,273)
(Increase) decrease in accrued investment income	2,972	32,313	505	(9,566)	742	1,888	-	-	-	-	-	-	28,854
(Increase) in prepaid expenses	(53,519)	-	-	-	-	-	-	-	-	-	-	-	(53,519)
Increase (decrease) in interest payable	-	-	-	(129,061)	4,628	(107,199)	125,693	(10,777)	-	-	-	-	(116,716)
Increase (decrease) in accounts payable	1,290,230	1,324	(30,825)	-	(908)	-	-	-	63,140	56,690	-	-	1,379,651
Increase in accrued pension expense	954,637	-	-	-	-	-	-	-	-	-	-	-	954,637
Increase (decrease) in compensated absences	216,084	(17,830)	-	-	-	-	-	-	-	-	-	-	198,254
(Decrease) in due to SC State Education Assistance Authority	(1,241,446)	-	-	-	-	-	-	-	-	-	(3,077,925)	(2,526,219)	(6,845,590)
Due to (from) other funds	(292,402)	137,320	(7,593)	(38,836)	(1,264)	(19,486)	-	-	221,979	(530)	210	602	-
Net cash provided by (used in) operating activities	(3,861,905)	2,017,054	550,044	5,883,454	2,661,403	4,426,544	494,150	1,375,649	3,235,499	(3,254,432)	(3,829)	(2,483,093)	11,040,538
Cash Flows from Investing Activities													
Purchase of property and equipment	(34,940)	-	-	-	-	-	-	-	-	-	-	-	(34,940)
Principal payments on student loans	4,218,060	146,262	33,144,025	91,751,958	13,053,343	61,004,208	277,578,028	442,137,500	13,044,104	1,592,650	222,254,416	63,888,543	1,223,813,097
Purchase and issuance of student loans	(6,719,758)	(8,418,461)	(2,770,080)	(67,149,532)	(9,680,171)	(12,159,122)	(677,640,153)	(400,398,277)	(377,312,389)	(36,959,208)	(392,221)	(36,054,927)	(1,635,654,299)
Teacher loan cancellations	-	5,095,372	-	-	-	-		-		-	-	-	5,095,372
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investments	73,702	121,277	-	-	-	-	-	-	-	-	-	-	194,979
Net cash provided by (used in) investing activities	(2,462,936)	(3,055,550)	30,373,945	24,602,426	3,373,172	48,845,086	(400,062,125)	41,739,223	(364,268,285)	(35,366,558)	221,862,195	27,833,616	(406,585,791)
Cash Flows from Financing Activities													
Proceeds from financing loans	-	-	-	-	-	-	-	-		42,394,865	-	-	42,394,865
Payments on financing loans	-	-	-	-	-	-	-	-		(2,270,152)	(222,191,459)	(51,175,329)	(275,636,940)
Proceeds from lines of credit	-	-	-	-	-	-	718,866,697	688,293,425	-	-	-	-	1,407,160,122
Payments on lines of credit	-	-	(30,900,739)	-	-	-	(318,418,681)	(737,956,888)	-	-	-	-	(1,087,276,308)
Payments of bonds	-	-	-	-	(20,850,000)	(53,991,616)	-	-		-	-	-	(74,841,616)
Proceeds from other notes payable	-	-	-	-	-	-	-	-	370,442,026	-	-	-	370,442,026
Payments on other notes payable	-	-	-	-	-	-	-	-	(2,113,775)	-	-	-	(2,113,775)
Payments of debt issuance costs	-	-	-	-	-	-	-	-	(794,652)	-	-	-	(794,652)
Net cash provided by (used in) financing activities	-	-	(30,900,739)	-	(20,850,000)	(53,991,616)	400,448,016	(49,663,463)	367,533,599	40,124,713	(222,191,459)	(51,175,329)	379,333,722
Net increase (decrease) in cash and cash equivalents	(6,324,841)	(1,038,496)	23,250	30,485,880	(14,815,425)	(719,986)	880,041	(6,548,591)	6,500,813	1,503,723	(333,093)	(25,824,806)	(16,211,531)
Cash and Cash Equivalents													
Beginning	63,519,346	10,384,448	2,264,368	29,566,119	36,094,528	17,433,402	1,464,786	20,125,684	-	-	333,093	25,824,806	207,010,580
Ending	57,194,505	9,345,952	2,287,618	60,051,999	21,279,103	16,713,416	2,344,827	13,577,093	6,500,813	1,503,723	-	-	190,799,049
Supplemental Disclosure of Cash Flow Information													
Cash payments for interest	$ -	$ -	$ 1,536,854	$ 5,995,551	$ 9,048,618	$ 6,039,987	$ 3,003,438	$ 641,072	$ 2,332,176	$ -	$ -	$ -	$ 28,597,696

