

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

\$211,280,000 Education Loan Asset-Backed Notes Series 2020-A



Securities Offered

- Notes set forth in the table below.

Credit Enhancement

- Overcollateralization;
- Excess Interest on Financed Eligible Loans;
- Reserve Fund; and
- For the Class A Notes, the subordination of the Class B Notes.

You should consider carefully the information under the caption “RISK FACTORS” in this Offering Memorandum. It is a condition to the issuance of the Notes that they be rated as set out in the caption “SUMMARY OF TERMS—Ratings of the Notes” herein.

The Notes are special obligations of the Issuer, which has no taxing power. Neither The Commonwealth of Massachusetts nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit nor the taxing power of The Commonwealth of Massachusetts or any political subdivision thereof is pledged to such payment.

The Massachusetts Educational Financing Authority (the “Issuer”), a body politic and corporate constituting a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”), is offering the following Classes of Notes (the “Notes”):

<u>Series</u>	<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Price to Public</u>
Senior Class A	\$198,080,000	2.30%	February 25, 2040	99.97098%
Subordinate Class B	\$13,200,000	3.76%	February 25, 2045	99.99525%

The Notes are secured primarily by a pool of private education loans originated under the Issuer’s Refinancing Loan Program. The Notes will receive monthly distributions of interest and principal on the 25th day of each month as described in this Offering Memorandum, or if such day is not a business day, the next business day, beginning August 25, 2020.

The Notes will be issued only as fully registered notes under a book-entry method, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. Interest on and principal of the Notes will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as trustee. So long as DTC or its nominee is the Noteholder, disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to the ultimate purchasers (“Beneficial Owners”) is the responsibility of DTC Participants or other nominees of the Beneficial Owners. There will be no distribution of Note certificates to the Beneficial Owners thereof. All distributions of principal on the Notes through DTC will be treated by DTC, in accordance with its rules and procedures, as “Pro Rata Pass-Through Distribution of Principal.”

The Issuer is exempt from the provisions of the Investment Company Act of 1940, as amended, and is not a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

The Notes are offered when, as and if issued and received by the Underwriter named below, subject to approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Note Counsel, and certain other conditions. Certain legal matters are subject to the approval of Kutak Rock LLP, Denver, Colorado, Counsel to the Underwriter. It is expected that the Notes will be available for delivery to DTC in New York, New York on or about June 18, 2020.

RBC Capital Markets

This Offering Memorandum is dated June 9, 2020

The information set forth herein has been furnished by the Issuer and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. 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 Issuer or other matters described herein since the date hereof.

No dealer, broker, salesperson or other person has been authorized by the Issuer or by any of the Underwriter listed on the front cover of this Offering Memorandum (the “Underwriter”) to give any information or to make any representations other than as 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. This Offering Memorandum is not to be construed as a contract with purchasers or holders of the Notes.

The Underwriter has provided the following statement for inclusion in this Offering Memorandum. The Underwriter has reviewed the information in this Offering Memorandum in accordance with, and as part of, its responsibility to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information in this Offering Memorandum concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry-only system has been obtained from DTC. None of the Issuer, any of its advisors or the Underwriter has independently verified, make any representation regarding or accept any responsibility for, the accuracy, completeness or adequacy of such information.

The Notes will not be registered under the Securities Act of 1933 (the “Securities Act”), as amended, and will not be listed on any stock or other securities exchange, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Notes and the security therefor, including an analysis of the risks involved. The Notes have not been recommended by any federal or state securities commission or regulatory authority. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy, completeness or adequacy of this Offering Memorandum or approved the Notes for sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFERING MEMORANDUM, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFERING MEMORANDUM, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFERING MEMORANDUM.

This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described herein. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Notes. Any distribution of this Offering Memorandum in whole or in part to any person other than the offeree or such offeree’s advisers is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to herein.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has not been any change in the facts set forth in this Offering Memorandum or in the affairs of any party described herein since the date hereof.

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

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

The Notes have not been and will not be registered under the Securities Act in reliance upon Section 3(a)(2) therein or under the securities laws of any state ("Blue Sky" laws).

The Notes may not be offered or sold to persons in the United Kingdom, by means of this Offering Memorandum or any other document, in circumstances which will result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services and Markets Act 2000.

The transaction described herein is not intended to comply with Regulation (EU) 2017/2402 (as defined in and more fully described under the caption "RISK FACTORS—European risk retention rules may affect the liquidity of the Notes" herein) and no party to the transaction described herein has committed to retain a net economic interest in the transaction or to provide information in order to comply with such requirements.

Except as expressly stated herein, the Underwriter makes no representations or warranties as to the accuracy or completeness of the information in this Offering Memorandum, and nothing herein shall be deemed to constitute such a representation or warranty by the Underwriter nor a promise or representation as to our future performance or the future performance of the Financed Eligible Loans or the Notes.

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

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SUMMARY OF TERMS

The following summary is a general overview of the terms of the Notes and does not contain all of the information that you need to consider in making your investment decision. All capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture and as described in “APPENDIX A—DEFINITIONS OF CERTAIN TERMS” hereto.

Before deciding to purchase the Notes, you should consider the more detailed information appearing elsewhere in this Offering Memorandum. We may not sell the Notes until an Offering Memorandum for the Notes is delivered in final form.

The words “we,” “us,” “our” and similar terms, as well as references to the “Issuer,” refer to the Massachusetts Educational Financing Authority. This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. See the caption “SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS” herein.

Principal Parties and Dates

Issuer

- Massachusetts Educational Financing Authority

Loan Servicer

- Pennsylvania Higher Education Assistance Agency

Trustee

- U.S. Bank National Association

Underwriter

- RBC Capital Markets, LLC

Distribution Dates

Distribution dates for the Notes will be the 25th day of each month. We sometimes refer to these dates as “Monthly Distribution Dates.” However, if any Monthly Distribution Date is not a Business Day, the monthly distribution will be made on the next Business Day, without additional interest. The first Monthly Distribution Date will be August 25, 2020. The calculation date for each Monthly Distribution Date generally will be the second Business Day before such Monthly Distribution Date.

Collection Periods

The Collection Periods will be the full calendar month preceding each Monthly Distribution Date. However, the initial Collection Period will begin on the Cutoff Date and end on July 31, 2020.

Interest Accrual Periods

The initial Interest Accrual Period for the Notes begins on the Date of Issuance and ends on August 24, 2020. For all other Monthly Distribution Dates, the Interest Accrual Period will begin on and include the 25th day of the calendar month containing the immediately preceding Monthly Distribution Date and end on and include the 24th day of the calendar month containing such current Monthly Distribution Date.

Cutoff Dates

The Cutoff Date for the MEFA Refinancing Loan portfolio the Issuer will Finance on the Date of Issuance is expected to be June 18, 2020.

The information presented in this Offering Memorandum relating to the MEFA Refinancing Loans we expect to Finance on the Date of Issuance (the “Financed Eligible Loans”) is as of April 30, 2020, which we refer to as the Statistical Cutoff Date. We believe that the

information set forth in this Offering Memorandum with respect to the Financed Eligible Loans as of the Statistical Cutoff Date is representative of the characteristics of the Financed Eligible Loans as they will exist on the Date of Issuance, although certain characteristics on any Financed Eligible Loans pledged after the Cutoff Date may vary.

Date of Issuance

The Date of Issuance for the issuance of the Notes is expected to be June 18, 2020.

Description of the Notes

General

The Issuer is offering the following Education Loan Asset-Backed Notes, Series 2020-A (the “Notes”):

- Senior Class A Notes in the aggregate principal amount of \$198,080,000; and
- Subordinate Class B Notes in the aggregate principal amount of \$13,200,000.

The Notes are debt obligations of the Issuer and will be issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), between the Issuer and the Trustee. The Notes will receive payments primarily from collections on a pool of Eligible Loans (all of which are MEFA Refinancing Loans) pledged to the Trust Estate.

The Class A Notes will be “senior notes” and the Class B Notes will be “subordinate notes,” as described herein. See the caption “RISK FACTORS—Subordination of the Class B Notes may result in a greater risk of loss or delay in payment for holders of the Class B Notes” herein. The Notes will be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. Interest and principal on the Notes will be payable to the record owners of the Notes as of the close of business on the day before the related Monthly Distribution Date.

Interest on the Notes

The Notes will bear interest at the following rates:

- the Class A Notes will bear interest at an annual rate equal to 2.30%; and
- the Class B Notes will bear interest at an annual rate equal to 3.76%.

Interest on the Notes will be calculated on the basis of a 360-day year composed of twelve 30-day months. Notwithstanding the foregoing, any principal amount of a Note paid on a Monthly Distribution Date that is not the 25th day of a month will not bear interest for the period from the 25th day of such month to the Monthly Distribution Date.

Interest accrued on the Outstanding Amount of the Notes during each Interest Accrual Period will be paid on the following Monthly Distribution Date in the order and priority described under the caption “Description of the Issuer—*Flow of Funds*” below and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Failure to pay interest on the Class B Notes is not an Event of Default so long as any of the Class A Notes remain Outstanding.

Principal Payments on the Notes

Principal distributions will be allocated to the Notes on each Monthly Distribution Date in an amount equal to the lesser of:

- the Principal Distribution Amount for that Monthly Distribution Date; and
- funds available to pay principal as described under the caption “Description of the Issuer—*Flow of Funds*” below and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Principal will be paid, *first*, on the Class A Notes until paid in full and, *second*, on the Class B Notes until paid in full.

The term “Principal Distribution Amount” means, for any Monthly Distribution Date, the amount, not less than zero, by which (a) the aggregate Outstanding Amount of the Notes immediately prior to such Monthly Distribution Date exceeds (b) the Adjusted Pool Balance for that Monthly Distribution Date less the Specified Overcollateralization Amount. Notwithstanding the foregoing, (i) on or after the Note Final Maturity Date for a Class of Notes, the Principal Distribution Amount shall not be less than the amount that is necessary to reduce the Outstanding Amount of such Class of Notes to zero, and (ii) the Principal Distribution Amount shall not exceed the aggregate Outstanding Amount of the Notes as of any Monthly Distribution Date (before giving effect to any distributions on such Monthly Distribution Date).

The term “Specified Overcollateralization Amount” means, for any Monthly Distribution Date, the greater of (a) 4.762% of the Adjusted Pool Balance and (b) \$6,000,000.

“Adjusted Pool Balance” means, for any Monthly Distribution Date, the sum of the Pool Balance as of the end of the related Collection Period and the amount on deposit in the Reserve Fund, after giving effect to any payments to or releases from the Reserve Fund on such Monthly Distribution Date.

The Principal Distribution Amount is intended to provide credit support so that, if sufficient funds are available on each Monthly Distribution Date, the Adjusted Pool Balance will continue to exceed the Notes by the greater of (a) 4.762% of the Adjusted Pool Balance and (b) \$6,000,000. On the Date of Issuance, the Adjusted Pool Balance will be approximately 108.8% of the Outstanding Amount of the Class A Notes and approximately 102.0% of the Outstanding Amount of the Class A Notes and Class B Notes.

“Pool Balance” for any date means the aggregate principal balance of the Financed Eligible Loans on that date, including accrued interest that is expected to be capitalized, as reduced by the principal portion of:

- all payments received by the Issuer or the Loan Servicer on the Financed Eligible Loans through that date from borrowers;
- all amounts received, or made, by the Issuer through that date from cash payments made to substitute for Financed Eligible Loans;
- all liquidation proceeds and realized losses on the Financed Eligible Loans through that date; and
- the amount of any adjustment to balances of Financed Eligible Loans that a Loan Servicer makes under its related Servicing Agreement through that date.

See the caption “DESCRIPTION OF THE NOTES—Principal Payments on the Notes” herein.

In addition to the principal payments described above, if the Financed Eligible Loans are not released in exchange for the optional cash substitution payments described below, the Notes may receive supplemental payments of principal over time from certain money remaining in the Collection Fund as described under the caption “Description of the Issuer—*Flow of Funds*” below and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Releases to Issuer

To the extent that the Available Funds are sufficient to pay the Senior Program Expenses, to pay interest on the Notes, to fully fund the Reserve Fund, to pay the entire Principal Distribution Amount and to pay all Subordinate Program Expenses on any Monthly Distribution Date prior to the first date on which the optional cash substitution described below may be exercised, any remaining Available Funds may

be released to the Issuer free and clear of the Indenture as described under the caption “Description of the Issuer—*Flow of Funds*” below and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—*Flow of Funds*” herein.

Final Maturity

The Monthly Distribution Dates on which the Notes are due and payable in full are as follows (the “Note Final Maturity Dates”):

Class A Notes: February 25, 2040

Class B Notes: February 25, 2045

The actual maturity of any Class of Notes could occur earlier for a variety of reasons including if, for example:

- there are prepayments on the Financed Eligible Loans held in the Trust Estate;
- the Issuer or its assignee exercises its option to substitute cash for all of the Financed Eligible Loans remaining in the Trust Estate (which will not occur until the Pool Balance is equal to or less than 10% of the Initial Pool Balance);
- the Trustee sells all of the remaining Financed Eligible Loans upon an Event of Default; or
- the remaining Financed Eligible Loans in the Trust Estate are not released pursuant to the optional cash substitution, and the Notes receive supplemental payments of principal from money available in the Collection Fund.

In the event that the Financed Eligible Loans experience significant prepayments, the actual final payments on a Class of the Notes may occur substantially before its Note Final Maturity Date, causing a shortening of such Class of the Notes’ weighted average life. See the caption “DESCRIPTION OF THE NOTES—Prepayment, Yield and Maturity Considerations” herein and “APPENDIX D—WEIGHTED

AVERAGE LIVES, EXPECTED MATURITIES AND PERCENTAGES OF ORIGINAL PRINCIPAL REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES FOR THE NOTES” hereto.

Description of the Issuer

General

The Massachusetts Educational Financing Authority, a body politic and corporate constituting a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”), was established in 1982 pursuant to the Act to assist in the financing and refinancing of the costs of postsecondary education. In 2015, the Issuer introduced the “MEFA Refinancing Loan Program” that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses (the “MEFA Refinancing Loans”). See the caption “MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY” herein.

The Issuer will use the proceeds from the sale of the Notes, along with other funds available to the Issuer, to Finance MEFA Refinancing Loans, to make deposits to the Acquisition Fund and the Reserve Fund and to pay the costs of issuing the Notes.

Special Obligations

The Notes are special obligations of the Issuer and are payable solely from the Available Funds and amounts on deposit in certain Funds and Accounts established and pledged under the Indenture. No revenues or other assets are available to fund payment of the Notes. The Issuer has no taxing power. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.

Risk Retention

As a public instrumentality of the Commonwealth, the Issuer's student loan securitizations are not subject to the provisions of either Section 15G of the Securities Exchange Act of 1934, as amended, or Regulation RR (17 C.F.R. Part 246) promulgated thereunder requiring sponsors of asset-backed securitizations (or their majority owned affiliates) to retain a portion of the credit risk of the assets collateralizing their asset-backed securities.

The Trust Estate

The Trust Estate will include:

- the Financed Eligible Loans;
- collections and other payments received on account of the Financed Eligible Loans;
- certain contractual rights of the Issuer to the extent related to the Financed Eligible Loans; and
- money and investments held in Funds created under the Indenture, including the Acquisition Fund, the Collection Fund and the Reserve Fund.

Except under limited circumstances set forth in the Indenture, Financed Eligible Loans may not be transferred out of the Trust Estate. For example, if after the Date of Issuance it is discovered that there has been a breach of the representations or warranties made by the Issuer regarding a Financed Eligible Loan, the Issuer generally will be obligated to cure such breach, substitute cash for, or replace, such Financed Eligible Loan, or reimburse the Trust Estate for any losses resulting from the breach, and the Issuer is permitted to dispose of Defaulted Financed Eligible Loans upon complying with certain conditions of the Indenture. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Covenants as to the Additional Conveyances; Further Covenants" and "—Covenants as to Education Loans" hereto.

The Acquisition Fund

The Issuer will make a deposit to the Acquisition Fund in an amount equal to approximately \$210,166,075, which will be used on the Date of Issuance to Finance the Financed Eligible Loans, all of which are MEFA Refinancing Loans. See the caption "CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS (As of the Statistical Cutoff Date)" herein.

The Collection Fund

The Issuer will make an initial deposit to the Collection Fund in an amount equal to approximately \$2,946,616, which represents the principal payments received on the Financed Eligible Loans since the Statistical Cutoff Date. In addition, the Trustee will deposit into the Collection Fund all revenues derived from Financed Eligible Loans, money or assets on deposit in the Trust Estate and all amounts transferred from the Acquisition Fund and the Reserve Fund. Money on deposit in the Collection Fund will be used to pay the Issuer's operating expenses (which include Program Expenses and Rating Agency Surveillance Fees) and interest and principal due on the Notes. See the caption "Description of the Issuer—*Flow of Funds*" below and the captions "FEES AND EXPENSES" and "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—*Flow of Funds*" herein.

The Reserve Fund

The Issuer will make a deposit to the Reserve Fund in an amount equal to \$528,200. For any Monthly Distribution Date, the Reserve Fund is subject to a minimum amount (the "Specified Reserve Fund Balance") equal to the greater of:

- 0.25% of the aggregate Outstanding Amount of the Notes as of the close of business on the last day of the related Collection Period; and
- \$316,920.