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF PROPERTY AND EQUIPMENT
YEAR ENDED JUNE 30, 2010

Description	Cost	Accumulated Depreciation 6/30/09	Depreciation Expense	Disposals and Transfers	**Accumulated Depreciation 6/30/10**
General Operating					
Land	$ 565,000	$ -	$ -	$ -	**$ -**
Building	2,431,329	326,678	62,342	-	**389,020**
Furniture and Fixtures					
Computer equipment	1,282,305	975,877	160,966	-	**1,136,843**
Other office machines	381,060	317,745	33,537	-	**351,282**
Telephone equipment	314,356	298,937	14,136	-	**313,073**
Miscellaneous	90,256	90,256	-	-	**90,256**
Total furniture and fixtures	2,067,977	1,682,815	208,639	-	**1,891,454**
Automobiles					
2004 Buick LeSabre	20,215	20,214	-	-	**20,214**
2008 Buick Lucerne	33,015	19,260	11,005	-	**30,265**
2005 Buick LeSabre	20,333	20,333	-	-	**20,333**
Total automobiles	73,563	59,807	11,005	-	**70,812**
Grand total	$ 5,137,869	$ 2,069,300	$ 281,986	$ -	**$ 2,351,286**

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2010

	Operating Fund				Teacher Loan Program - EIA			
	2010				2010			
	Total Budget	**Actual**	**Variance Favorable (Unfavorable)**	2009 Actual	**Total Budget**	**Actual**	**Variance Favorable (Unfavorable)**	2009 Actual
Operating Expenses								
Personnel								
Staff salaries	**$ 4,795,000**	**$ 4,676,826**	**$ 118,174**	$ 4,732,594	**$ 231,000**	**$ 178,406**	**$ 52,594**	$ 212,260
Part-time salaries	**-**	**-**	**-**	39,571	**-**	**-**	**-**	-
Social security	**350,000**	**318,477**	**31,523**	326,466	**17,500**	**12,038**	**5,462**	15,039
Group insurance	**850,800**	**702,038**	**148,762**	1,122,695	**43,350**	**30,954**	**12,396**	51,019
Retirement	**915,000**	**981,296**	**(66,296)**	668,297	**44,500**	**60,999**	**(16,499)**	32,146
Unemployment	**13,250**	**10,832**	**2,418**	12,928	**705**	**543**	**162**	518
Total personnel before non-recurring defined benefit	**6,924,050**	**6,689,469**	**234,581**	6,902,551	**337,055**	**282,940**	**54,115**	310,982
Non-recurring defined benefit	**-**	**-**	**-**	-	**-**	**-**	**-**	-
Total personnel	**6,924,050**	**6,689,469**	**234,581**	6,902,551	**337,055**	**282,940**	**54,115**	310,982
Contractual								
Loan servicing	**1,110,400**	**1,005,746**	**104,654**	928,394	**28,050**	**22,774**	**5,276**	24,224
Legal	**28,000**	**99,353**	**(71,353)**	21,216	**-**	**-**	**-**	-
Accounting	**190,000**	**305,490**	**(115,490)**	105,494	**2,400**	**3,705**	**(1,305)**	2,281
Skip tracing	**30,000**	**13,452**	**16,548**	-	**-**	**-**	**-**	-
Credit bureau	**42,500**	**29,923**	**12,577**	30,193	**-**	**-**	**-**	-
Total contractual	**1,400,900**	**1,453,964**	**(53,064)**	1,085,297	**30,450**	**26,479**	**3,971**	26,505
General Operating								
Rent	**-**	**-**	**-**	-	**8,796**	**8,759**	**37**	8,759
Telephone	**135,000**	**98,869**	**36,131**	131,531	**7,100**	**4,860**	**2,240**	6,159