This minimum amount may be reduced upon satisfaction of the conditions of a Rating Notification.

On each Monthly Distribution Date, to the extent that Available Funds in the Collection Fund are not sufficient to pay Senior Program Expenses and Rating Agency Surveillance Fees or to pay interest then due on the Notes, an amount equal to the deficiency will be transferred directly from the Reserve Fund. To the extent the amount in the Reserve Fund falls below the Specified Reserve Fund Balance, the Reserve Fund will be replenished on each Monthly Distribution Date from Available Funds in the Collection Fund with the priority described under the caption “Description of the Issuer—*Flow of Funds*” below and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—*Flow of Funds*” herein. In addition, if the Senior Servicing Fees (determined without regard to the limitation thereon in the definition thereof) exceed the amount permitted to be paid as Senior Program Expenses on any Monthly Distribution Date, the Issuer shall direct the Trustee to use amounts on deposit in the Reserve Fund to pay the amount of such excess directly to the Loan Servicer. In certain circumstances, however, the Reserve Fund could be partially or fully depleted. This depletion could result in shortfalls in distributions to Noteholders and amounts available for Senior Program Expenses and Rating Agency Surveillance Fees. Principal payments due on the Notes may be made from the Reserve Fund only on the Note Final Maturity Date for the respective Class of Notes or upon the exercise of the cash substitution option. See the caption “Optional Cash Substitution” below. Funds on deposit in the Reserve Fund in excess of the Specified Reserve Fund Balance will be transferred to the Collection Fund.

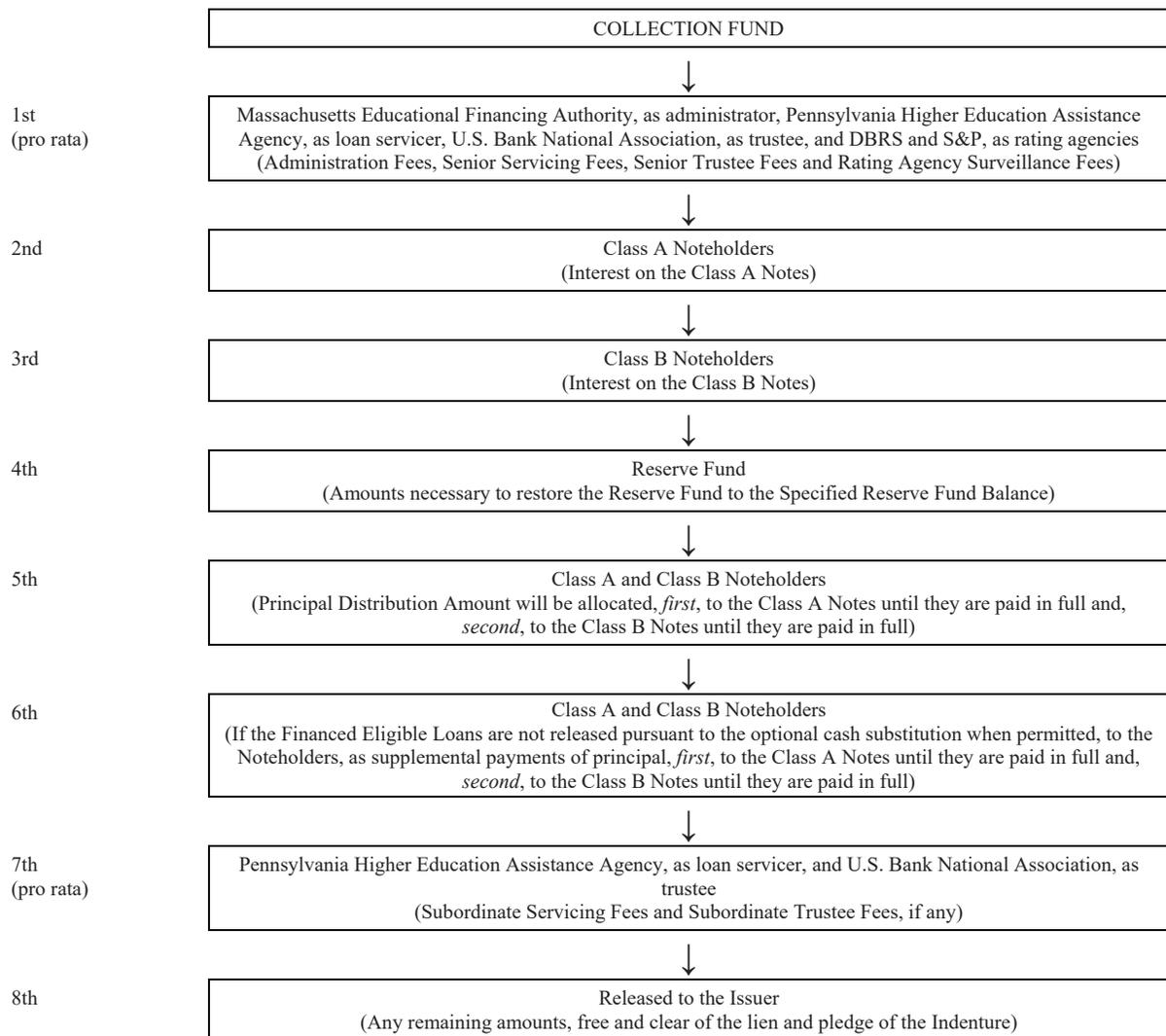
Characteristics of the Financed Eligible Loan Portfolio

The Issuer will pledge a portfolio of Financed Eligible Loans originated under its MEFA Refinancing Loan Program. The Financed Eligible Loans are described more fully under the captions “MEFA REFINANCING

LOAN PROGRAM” and “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS” herein, having an aggregate outstanding principal balance of \$215,015,783 as of the Statistical Cutoff Date. As of the Statistical Cutoff Date, the weighted average annual interest rate of the fixed rate Financed Eligible Loans was approximately 4.92%, the weighted average margin over 1-month LIBOR for the variable rate Financed Eligible Loans was approximately 2.54% and the Financed Eligible Loans had a weighted average remaining term to scheduled maturity of approximately 139 months.

Flow of Funds

On each Monthly Distribution Date, unless an Event of Default has occurred and is continuing, Available Funds 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:



Flow of Funds After Events of Default

Following the occurrence of an Event of Default that results in an acceleration of the maturity of the Notes, no distributions of principal or interest will be made with respect to the Class B Notes until payment in full of principal and interest on the Class A Notes. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Remedy on Default; Possession of Trust Estate; Application of Sale Proceeds” hereto.

Credit Enhancement

Credit enhancement for the Notes will include overcollateralization, excess interest on Financed Eligible Loans and cash on deposit in the Reserve Fund as described above and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein, and, for the Class A Notes, the subordination of the Class B Notes, as described under the caption “CREDIT ENHANCEMENT” herein. Overcollateralization is the amount by which the Adjusted Pool Balance exceeds the aggregate Outstanding Amount of the Notes. The amount of overcollateralization will vary from time to time depending on the rate and timing of principal payments on the Financed Eligible Loans, capitalization of interest, certain borrower fees and the incurrence of losses, if any, on the Financed Eligible Loans. Excess interest represents the amount by which the overall rate of return on the Financed Eligible Loans exceeds the combined rate of interest on the Notes and the related fees.

Administration

The Issuer will administer the Trust Estate pursuant to the Indenture. In consideration of such services, the Issuer will receive the Administration Fees. See the caption “FEES AND EXPENSES” herein, the caption “Description of the Issuer—*Flow of Funds*” above and the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Origination and Servicing

Entech Consulting, LLC (“Entech”) currently acts as loan originating agent for all MEFA Refinancing Loans (the “Loan Originating Agent”) pursuant to an Agreement, entered into as of January 29, 2018 (the “Loan Origination Agreement”), between the Issuer and Entech. U.S. Bank National Association (“U.S. Bank”) currently acts as disbursing agent for all MEFA Refinancing Loans (the “Disbursing Agent”) pursuant to a Master Services Agreement, dated as of December 18, 2017 (the “Disbursement Agreement”), between the Issuer and U.S. Bank. Pennsylvania Higher Education Assistance Agency (“PHEAA”) currently acts as the loan servicer for all MEFA Refinancing Loans, including the Financed Eligible Loans (the “Loan Servicer”), pursuant to an Amended and Restated Servicing Agreement, dated April 1, 2018 (the “PHEAA Servicing Agreement”), between the Issuer and PHEAA. In consideration of acting as Loan Servicer, PHEAA will receive the Senior Servicing Fees and any Subordinate Servicing Fees from the Issuer. See the caption “FEES AND EXPENSES” herein, the caption “Description of the Issuer—*Flow of Funds*” above and the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Optional Cash Substitution

The Issuer or its assignee may, but is not required to, cause the release of the remaining Financed Eligible Loans in the Trust Estate in exchange for an optional cash substitution payment on any Monthly Distribution Date when the Pool Balance is equal to or less than 10% of the Initial Pool Balance. If this cash substitution option is exercised, the Financed Eligible Loans will be released to the Issuer or its assignee as of the last Business Day of the preceding Collection Period and the substituted cash will be used on the corresponding Monthly Distribution Date to repay Outstanding Notes, which will result in early retirement of the Notes.

If the Issuer or its assignee exercises its cash substitution option, the cash substitution amount will equal the amount that, when

combined with amounts on deposit in the Funds and Accounts held under the Indenture, would be sufficient to:

- reduce the Outstanding Amount of each Class of Notes on the related Monthly Distribution Date to zero;
- pay to each Class of Noteholders the interest payable on the related Monthly Distribution Date; and
- pay any unpaid Program Expenses and Rating Agency Surveillance Fees.

Book-entry Registration

The Notes will be delivered in book-entry form through The Depository Trust Company. You will not receive a certificate representing your Notes except in very limited circumstances. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

U.S. Federal Income Tax Consequences

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. will deliver an opinion to the effect that, for U.S. federal income tax purposes and assuming the accuracy of and compliance with certain assumptions, representations and covenants, the Notes will be characterized as debt and the Issuer will not be characterized as an association or publicly traded partnership taxable as a corporation. By accepting its Notes, each Noteholder agrees to treat its Notes as indebtedness for U.S. federal income tax and all applicable state and local income and franchise tax purposes in all tax filings, reports and returns and otherwise, and will not take, or participate in the taking of or permit to be taken, any action that is inconsistent with such tax treatment and tax reporting of the Notes, unless required by applicable law. See the caption “CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS” herein.

ERISA Considerations

Fiduciaries of employee benefit plans, retirement arrangements and other entities in which such plans or arrangements are invested (“Plans”), persons acting on behalf of Plans or

persons using the assets of Plans should review carefully with their legal advisors whether the purchase and holding of the Notes could give rise to a transaction prohibited under ERISA or the Code. For additional information and a description of a representation and warranty deemed to be made by each Noteholder, see the caption “CERTAIN ERISA CONSIDERATIONS” herein.

Certain Investment Company Act Considerations

The Issuer is exempt from the provisions of the Investment Company Act of 1940, as amended, and is not a “covered fund” for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010), also known as the Volcker Rule (the “Volcker Rule”). Since the Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act, Noteholders will not be afforded protections of the provisions of the Investment Company Act designed to protect investment company investors.

Ratings of the Notes

The Notes will be rated at least as follows:

Class	Rating Agency (DBRS / S&P)
Class A Notes	AAA (sf) / AAA (sf)
Class B Notes	AA (sf) / AA (sf)

See the caption “RISK FACTORS—Ratings of education loan asset-backed debt issued by the Issuer or others may be reviewed or downgraded” herein.

CUSIP Numbers

- Class A Notes: 57563N AD0
- Class B Notes: 57563N AE8

**International Securities Identification
Numbers (“ISIN”)**

- Class A Notes: US57563NAD03
- Class B Notes: US57563NAE85

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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 Notes. The following discussion of possible risks is not meant to be an exhaustive list of the risks associated with the purchase of 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.

The Notes are special obligations of the Issuer without third party credit

The Notes are special obligations of the Issuer and are payable solely from the Available Funds and certain Funds and Accounts established and pledged under the Indenture. No revenues or other assets are available to fund payment of the Notes except as expressly provided by the Indenture. The Issuer has no taxing power. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.

The Issuer does not expect to contract with any financial institution to provide third party credit support for the Notes. All of the Financed Eligible Loans are originated solely on the basis of borrower and, if applicable, co-borrower credit evaluation, are payable solely by the borrower and any applicable co-borrower and are not guaranteed by the Issuer or by any other person, other than by any such co-borrower. Accordingly, Noteholders' receipt of full and timely payment of principal of and interest upon the Notes will be primarily dependent upon the material conformance of actual portfolio performance of the Financed Eligible Loans to the Issuer's expectations. There can be no assurance of the marketability or market value of the Financed Eligible Loans if it should, at any time, prove necessary to sell all or a portion of the Financed Eligible Loans to fund the payment of interest on and principal of the Notes, particularly the payment of interest on and principal of the Class B Notes. See the caption "Subordination of the Class B Notes may result in a greater risk of loss or delay in payment for holders of the Class B Notes" below. In addition, factors affecting actual Financed Eligible Loans portfolio performance, factors affecting the marketability and market value of Financed Eligible Loans, and the perceptions of market participants of such factors, may affect the marketability and market value of the Notes.

The Financed Eligible Loans are unsecured and do not have the benefit of any guaranties

The Financed Eligible Loans are private, or alternative, student loans not originated pursuant to the Higher Education Act of 1965, as amended, and are not, and will not, be guaranteed by any governmental entity or third party guarantor, and there are no reserves available to pay Defaulted Financed Eligible Loans. In addition, the Financed Eligible Loans to be pledged to the Trust Estate will be unsecured. Certain Financed Eligible Loans have co-borrowers. Therefore, the receipt by the Trustee of principal and interest on the Financed Eligible Loans will be dependent on the ability and willingness of the borrowers and, if applicable, the co-borrowers to make these payments. See the caption "General Economic Conditions" below and the caption "CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS" herein.

The COVID-19 pandemic could adversely affect the value of your Notes or borrowers' ability to repay their loans

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal,

state and local governments, as well as private organizations, have implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations are causing, and are expected to continue to cause, severe disruption in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. capital markets.

In the Commonwealth, Governor Baker's administration has undertaken mitigation measures in response to COVID-19, including: the imposition of travel bans; temporary closure of schools, colleges, universities, early childhood education programs, and non-essential businesses, such as restaurants (with exceptions for take-out orders), bars, and retail stores; limitations on gatherings of a certain size in public and private venues; and a number of other social distancing measures.

The Commonwealth's responses and other governmental responses have resulted in historic increases in unemployment in the United States. Business closures, travel restrictions, and workforce reductions and furloughs have also resulted in income reductions for many businesses and their remaining employees. The Issuer cannot predict the length or severity of the pandemic and its economic effects, including its effects on borrowers. It is likely that the United States economy has entered into a recession as a result of the outbreak and it is uncertain how long such a recession could last, or whether it could develop into a depression. Further, it is unclear how many borrowers have been and will continue to be adversely affected by the outbreak and related governmental efforts to slow the spread of COVID-19. Additional outbreaks of COVID-19 and further actions or extensions of existing actions taken to limit such outbreaks and their economic effects could lead to further disruptions in economic activities, the financial markets, and the global economy in general. As a result, there may be a delay in, or reduction of, total education loan collections that might materially and adversely affect the ability of the Issuer to pay the principal of and interest on the Notes and related fees and the repayment of the Notes prior to their maturity.

Sustained adverse economic effects from the pandemic may also result in downgrades of the ratings of the Notes. Investors should consider what effect such events may have on the ability of borrowers to make timely payments on the Financed Eligible Loans, which could have an adverse impact on the performance and market value of the Notes, and on the marketability of financial instruments such as the Notes, which could adversely affect the market value of the Notes and/or limit the ability of a Noteholder to resell its Notes.

The COVID-19 outbreak is affecting borrowers nationwide and is expected to have a materially more significant impact on the performance of the MEFA Refinancing Loans than even the most severe historic natural disasters. It has been the Issuer's normal practice to permit borrowers experiencing economic hardship to apply for a Modified Payment Plan, which permits such borrowers to make interest only payments or reduced payment amounts, depending upon the plan, for a maximum period of up to 48 months. Historically, the Issuer has also offered Natural Disaster Forbearance for borrowers that are impacted by a federally declared major disaster. On March 13, 2020, a National Emergency was declared by the Federal government. Due to the severity of COVID-19, the Issuer made the decision to expand its relief option by offering Natural Disaster Forbearance to all borrowers impacted by COVID-19 for a period of 3 months. Interest on the loans will not be capitalized at the end of the Natural Disaster Forbearance period, rather the term of the loan will be extended by the like amount of time. In addition, the Issuer instructed the Servicer to apply Natural Disaster Forbearance to any account 30 days or more delinquent in early April. Most recently in mid-May, the Issuer began instructing the Servicer to apply a further thirty-day Natural Disaster Forbearance extension for accounts previously projected to return to repayment over the next few months, bringing the Natural Disaster Forbearance term to 4 months. The Issuer continues to monitor this pandemic on a state and national level and reserves the right to modify its forbearance and

modified payment plan policies over time, including the option of further extending the forbearance period beyond what has been described.