Printing	**228,319**	**167,484**	**60,835**	132,834	**7,000**	**4,515**	**2,485**	6,201
Postage	**960,165**	**957,641**	**2,524**	772,238	**30,000**	**25,400**	**4,600**	26,889
Supplies	**108,000**	**66,626**	**41,374**	70,561	**6,450**	**3,062**	**3,388**	3,207
Travel	**55,000**	**53,074**	**1,926**	43,990	**-**	**-**	**-**	293
Equipment maintenance	**152,650**	**134,877**	**17,773**	140,449	**2,200**	**2,013**	**187**	2,096
Subscriptions and fees	**60,000**	**47,704**	**12,296**	52,561	**30**	**30**	**-**	30
Meeting and conference expenses	**47,500**	**53,500**	**(6,000)**	49,609	**-**	**-**	**-**	-
Insurance - general and automotive	**54,250**	**53,531**	**719**	46,329	**2,675**	**2,509**	**166**	2,171
Outreach and awareness	**50,000**	**20,617**	**29,383**	42,115	**-**	**-**	**-**	-
Contingencies	**40,000**	**67,733**	**(27,733)**	19,164	**500**	**52**	**448**	325
Depreciation	**223,777**	**219,644**	**4,133**	257,461	**-**	**-**	**-**	-
Other operating expenses	**-**	**48,713**	**(48,713)**	25,665	**-**	**-**	**-**	-
Total general operating	**2,114,661**	**1,990,013**	**124,648**	1,784,507	**64,751**	**51,200**	**13,551**	56,130
Total operating expenses	**10,439,611**	**10,133,446**	**306,165**	9,772,355	**432,256**	**360,619**	**71,637**	393,617
Employee benefits - related changes other than net periodic pension cost	**-**	**258,398**	**(258,398)**	419,877	**-**	**-**	**-**	20,122
Capital Additions								
Equipment, furniture and fixtures	**50,000**	**34,940**	**15,060**	113,379	**-**	**-**	**-**	-
Total operating expenses, employee benefits - related changes and capital additions	**$ 10,489,611**	**$ 10,426,784**	**$ 62,827**	$ 10,305,611	**$ 432,256**	**$ 360,619**	**$ 71,637**	$ 413,739

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF ORGANIZATIONAL DATA
YEAR ENDED JUNE 30, 2010

Incorporated November 15, 1973 under the Laws of the State of South Carolina. Began operations October 14, 1974. Offices located at Suite 210, Interstate Center, Columbia, South Carolina.

BOARD OF DIRECTORS OF THE CORPORATION

Name	Office	Term Expires 6/30
Fredrick T. Himmelein, Esq.	Chairman	2013
Loren D. Carlson	Vice Chairman	2011
Robert R. Hill, Jr.	Treasurer	2012
Charlie C. Sanders, Jr.	Secretary, President & CEO	2013
Dr. Julia Boyd		2011
R. Jason Caskey, CPA		2011
Neil E. Grayson, Esq.		2011
J. Thornton Kirby, Esq.		2011
William M. Mackie, Jr.		2013
Jeffrey R. Scott		2012

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Federal Grantor/ Program Title	CFDA Number	Amount of Grant	Expenses
U.S. Department of Education Programs			
Higher Education Act insured loans contract			
Federal family education loan programs			
Special allowances	84.032		See #2 Below
Subsidized interest	84.032		$ 45,289,861
Total U.S. Department of Education programs (major program)			$ 45,289,861

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, 2009, through June 30, 2010.