The Issuer has experienced an increase in forbearance requests as a result of reduced economic activity and increased unemployment due to the virus outbreak and containment efforts. The number of forbearance requests and the percentage change week over week for last ten weeks were as follows:

Requests for Forbearance - MEFA Refinancing Loans

Week ending	Number of Loans	Cumulative Total	Percentage change week over week
3/28/2020	112	112	--
4/4/2020	70	182	63%
4/11/2020	51	233	28
4/18/2020	210	443	90
4/25/2020	138	581	31
5/2/2020	71	652	12
5/9/2020	15	667	2
5/16/2020	19	686	3
5/23/2020	12	698	2
5/30/2020	<u>8</u>	706	1
Total	706		

The percentage of the MEFA Refinancing Loans that were in forbearance at the end of each month during 2020 (and as of May 30, 2020) was as follows:

Date	Percentage of MEFA Refinancing Loans in Forbearance
January 31, 2020	0.00%
February 29, 2020	0.00
March 31, 2020	2.66
April 30, 2020	11.39
May 30, 2020	12.73

Increases in forbearances, as well as in delinquencies and defaults, could adversely affect the amount of collections on the Financed Eligible Loans, which in turn may cause losses on the Notes. In addition, it should be noted that acceptance of Financed Eligible Loans into forbearance status prevents such loans from becoming delinquent or defaulted for reporting or other purposes.

The pandemic and measures designed to contain its spread are also likely to adversely affect the financial conditions and results of operations of the Issuer. In connection with an emergency declaration pursuant to the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, President Trump announced on March 13, 2020 the waiver of interest on all student loans held by the federal government, until further notice. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted, which provides that interest on such federal loans will be suspended, and that no interest shall accrue, for a period ending September 30, 2020. The suspension applies to all loans made under the Federal Direct Loan Program, but not to loans made under the FFELP Program (except those held by the federal government) or the Perkins Loan Program, among others, or to private credit student loans, such as those made by the Issuer. It is not clear at this time whether the suspension will be extended for additional periods, or extended to cover additional loans, or how significantly the suspension will affect the Issuer. However, during any period that interest is not accruing on all or a portion of an education loan borrower's loans, the borrower would be less likely to include such a loan in

refinancing, and perhaps less likely to refinance his or her other loans, at least until the waiver period ends. More generally, if these benefits under the CARES Act are extended, then borrowers may be more likely to pursue federal loans, and less likely to pursue loans originated by private lenders, such as the Issuer.

Moreover, although the CARES Act suspension does not affect the Financed Eligible Loans or other loans made under the MEFA Refinancing Loan Program, there is no assurance that future legislation intended to mitigate the economic effects of the pandemic will not directly or indirectly affect the Financed Eligible Loans, other loans made under the MEFA Refinancing Loan Program, or the Issuer. Federal, state and local governments have adopted, and may further adopt, laws, regulations, and executive orders and policy statements that require or encourage financial services companies to make accommodations to borrowers affected by the pandemic. The accommodations may include allowing borrowers to forego making scheduled payments for some period of time, requiring loan modifications such as payment deferrals or extensions of repayment terms, waivers of amounts due or past due, and restrictions on collection activities and enforcement of remedies. Such actions could adversely affect the Issuer's ability to pay principal of and interest on the Notes.

Following Governor Baker's executive orders relating to mitigation of the spread of COVID-19, the Issuer transitioned to remote work and continued normal business operations with no disruption in service to its borrowers. An extended period of remote work arrangements, however, could introduce operational risk, including cybersecurity risks. In addition, servicing disruptions could result from the burden of responding to increased delinquencies and deferment requests, or if significant portions of the Issuer's workforce are unable to work effectively as a result of the pandemic, including because of illness, stay-at-home orders or ineffective remote work arrangements.

As detailed herein, PHEEA is the Loan Servicer for the MEFA Refinancing Program. See "MEFA REFINANCING LOAN ORIGINATION AND SERVICING—The Loan Servicer—*Subsequent Events*" herein. The Issuer cannot predict with certainty the extent to which the COVID-19 outbreak will have a material adverse effect on the financial condition and operations of PHEEA in the coming months. If the Issuer or PHEEA is unable to adequately perform their obligations with respect to servicing the MEFA Refinancing Loans due to a remote working environment, this could adversely affect the performance of the MEFA Refinancing Loans (including the Financed Eligible Loans) and the Issuer's ability to pay principal of and interest on the Notes.

The effects or possible effects of the COVID-19 pandemic and the resulting global economic downturn and other financial market disruptions may also heighten many of the others risks described in this Offering Memorandum, including those described under the captions "—The Financed Eligible Loans are unsecured and do not have the benefit of any guaranties" above and "—Certain factors could potentially affect timing and receipt of Available Funds," "—Ratings of education loan asset-backed debt issued by the Issuer or others may be reviewed or downgraded," "—General Economic Conditions," "—Military service obligations, pandemics and natural disasters may cause a delay in payments to the Issuer" and "—Dependence upon third party loan servicer and loan originating agent" below, among others.

The extent to which the COVID-19 pandemic affects the Notes will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the pandemic and the actions taken to contain it or alleviate its effects. The Issuer cannot predict how legal and regulatory responses to the pandemic and related economic problems will affect the Issuer, or the Notes. However, all of the foregoing could have a negative impact on the performance of the Financed Eligible Loans and, as a result, there may be delays in payments or losses on the Notes.

Performance of the Financed Eligible Loans may differ from historical Issuer education loan performance

Although the MEFA Refinancing Loan Program was established in 2015, and only limited prior performance information is available for MEFA Refinancing Loans, MEFA has been originating education loans since 1983, and it is anticipated that the Financed Eligible Loans will perform similarly to the Issuer's fixed and variable education loans to which both (i) a 10-year or 15-year repayment period and (ii) the immediate repayment option apply ("Prior Immediate Repayment MEFA Loans"). While this Offering Memorandum contains historical information relative to the payment experience of the Issuer with its previously originated Prior Immediate Repayment MEFA Loans, there can be no assurance that the performance of the Financed Eligible Loans will in fact be consistent with that of previously originated Prior Immediate Repayment MEFA Loans. The previously originated Prior Immediate Repayment MEFA Loans bore or bear a variety of fixed and variable interest rates and were repaid by borrowers in a variety of interest rate and economic environments; the substantial majority of the MEFA Refinancing Loans within the Financed Eligible Loans will bear interest at fixed rates. In addition, the Issuer has from time to time modified the credit criteria and certain other origination and repayment terms applicable to Prior Immediate Repayment MEFA Loans; however, both the Prior Immediate Repayment MEFA Loans and the MEFA Refinancing Loans require a FICO Score of greater than 670. As a result, certain previously originated Prior Immediate Repayment MEFA Loans were originated on the basis of credit criteria or terms that differ in certain respects from those applicable to the Financed Eligible Loans. Although the Issuer believes that such differences have proven not to have a material effect on the overall performance to date of the Prior Immediate Repayment MEFA Loans that have been originated during different periods, there can be no assurance that no such effect will result in the future. There can be no assurance that the ability of borrowers of the Financed Eligible Loans to repay such loans, or their propensity to prepay such loans, will not differ materially from that of borrowers of previously originated Prior Immediate Repayment MEFA Loans. See the caption "THE MEFA REFINANCING LOAN PROGRAM—Terms of the MEFA Refinancing Loans" herein.

The Notes will have a degree of basis risk, which could adversely affect our ability to make payments with respect to the Notes.

There is a degree of basis risk associated with the Notes. Basis risk is the risk that shortfalls might occur because all of the Notes bear interest at fixed rates of interest and a portion of the Financed Eligible Loans (presently 1.9% based upon the aggregate principal balance of the Financed Eligible Loans as of the Statistical Cutoff Date) bear interest based on a range of spreads over the 1-month London Interbank Offered Rate ("1-month LIBOR"). See the caption "CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS" herein. If the interest rate on the variable rate Financed Eligible Loans exceed the fixed interest rates on the Notes, plus the related fees, we may not have sufficient funds to make payments due with respect to the Notes.

Certain factors could potentially affect timing and receipt of Available Funds

Collections on the Financed Eligible Loans may vary greatly in both timing and amount from the payments actually due on the Financed Eligible Loans for a variety of economic, social, demographic and other factors. As a result, we may not receive all the payments that are actually due on the Financed Eligible Loans. Failures by borrowers to make timely payments of the principal and interest due on the Financed Eligible Loans or an increase in forbearances or in utilization of modified payment provisions could affect the revenues of the Trust Estate, which may reduce the amounts available to pay principal and interest due on the Notes. We cannot predict with accuracy the effect of these factors, including the effect on the timing and amount of funds available and the ability to pay principal and interest on the Notes. See the caption

“The COVID-19 pandemic could adversely affect the value of your Notes or borrowers’ ability to repay their loans” above.

Our cash flow, and our ability to make payments due on the Notes, will be reduced to the extent interest is not currently payable on the Financed Eligible Loans. The Trust Estate will include Financed Eligible Loans currently in forbearance or in a modified payment plan as well as Financed Eligible Loans for which the borrower is currently required to make payments of principal and interest. The proportions of the Financed Eligible Loans for which payments are in forbearance and currently in repayment may vary during the period that the Notes are Outstanding.

The Issuer expects that the Available Funds and other moneys held in certain Funds and Accounts under the Indenture will be sufficient to pay when due the principal of and interest on the Notes and the Senior Program Expenses and Rating Agency Surveillance Fees. This expectation is based upon projections and cash flow assumptions, which the Issuer believes are reasonable, regarding the financing and repayment performance of Financed Eligible Loans, and the occurrence of certain future events and conditions. There can be no assurance, however, that interest and principal payments from the Financed Eligible Loans will be received as anticipated, that the projected yield on the Financed Eligible Loans will be realized, that the reinvestment rates assumed with respect to the investment of various Funds and Accounts will be realized, that the Senior Program Expenses and Rating Agency Surveillance Fees will be incurred at the levels and on the schedule anticipated or that the performance experience of Financed Eligible Loans will conform to that of the MEFA Refinancing Loans during their brief history to date or to that of the Prior Immediate Repayment MEFA Loans.

Principal and interest on Financed Eligible Loans may be received sooner than anticipated, causing prepayment of Notes at an unanticipated rate, due to various factors, including, without limitation: (i) Financed Eligible Loans being in forbearance, modified payment or delinquency status less frequently or for shorter periods than anticipated; (ii) economic considerations that induce borrowers to refinance or repay their Financed Eligible Loans, in whole or in part, prior to scheduled payment dates; and (iii) a lesser incidence of Financed Eligible Loan defaults than anticipated.

Receipt of principal of and interest on Financed Eligible Loans may be delayed, which would adversely affect the availability of Available Funds to fund payment when anticipated or when due of the principal of and interest on the Notes and payment of Senior Program Expenses and Rating Agency Surveillance Fees. Such delays might be caused by numerous factors, including, without limitation: (i) greater than anticipated Financed Eligible Loan defaults; and (ii) loans in forbearance, modified payment or delinquency more frequently or for periods longer than assumed. See the caption “Modified payment plans on Financed Eligible Loans” below. While the Senior Servicing Fees, the Senior Trustee Fees, the Subordinate Servicing Fees and the Subordinate Trustee Fees will be paid as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein, there can be no assurance that the amounts available under the Indenture will be sufficient to cover such obligations, and the Issuer may be required to use other funds available to it outside of the Trust Estate, if any; however, to the extent that the Senior Servicing Fees (determined without regard to the limitation thereon in the definition thereof) exceed the amount permitted to be paid as Senior Program Expenses on any Monthly Distribution Date, the Issuer is required to direct the Trustee to use amounts on deposit in the Reserve Fund to pay the amount of such excess directly to the Loan Servicer. See the caption “Security and Sources of Payment for the Notes—Reserve Fund” herein.

Modified payment plans on Financed Eligible Loans

Borrowers experiencing financial hardship are permitted to apply for a modified payment plan which permits such borrowers to make interest only payments or reduced payment amounts, depending

upon the plan. The total maximum period for a borrower using a modified payment plan is 48 months. Participation in a modified payment plan does not extend the original payment term of the MEFA Refinancing Loan and the MEFA Refinancing Loan is re-amortized at the end of the modified payment term. See the caption “THE MEFA REFINANCING LOAN PROGRAM—Terms of the MEFA Refinancing Loans’ herein.

Ratings of education loan asset-backed debt issued by the Issuer or others may be reviewed or downgraded

Education loan asset-backed debt ratings have in the past been downgraded in connection with rating agency surveillance of loan portfolios and issuers and rating agencies revising their methodologies with respect to evaluation of risks, among other factors. The impact of any potential future downgrades is unknown, and depending on any lowered rating assigned, the stated reasons for a lower rating and other factors, the liquidity, market value and regulatory characteristics of your Notes could be materially and adversely affected. Ratings actions may take place at any time, including between the pricing date and the Date of Issuance of the Notes offered by this Offering Memorandum, and may adversely affect the market value of the Notes or any secondary market for the Notes that may develop. We cannot predict the timing of any ratings actions.

Subordination of the Class B Notes may result in a greater risk of loss or delay in payment for holders of the Class B Notes

Payments of interest on the Class B Notes are subordinated in priority of payment to payments of interest on the Class A Notes. Similarly, payments of principal on the Class B Notes are subordinated in priority to payments of interest and principal on the Class A Notes. Principal on the Class B Notes will not be paid until the Class A Notes have been paid in full. Thus, investors in the Class B Notes will bear a greater risk of loss than the holders of the Class A Notes. Investors in the Class B Notes will also bear the risk of any adverse changes in the anticipated yield and weighted average life of their Class B Notes resulting from any variability in payments of principal or interest on the Class B Notes.

The Class B Notes are subordinated to the Class A Notes as to the direction of remedies upon an Event of Default. In addition, as long as any of the Class A Notes are Outstanding, the failure to pay interest or principal on the Class B Notes will not constitute an Event of Default under the Indenture. Consequently, holders of the Class B Notes may bear a greater risk of losses or delays in payment than holders of the Class A Notes.

You may have difficulty selling your Notes

There currently is no secondary market for the Notes. We cannot assure you that any market will develop or, if it does develop, how long it will last. If a secondary market for the Notes does develop, the spread between the bid prices and the asked prices for the Notes may widen, thereby reducing the net proceeds to you from the sale of your Notes. Under current market conditions, you may not be able to sell your Notes when you want to do so or you may not be able to obtain the price that you wish to receive. The market values of the Notes may fluctuate and movements in price may be significant.

From time to time, any existing secondary market for your Notes may be adversely affected by periods of general market illiquidity or by events in the global financial markets in general or in the securitization market in particular. Accordingly, you may not be able to sell your Notes when you want to do so or you may be unable to obtain the price that you wish to receive for your Notes and, as a result, you may suffer a loss on your investment.

The rate of payments on the Financed Eligible Loans may affect the maturity and yield of the Notes

Financed Eligible Loans may be prepaid at any time without penalty. If the Issuer receives prepayments on its Financed Eligible Loans, those amounts will be used to make principal payments on the Notes as described under the captions “DESCRIPTION OF THE NOTES—Principal Payments on the Notes” and “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein, which could shorten the average life of the Notes. Factors affecting prepayment of Financed Eligible Loans include general economic conditions, prevailing interest rates and changes in the borrower’s job, including transfers and unemployment. Refinancing opportunities that may provide more favorable repayment terms also affect prepayment rates. An increase in the rate of Financed Eligible Loan repayment actually experienced by the Issuer could result in increased prepayment of the Notes and could have a material and adverse effect upon the sufficiency of Available Funds and other moneys held under the Indenture to pay when due the principal of and interest on the Notes and the Program Expenses and Rating Agency Surveillance Fees.

Scheduled payments with respect to, and the maturities of, Financed Eligible Loans may be extended as authorized by the MEFA Refinancing Loan Program guidelines. Also, periods of forbearance may lengthen the remaining term of the Financed Eligible Loans and the average lives of the Notes. See the caption “The COVID-19 pandemic could adversely affect the value of your Notes or borrowers’ ability to repay their loans” above.

The rate of principal payments on the Notes to you will be directly related to the rate of prepayments on the Financed Eligible Loans. Changes in the rate of prepayments may significantly affect your actual yield to maturity, even if the average rate of prepayments is consistent with your expectations. In general, the earlier a prepayment of a Financed Eligible Loan, the greater the effect may be on your yield to maturity. The effect on your yield as a result of prepayments occurring at a rate higher or lower than the rate anticipated by you during the period immediately following the issuance of the Notes may not be offset by a subsequent like reduction, or increase, in the rate of principal payments on the Notes. You will bear entirely any reinvestment risks resulting from a faster or slower incidence of prepayment of the Financed Eligible Loans.