2. Special Allowances

   The U.S. Department of Educations (USDE) now requires lenders to pay the USDE when lenders have negative special allowance. The Corporation paid $ 96,470,236 for the year ending June 30, 2010.

DERRICK, STUBBS & STITH, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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RSM McGladrey Network
An Independently Owned Member

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited the financial statements of the South Carolina Student Loan Corporation as of and for the year ended June 30, 2010, and have issued our report thereon dated August 30, 2010. 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.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Carolina Student Loan Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Carolina Student Loan Corporation's internal control over financial reporting

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the South Carolina Student Loan Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the management, Board of Directors and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Derrick, Stubbs & Stith, LLP

August 30, 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Compliance
We have audited the compliance of the South Carolina Student Loan Corporation with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2010. The South Carolina Student Loan Corporation's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the South Carolina Student Loan Corporation's management. Our responsibility is to express an opinion on the South Carolina Student Loan Corporation's compliance based on our audit.

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 South Carolina Student Loan 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. Our audit does not provide a legal determination on the South Carolina Student Loan Corporation's compliance with those requirements.

In our opinion, the South Carolina Student Loan Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance
The management of the South Carolina Student Loan Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 South Carolina Student Loan Corporation's internal control over compliance.

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, Board of Directors and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Derrick, Stubbs + Stith, LLP

August 30, 2010

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

1. Summary of Auditor's Results:

(i)	Type of report issued on financial statements		Unqualified
(ii)	Material weaknesses in internal control over financial reporting		None Identified
(iii)	Significant deficiencies not considered to be material weaknesses in internal control over financial reporting		None Identified
(iv)	Noncompliance material to the financial statements		None Noted
(v)	Material weaknesses in internal control over major programs		None Identified
(vi)	Significant deficiencies not considered to be material weaknesses in internal control over major programs		None Identified
(vii)	Type of report issued on compliance for major programs		Unqualified
(viii)	Audit findings required to be reported under paragraph .510(a) OMB 133		None Disclosed
(ix)	Identification of major programs:		
	U.S. Department of Education		
	Higher education act insured loan programs		
	Federal family education loan program	CFDA#	Expenditure
	Subsidized interest	84.032	$ 45,289,861
(x)	Dollar threshold used to distinguish between Type A and Type B programs		$ 1,358,696
(xi)	South Carolina Student Loan Corporation qualifies as a low risk auditee under paragraph .530 OMB 133		Yes

2. Findings related to the financial statements which are required to be reported in accordance with GAGAS — None Reported

3. Findings and questioned costs for Federal awards including audit findings as defined in paragraph .510(a) OMB 133

(i)	Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud)	None Reported
(ii)	Audit findings which relate to both the financial statements and Federal awards	None Reported

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

There are no prior audit findings and questioned costs relative to Federal Awards.

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2010

There is no corrective action plan required since there are no prior auditing findings and questioned costs relative to Federal Awards.

EXHIBIT VII

PREPAYMENTS, EXTENSIONS, WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES OF THE NOTES, AND PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN QUARTERLY 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 is the constant prepayment rate (or "***CPR***") model.

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:

$$\textit{Monthly Prepayments} = \textit{(Principal Balance after scheduled payments)} \times (1-(1-CPR)^{1/12})$$

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The Student Loans will not prepay according to the CPR, nor will all of the Student Loans prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in making any investment decision.

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, 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 cutoff date for modeling the Student Loans that will become part of the Trust Estate on the Issue Date is as of October 20, 2010, and accruals on such Student Loans commence on October 21, 2010;
- the Issue Date is November 30, 2010;
- the Financed Student Loans have an Initial Pool Balance of $950,823,965, including a principal balance of $926,276,694 and accrued interest expected to be capitalized of $24,547,271 as of October 20, 2010, $6,264,086 of such accrued borrower interest is assumed to be capitalized when accruals commence on October 21, 2010, resulting in a principal balance of $932,540,780 on such date;
- 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 in-claims loans for which a 97% reimbursement payment is received in 360 days; and no Financed Student Loan moves from repayment to any other status;
- the Financed Student 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 Student 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 U.S. Department of Education quarterly, based on a quarterly calendar accrual period;