Dodd-Frank Act

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was enacted to reform and strengthen supervision of the U.S. financial services industry. The Dodd-Frank Act required the creation of new federal regulatory agencies, and granted additional authority and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by financial services activities. The Dodd-Frank Act has resulted in comprehensive changes to the regulation of most financial institutions operating in the United States. It also fostered new regulation in the business and the markets in which the Issuer operates. Specifically, significant new regulation has occurred in many areas of consumer financial products and services, including private education loans. Under the Dodd-Frank Act, entities such as the Issuer are subject to regulations developed by an agency designed to regulate federal consumer financial protection laws, the Bureau of Consumer Financial Protection (the “CFPB”). The CFPB is an independent agency that is housed within the Federal Reserve Board, but is not subject to Federal Reserve Board jurisdiction or to the Congressional appropriations process. It has substantial power to regulate financial products and services received by consumers from both banks and non-bank lenders including rulemaking authority in enumerated areas of federal law traditionally applicable to consumer lending such as truth in lending, fair credit reporting and fair debt collection. In addition, the Dodd-Frank Act provides for significant new enforcement authority, including authorization of state attorneys general to bring lawsuits under federal consumer protection laws with the consent of the CFPB.

In December 2013, the CFPB adopted a rule that enables it to supervise certain non-bank student loan servicers that service more than one million borrower accounts, to ensure that bank and non-bank servicers follow the same rules in the student loan servicing market. The rule covers both federal and private student loans, and gives the CFPB broad authority to examine, investigate, supervise, and otherwise regulate student loan servicers, including the authority to impose fines and require changes with respect to any practices that the CFPB finds to be unfair, deceptive, or abusive. PHEAA, the current Loan Servicer of the Financed Eligible Loans, services more than one million student loan borrower accounts. If the CFPB were to determine that a Loan Servicer is not in compliance, it is possible that this could result in material adverse consequences to such Loan Servicer, including, without limitation, settlements, fines, penalties, adverse regulatory actions, changes in a Loan Servicer's business practices, or other actions.

In December of 2013, the banking regulators and other agencies principally responsible for banking and financial market regulation in the United States implemented the final rule under the so-called Volcker Rule under the Dodd-Frank Act, which in general prohibits "banking entities" (as defined therein) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in or sponsoring certain hedge funds, private equity funds (broadly defined to include any entity that would be an investment company under the Investment Company Act but for the exemptions provided in Section 3(c)(1) or 3(c)(7) of the Investment Company Act) and certain similar funds and (c) entering into certain relationships with such funds. Although the Issuer does not rely upon the exemptions in Section 3(c)(1) or 3(c)(7) of the Investment Company Act for an exemption from being an investment company under the Investment Company Act, the general effects of the final rules implementing the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or an affiliate or subsidiary thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule and regulatory implementation.

In addition, the SEC approved changes to the rules applicable to issuers and sponsors of asset-backed securities under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that substantially revise Regulation AB and other rules governing the offering process, disclosure and reporting for asset-backed securities issued in registered and certain unregistered transactions. It is not clear how the revisions to Regulation AB will be fully implemented, and to what extent the Issuer may in the future be affected. No assurance can be given that new standards contained in the amended Regulation AB will not have an adverse impact on the Issuer or on the value or marketability of the Notes.

The full effect of the Dodd-Frank Act will depend significantly upon the content and implementation of the rules and regulations issued, and still to be issued, pursuant to its provisions and to the administration and enforcement of such requirements. It is unclear what the operational impact of these developments will be on the Issuer, but it is possible that the Issuer's operational expenses may be materially increased. No assurance can be given that these developments will not have an adverse effect on the security, market value or liquidity of the Notes.

Investigations and inquiries of the student loan industry

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

There is no assurance that the Issuer will not be subject to inquiries or investigations. PHEAA, the current Loan Servicer, is subject to various claims, lawsuits and other actions that arise in the normal course of its business and is currently subject to an enforcement action brought by the attorney general of the

Commonwealth of Massachusetts. See the caption “MEFA REFINANCING LOAN ORIGINATION AND SERVICING—The Loan Servicer” herein. While the ultimate outcome of any inquiry or investigation cannot be predicted, it is possible that these inquiries or investigations and regulatory developments may materially affect the Issuer’s ability to perform its obligations under the Indenture or the Issuer’s ability to pay principal of and interest on the Notes from assets in the Trust Estate.

Application of consumer protection laws could increase costs and risks of financing the Financed Eligible Loans or adversely affect the Loan Servicer or the Issuer

Consumer protection laws impose requirements upon lenders and loan servicers. The Issuer and the Loan Servicer are subject to a wide variety of federal and state fair lending and consumer protection statutes, rules and regulations with respect to the Financed Eligible Loans. The regulation applies to solicitation and advertising for, underwriting of, granting, servicing and collection of consumer loans and the protection of sensitive customer data. Some of these requirements impose specified finance charge restrictions and require certain disclosures of rights and obligations. Certain of these laws, if applicable, can impose specific statutory liabilities on lenders and loan servicers who fail to comply and may affect the enforceability of a loan. Additional regulation by federal or state legislative bodies or regulatory agencies, including changes in regulatory application or judicial interpretation of existing laws and regulations, could impose additional burdens and requirements on lenders or loan servicers seeking to collect payments on consumer loans.

General Economic Conditions

Collections on the Financed Eligible Loans may vary greatly in both timing and amount from the payments actually due on such Financed Eligible Loans for a variety of economic, social, and other factors. The Issuer’s current projections of the performance of Financed Eligible Loans are based upon the performance of the Issuer’s Prior Immediate Repayment MEFA Loans, as well as the brief history of the MEFA Refinancing Loans. See the caption “Performance of the Financed Eligible Loans may differ from historical Issuer education loan performance” above. From time to time regional and national recessionary conditions have resulted in a reduction in household wealth and in the availability of civilian employment. 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 when such conditions may arise or for how long they may continue. Future performance of the Financed Eligible Loans may be adversely affected by subsequent economic and other events affecting the employment prospects of borrowers or otherwise affecting their ability and willingness to incur and to repay the Financed Eligible 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 Eligible Loans in a timely fashion or an increase in forbearances or in utilization of modified payment provisions could affect the timing and amount of Available Funds. See the caption “The COVID-19 pandemic could adversely affect the value of your Notes or borrowers’ ability to repay their loans” above. The effect of these factors on the timing and amount of Available Funds, the ability of the Issuer to pay the principal of and interest on the Notes and related fees and the repayment of the Notes prior to their maturity, is impossible to predict with certainty. See the caption “Certain factors could potentially affect timing and receipt of Available Funds” above and the captions “Military service obligations, pandemics and natural disasters may cause a delay in payments to the Issuer” and “Changes in relevant laws” below.

Military service obligations, pandemics and natural disasters may cause a delay in payments to the Issuer

Military service obligations, pandemics and natural disasters may result in delayed payments from borrowers. Congress has enacted, and may enact in the future, 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 the Financed Eligible Loans that may be affected by the application of these statutes and other guidelines will not be known at the time the Notes are issued. If a substantial number of borrowers of the Financed Eligible Loans become eligible for the relief under these statutes and other guidelines, or any actions Congress may take to respond to natural disasters, there could be an adverse effect on the total collections on those Financed Eligible Loans and the Issuer's ability to provide for payments of principal and interest on the Notes.

The Servicemembers Civil Relief Act limits the ability of a lender to take legal action against a borrower during the borrower's period of active duty and, in some cases, during an additional three-month period thereafter, and may limit the interest rate on a Financed Eligible Loan to six percent per annum while the borrower or co-borrower is in military service if the loan was incurred before the borrower's entry into military service.

We do not know how many Financed Eligible Loans may be affected by the application of the Servicemembers Civil Relief Act. Payments on Financed Eligible Loans may be delayed as a result of these requirements, which may reduce the funds available to the Issuer to pay principal and interest on the Notes.

Certain Financed Eligible Loans may be forgiven upon the death or permanent disability of the borrower

The Financed Eligible Loans are eligible for loan write-off if the primary borrower dies or becomes permanently disabled. If the primary borrower meets these requirements, the primary borrower's and any co-borrower's obligation to repay such Financed Eligible Loan will be cancelled, which will reduce the Available Funds available to the Issuer to pay the Notes. The death or permanent disability of a co-borrower will remove the co-borrower from the Financed Eligible Loan, but does not relieve the primary borrower's obligation to repay the Financed Eligible Loan. See the caption "THE MEFA REFINANCING LOAN PROGRAM—Terms of the MEFA Refinancing Loans" herein.

Risk of bankruptcy discharge of Financed Eligible Loans

Currently, private education loans, absent certain circumstances such as a showing of undue hardship, are generally not dischargeable in bankruptcy by a borrower in bankruptcy. The discharge of a significant amount of Financed Eligible Loans in bankruptcy would affect the ability of the Issuer to pay the Notes.

Changes in relevant laws

A number of bankruptcy reform proposals that would alter the treatment of student loans similar to the Financed Eligible Loans have been discussed and/or introduced in the Congress of the United States in recent years, including proposals to liberalize the current general non-dischargeability of such student loans in bankruptcy. No assurance can be given as to whether bankruptcy reform legislative proposals will be enacted at the federal level in a manner that might affect the Issuer's ability to enforce collection of Financed Eligible Loans.