- there are government payment delays of 30 days for Interest Subsidy Payments and Special Allowance Payments;

- no delinquencies or defaults occur on any of the Financed Student Loans, no repurchases occur, and all borrower payments are collected in full;

- index levels for calculation of borrower and government payments are:

    - 91-day Treasury bill bond equivalent rate of 0.13%; and
    - Three-month financial commercial paper bond equivalent rate of 0.26%

- quarterly distributions begin on January 25, 2011, and are made quarterly on the 25th day of every January, April, July, and October thereafter, whether or not the 25th is a business day;

- the initial par amount of the Notes and the LIBOR Indexed Rate for each Tranche of the Notes at all times will equal:

    - A-1 Notes: $292,000,000 and 0.74%;

    - A-2 Notes: $403,000,000 and 1.29%; and

    - A-3 Notes: $225,000,000 and 1.34%;

- a conversion of servicing to a backup servicer does not occur, and a Servicing Fee equal to 1/12th of 0.63% of the Principal Balance is paid monthly in advance, beginning on January 1, 2011;

- an Administrator Fee equal to 1/12th of 0.02% of the Principal Balance is paid monthly in advance, beginning on January 1, 2011;

- other Operating Costs of $140,000 per annum are paid, but no indemnities or other costs are paid;

- the Debt Service Reserve Fund has an initial balance equal to $2,377,060 and at all times a balance equal to the greater of (i) 0.25% of the Principal Balance and (ii) $950,824;

- the Capitalized Interest Fund has an initial balance equal to $8,210,000 and steps down based on the amounts in the following schedule: $5,460,000 on April 15, 2011, $2,710,000 on July 15, 2011, and $0 on July 16, 2012;

- 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, the Capitalized Interest Fund, and the Debt Service Reserve Fund, 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 Collection Period, and reinvestment earnings are available for distribution from the prior Collection Period;

- prepayments on the Financed Student Loans are applied monthly in accordance with CPR, as described above;

- a borrower benefit interest rate reduction of 0.10% applies to 100% of the student loan principal balance, and no additional interest rate reductions or other borrower benefits are applied;

- the Corporation does not exercise the optional redemption that may occur on the Distribution Dates when the Pool Balance falls below 10% of the Initial Pool Balance; and

- the initial pool of Student Loans was grouped into 203 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.

CPR Tables

The following tables show the weighted average remaining lives, expected maturity dates and percentages of original principal balance of each Tranche of the Notes at various percentages of CPR 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 CPR

Weighted Average Life (years) [1]					
Tranche	**0%**	**2%**	**3%**	**4%**	**6%**
A-1 Notes	2.51	2.15	2.00	1.88	1.67
A-2 Notes	6.92	6.29	6.00	5.73	5.22
A-3 Notes	12.57	11.28	10.77	10.32	9.56

Expected Maturity Date					
Tranche					
A-1 Notes	July 25, 2015	October 25, 2014	July 25, 2014	April 25, 2014	January 25, 2014
A-2 Notes	January 25, 2020	July 25, 2019	April 25, 2019	January 25, 2019	July 25, 2018
A-3 Notes	July 25, 2029	July 25, 2027	October 25, 2026	October 25, 2025	April 25, 2024

(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 of the applicable Tranche of 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 applicable Tranche of the Notes as of the Issue Date.

A-1 NOTES
PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN DISTRIBUTION DATES AT VARIOUS PERCENTAGES OF CPR

Distribution Dates	0%	2%	3%	4%	6%
Issue Date	100%	100%	100%	100%	100%
January 25, 2011	95%	94%	94%	94%	93%
January 25, 2012	80%	75%	73%	70%	65%
January 25, 2013	57%	48%	43%	39%	29%
January 25, 2014	33%	20%	13%	6%	0%
January 25, 2015	7%	0%	0%	0%	0%
January 25, 2016	0%	0%	0%	0%	0%

A-2 NOTES
PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN DISTRIBUTION DATES AT VARIOUS PERCENTAGES OF CPR

Distribution Dates	0%	2%	3%	4%	6%
Issue Date	100%	100%	100%	100%	100%
January 25, 2011	100%	100%	100%	100%	100%
January 25, 2012	100%	100%	100%	100%	100%
January 25, 2013	100%	100%	100%	100%	100%
January 25, 2014	100%	100%	100%	100%	96%
January 25, 2015	100%	93%	87%	82%	71%
January 25, 2016	85%	72%	65%	59%	48%
January 25, 2017	64%	50%	44%	37%	26%
January 25, 2018	42%	29%	22%	16%	5%
January 25, 2019	21%	8%	2%	0%	0%
January 25, 2020	0%	0%	0%	0%	0%

A-3 NOTES
PERCENTAGES OF ORIGINAL PRINCIPAL BALANCE OF THE NOTES REMAINING AT CERTAIN DISTRIBUTION DATES AT VARIOUS PERCENTAGES OF CPR

Distribution Dates	0%	2%	3%	4%	6%
Issue Date	100%	100%	100%	100%	100%
January 25, 2011	100%	100%	100%	100%	100%
January 25, 2012	100%	100%	100%	100%	100%
January 25, 2013	100%	100%	100%	100%	100%
January 25, 2014	100%	100%	100%	100%	100%
January 25, 2015	100%	100%	100%	100%	100%
January 25, 2016	100%	100%	100%	100%	100%
January 25, 2017	100%	100%	100%	100%	100%
January 25, 2018	100%	100%	100%	100%	100%
January 25, 2019	100%	100%	100%	94%	77%
January 25, 2020	97%	78%	69%	61%	47%
January 25, 2021	72%	54%	47%	40%	28%
January 25, 2022	56%	40%	33%	27%	16%
January 25, 2023	45%	30%	23%	17%	8%
January 25, 2024	37%	22%	16%	10%	1%
January 25, 2025	29%	15%	9%	4%	0%
January 25, 2026	21%	8%	3%	0%	0%
January 25, 2027	15%	2%	0%	0%	0%
January 25, 2028	8%	0%	0%	0%	0%
January 25, 2029	2%	0%	0%	0%	0%
January 25, 2030	0%	0%	0%	0%	0%

The above tables have been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of 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.

EXHIBIT VIII

PREPAYMENT AND DEFAULT EXPERIENCE

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The following tables detail the prepayment experience of the Authority and the Corporation with respect to all FFELP loans serviced by the Corporation. The various columns below represent pools, or groups, of loans entering repayment from November through January. For example, the 2000 Pool consists of loans entering repayment from November 1999 through January 2000. The percentages in the table represent the prepayments (including voluntary prepayments and default reimbursements) measured under a constant prepayment rate (or "***CPR***") model. 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 student loans prepay in each month according to the following formula:

Annual Historical Prepayment Rate = 1 - (Actual Pool Balance including Accrued Interest to be Capitalized/ Scheduled Pool Balance based on weighted average coupon and weighted average maturity of such pool) $^{(12/\text{Actual Time Interval in Months})}$

STAFFORD LOANS - PREPAYMENT EXPERIENCE										
12-month Repayment Period	**2000 Pool**	**2001 Pool**	**2002 Pool**	**2003 Pool**	**2004 Pool**	**2005 Pool**	**2006 Pool**	**2007 Pool**	**2008 Pool**	**2009 Pool**
1	14.14%	18.29%	32.37%	39.48%	40.50%	46.39%	53.17%	38.27%	22.43%	3.94%
2	11.36%	17.76%	20.58%	16.54%	24.02%	32.73%	17.18%	5.29%	3.34%	
3	18.56%	23.76%	19.60%	26.32%	33.25%	15.33%	3.86%	2.55%		
4	23.55%	20.97%	25.25%	31.12%	12.68%	3.41%	1.46%			
5	19.71%	25.92%	32.06%	12.68%	2.74%	-2.56%				
6	25.60%	32.15%	12.85%	5.42%	0.65%					
7	31.51%	21.07%	5.78%	2.99%						
8	22.18%	10.10%	3.96%							
9	9.22%	4.54%								
10	4.02%									
Cumulative	21.23%	22.12%	21.69%	21.83%	21.73%	22.31%	22.95%	17.72%	13.74%	3.94%
Original Principal	118,215,738	128,192,003	127,128,333	125,589,202	134,162,834	151,322,633	177,909,005	157,275,923	156,627,468	175,412,372

PLUS Loans - Prepayment Experience										
12-month Repayment Period	**2000 Pool**	**2001 Pool**	**2002 Pool**	**2003 Pool**	**2004 Pool**	**2005 Pool**	**2006 Pool**	**2007 Pool**	**2008 Pool**	**2009 Pool**
1	5.84%	12.05%	18.54%	23.85%	23.80%	46.48%	66.26%	27.29%	13.24%	0.31%
2	10.36%	20.08%	19.15%	20.95%	38.81%	54.83%	19.88%	10.33%	2.78%	
3	19.89%	23.51%	22.12%	36.31%	46.21%	14.69%	9.42%	4.89%		
4	23.01%	25.58%	34.50%	38.76%	11.68%	7.35%	8.13%			
5	15.28%	28.12%	31.99%	12.99%	8.18%	7.19%				
6	21.75%	32.40%	12.71%	3.97%	5.95%					
7	31.69%	27.57%	15.35%	8.42%						
8	25.06%	29.05%	20.81%							
9	18.98%	6.71%								
10	7.54%									
Cumulative	22.51%	26.44%	24.27%	22.88%	24.74%	29.65%	31.47%	8.59%	8.59%	0.31%
Original Principal	8,117,135	10,223,348	13,000,459	16,017,187	20,111,516	24,070,783	23,007,192	26,308,520	31,581,134	42,258,715

CONSOLIDATION LOANS - Prepayment Experience										
12-month Repayment Period	**2000 Pool**	**2001 Pool**	**2002 Pool**	**2003 Pool**	**2004 Pool**	**2005 Pool**	**2006 Pool**	**2007 Pool**	**2008 Pool**	**2009 Pool**
1	-1.07%	0.44%	1.74%	3.41%	3.14%	3.60%	5.79%	3.83%	-0.51%	4.90%
2	-0.63%	1.70%	2.29%	2.17%	3.65%	4.03%	3.55%	2.64%	1.49%	
3	2.66%	2.56%	4.59%	4.28%	3.70%	2.14%	0.50%	0.93%		
4	1.16%	6.02%	6.96%	6.01%	1.26%	1.25%	1.48%			
5	5.07%	9.23%	8.84%	2.74%	1.22%	1.70%				
6	12.27%	11.27%	2.81%	2.61%	1.95%					
7	3.21%	4.10%	3.30%	3.06%						
8	6.01%	1.24%	3.91%							
9	1.65%	-1.84%								
10	5.22%									
Cumulative	3.92%	4.21%	4.63%	3.75%	2.70%	2.72%	2.98%	2.57%	0.53%	4.90%
Original Principal	14,825,390	13,575,163	45,401,135	65,259,352	65,432,871	69,027,494	74,525,156	44,118,389	64,426,286	5,591

The following tables detail the default experience of the Authority and the Corporation with respect to all FFELP loans serviced by the Corporation. The various columns below represent pools, or groups, of loans entering repayment from November through January. For example, the 2000 Pool consists of loans entering repayment from November 1999 through January 2000. The percentages in the table represent the principal balance of loans having a claim paid during the various 12-month repayment periods listed in the first column:

STAFFORD LOANS - Default Experience											
12-month Repayment Period	**2000 Pool**	**2001 Pool**	**2002 Pool**	**2003 Pool**	**2004 Pool**	**2005 Pool**	**2006 Pool**	**2007 Pool**	**2008 Pool**	**2009 Pool**	**Weighted Average**
1	0.17%	0.27%	0.31%	0.22%	0.26%	0.19%	0.19%	0.22%	0.32%	0.17%	0.23%
2	1.58%	1.12%	1.58%	1.18%	2.07%	1.81%	2.03%	2.77%	2.75%		1.88%
3	1.12%	0.81%	0.87%	0.93%	1.18%	1.15%	1.17%	1.53%			1.10%
4	1.31%	0.67%	0.93%	0.99%	0.84%	0.92%	1.01%				0.95%
5	0.70%	0.75%	0.55%	0.70%	0.53%	0.48%					0.62%
6	0.96%	0.47%	0.56%	0.77%	0.54%						0.66%
7	0.57%	0.49%	0.58%	0.60%							0.56%
8	0.38%	0.43%	0.28%								0.37%
9	0.24%	0.29%									0.26%
10	0.20%										0.20%
Totals	7.23%	5.30%	5.66%	5.40%	5.42%	4.55%	4.39%	4.52%	3.06%	0.17%	
Original Principal	118,215,738	128,192,003	127,128,333	125,589,202	134,162,834	151,322,633	177,909,005	157,275,923	156,627,468	175,412,372	

PLUS Loans - Default Experience											
12-month Repayment Period	2000 Pool	2001 Pool	2002 Pool	2003 Pool	2004 Pool	2005 Pool	2006 Pool	2007 Pool	2008 Pool	2009 Pool	Weighted Average
1	0.32%	0.68%	0.56%	0.23%	0.50%	0.18%	0.16%	0.55%	0.24%	0.32%	0.37%
2	1.46%	0.89%	0.59%	0.28%	0.63%	0.20%	0.40%	0.33%	0.37%		0.57%
3	1.19%	0.65%	0.45%	0.48%	0.23%	0.28%	0.22%	0.66%			0.52%
4	0.87%	0.60%	0.58%	0.35%	0.35%	0.31%	0.44%				0.50%
5	0.49%	0.47%	0.18%	0.20%	0.42%	0.32%					0.35%
6	0.28%	0.28%	0.32%	0.13%	0.25%						0.25%
7	0.04%	0.33%	0.37%	0.10%							0.21%
8	0.37%	0.07%	0.28%								0.24%
9	0.18%	0.08%									0.13%
10	0.32%										0.32%
Totals	5.52%	4.05%	3.34%	1.77%	2.38%	1.29%	1.21%	1.54%	0.61%	0.32%	
Original Principal	8,117,135	10,223,348	13,000,459	16,017,187	20,111,516	24,070,783	23,007,192	26,308,520	31,581,134	42,258,715	

Consolidation Loans - Default Experience											
12-month Repayment Period	2000 Pool	2001 Pool	2002 Pool	2003 Pool	2004 Pool	2005 Pool	2006 Pool	2007 Pool	2008 Pool	2009 Pool	Weighted Average
1	0.00%	0.45%	0.25%	0.19%	0.32%	0.04%	0.14%	0.13%	0.23%	0.00%	0.18%
2	0.38%	0.42%	0.35%	0.63%	0.57%	0.17%	0.38%	0.66%	0.79%		0.48%
3	0.96%	1.07%	0.87%	0.45%	0.59%	0.56%	0.39%	0.86%			0.72%
4	0.50%	0.60%	0.83%	0.47%	0.28%	0.56%	0.57%				0.54%
5	0.00%	1.48%	0.80%	0.51%	0.27%	0.76%					0.64%
6	1.76%	2.89%	0.33%	0.63%	0.78%						1.28%
7	0.17%	0.78%	1.09%	1.19%							0.81%
8	1.58%	0.66%	0.64%								0.96%
9	0.86%	0.99%									0.93%
10	1.18%										1.18%
Totals	7.40%	9.36%	5.17%	4.07%	2.80%	2.09%	1.47%	1.65%	1.02%	0.00%	
Original Principal	14,825,390	13,575,163	45,401,135	65,259,352	65,432,871	69,027,494	74,525,156	44,118,389	64,426,286	5,591	

Past performance does not guarantee future results. See "**RISK FACTORS - Performance of the Student Loan Portfolio May Differ From Historical Student Loan Performance**" herein.


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