Federal and state laws providing financial assistance to individuals with respect to the costs of higher education, or otherwise affecting loans made to individuals for such purpose, have been subject to

frequent change. There can be no assurance that changes to relevant federal or state laws will not prospectively or retroactively affect the terms and conditions under which Financed Eligible Loans were made, affect the performance or prepayment of the Financed Eligible Loans or affect the costs of servicing and administering the Financed Eligible Loans.

The Notes are not a suitable investment for all investors

The Notes are not a suitable investment if you require a regular or predictable schedule of principal 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, and tax consequences of an investment, as well as the interaction of these factors.

European risk retention rules may affect the liquidity of the Notes

For securitizations issued on and after January 1, 2019, institutional investors in the European Union are subject to Regulation (EU) 2017/2402 (the “Securitization Regulation”). The Securitization Regulation defines “institutional investors” to include insurance and reinsurance undertakings, institutions for occupational retirement, alternative investment fund managers that manage and/or market alternative investment funds in the European Union, undertaking for the collective investment in transferable securities (UCITS) management companies, internally managed UCITS investment companies, credit institutions and investment firms, and imposes due diligence requirements on such institutional investors holding securitization positions. Pursuant to Article 5 of the Securitization Regulation, prior to holding a securitization position, such institutional investor is required to verify, among other facts, that:

- where the originator or original lender is established outside of the European Union, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor’s creditworthiness;
- where the originator or original lender is established outside of the European Union, the originator, sponsor or original lender of the securitization retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of the Securitization Regulation, and discloses the risk retention to institutional investors; and
- the originator, sponsor or securitization special purpose entity has, where applicable, made available the information required by Article 7 of the Securitization Regulation in accordance with the frequency and modalities provided for in Article 7 of the Securitization Regulation.

Failure on the part of an institutional investor to comply with Article 5 of the Securitization Regulation may result in various penalties including, in the case of those investors subject to capital requirements under other applicable regulations, the imposition of a punitive capital charge in respect of the investment in the securitization acquired by the relevant institutional investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

No originator, sponsor or original lender will retain or commit to retain a 5% net economic interest with respect to the Notes for the purposes of the Securitization Regulation or has agreed to provide the

information required by Article 7 of the Securitization Regulation. The absence of any such commitment to retain such economic interest or to provide such required information means that the verification requirements of the Securitization Regulation for institutional investors subject to it cannot be met in respect of the Notes. This restriction on purchase by such institutional investors may impair the marketability and liquidity of the Notes. Prospective investors should analyze their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding applicability of the Securitization Regulation and the resulting impact on suitability of the Notes for investment. None of the Issuer, the Loan Servicer, the Underwriter, the Trustee nor any other party to the transaction makes any representation to any prospective investor or purchaser of the Notes (whether an institutional investor or otherwise) regarding the compliance of the Notes or a purchaser thereof with European Union regulatory requirements on the Date of Issuance or at any time in the future.

There will be no market valuation of the Financed Eligible Loans

The valuation of the Financed Eligible Loans is not based upon their fair market value as determined by any independent advisor, but will be based upon the face amount of the principal of and accrued interest on the Financed Eligible Loans.

The inability of the Issuer or any Loan Servicer to meet its replacement or cash substitution obligations may result in losses on your investment

Under some circumstances, the Issuer has the obligation to replace or substitute cash for, or may have the right to require a future Loan Servicer to substitute cash for, a Financed Eligible Loan held by in the Trust Estate. PHEAA does not have such a cash substitution obligation under its current PHEAA Servicing Agreement. This right arises generally from a breach of the representations and warranties of the Issuer or the Loan Servicer, as applicable, that has a material adverse effect on the Financed Eligible Loan if the breach is not cured within the applicable cure period. We cannot assure to you that the Issuer or a Loan Servicer will have the financial resources to replace or substitute cash for a Financed Eligible Loan if a breach occurs. In this case, you may bear any resulting loss. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Covenants as to the Additional Conveyances; Further Covenants” and “—Covenants as to Education Loans” hereto.

Dependence upon third party loan servicer and loan originating agent

The Issuer is currently dependent upon third parties to assist it with originating and servicing MEFA Refinancing Loans. As of the date of this Offering Memorandum, Entech is acting as the Loan Originating Agent and PHEAA is acting as the Loan Servicer and custodian with respect to MEFA Refinancing Loans. The Issuer reserves the right, however, to establish different MEFA Refinancing Loan origination and servicing arrangements in accordance with the Indenture. The cash flow projections relied upon by the Issuer in structuring the Notes are based upon assumptions with respect to servicing costs which the Issuer based upon the PHEAA Servicing Agreement. No assurance can be given that the Issuer will be able to extend the term of the PHEAA Servicing Agreement, which is subject to renewal annually after March 31, 2023, or that the Issuer will be able to enter into servicing agreements with other acceptable Loan Servicers at the assumed level of servicing cost upon the scheduled expiration of the current PHEAA Servicing Agreement. Although PHEAA is obligated to cause the MEFA Refinancing Loans, including the Financed Eligible Loans, to be serviced in accordance with the terms of the PHEAA Servicing Agreement, the timing of payments to be actually received with respect to Financed Eligible Loans will be dependent upon the ability of PHEAA to adequately service the Financed Eligible Loans. In addition, investors and the Issuer will be relying on PHEAA’s compliance with applicable federal and state laws and regulations.

In the event of a default by PHEAA under the PHEAA Servicing Agreement resulting solely from certain events of insolvency or bankruptcy (if permitted), a court, conservator, receiver or liquidator may have the power to prevent the appointment of a successor Loan Servicer and delays in collections in respect of the Financed Eligible Loans may occur. Delays in the receipts of payments with respect to Financed Eligible Loans in excess of the delinquency and default assumptions adopted by the Issuer for purposes of preparing cash flow projections as a basis for structuring the issue may delay the timely payment when due of the principal of and interest on the Notes and any related fees.

Bankruptcy or insolvency of the Loan Servicer could result in payment delays to you

PHEAA will act as the Loan Servicer with respect to the Financed Eligible Loans. In the event of a default by the Loan Servicer resulting from events of insolvency or bankruptcy, a court, conservator, receiver or liquidator may have the power to prevent the Trustee or the Noteholders from appointing a successor Loan Servicer, and delays in collections of the Financed Eligible Loans may occur. It may also be difficult to find another party to act as successor Loan Servicer, and the Issuer may have to increase the Senior Servicing Fee in order to obtain such successor Loan Servicer. Any delay in the collections of Financed Eligible Loans may delay payments to you.

A default by the Loan Servicer could adversely affect the Notes

If a Loan Servicer defaults on its obligations under its Servicing Agreement, the Issuer may terminate the Servicing Agreement. In the event of the removal of the Loan Servicer and the appointment of a successor Loan Servicer, there may be additional costs associated with the transfer of servicing to the successor Loan Servicer, including, but not limited to, an increase in the Senior Servicing Fee and the Subordinate Servicing Fees the successor Loan Servicer charges. In addition, we cannot predict the ability of the successor Loan Servicer to perform the obligations and duties under its Servicing agreement.

Risk of geographic concentration of the Financed Eligible Loans

The concentration of the Financed Eligible Loans in specific geographic areas may increase the risk of losses on the Financed Eligible Loans. Economic conditions in the states where borrowers reside may affect the delinquency, loan loss and recovery experience with respect to the Financed Eligible Loans. As of the Statistical Cutoff Date, approximately 14.2%, 8.0%, 6.6%, 6.0% and 5.1% by outstanding principal balance of the Financed Eligible Loans to be pledged to the Trust Estate on the Date of Issuance were to borrowers with current billing addresses in the Commonwealth and the states of New York, California, Pennsylvania and Illinois, respectively. See the table titled “Distribution of the Financed Eligible Loans by Geographic Location (As of the Statistical Cutoff Date)” under the caption “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS (As of the Statistical Cutoff Date)” herein. As of the Statistical Cutoff Date, no other state accounts for more than 5.00% of the Financed Eligible Loans by outstanding principal balance. Economic conditions in any state or region may decline over time and from time to time. Because of the concentrations of the borrowers in the Commonwealth and the states of New York, California, Pennsylvania and Illinois, any adverse economic conditions adversely and disproportionately affecting such states may have a greater effect on the performance of the Notes than if these concentrations did not exist.

Internet based loan origination processes may give rise to greater risks than paper based processes

The Issuer and the Loan Originating Agent often use the internet to obtain application information and distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with actual borrower signatures. These processes may entail greater risks than would paper based student loan origination processes, including risks regarding the

sufficiency of notice for compliance with consumer protection laws and risks that borrowers may challenge the authenticity of loan documents. In addition, market practices regarding control of electronic credit agreements are still evolving and errors or irregularities in record-keeping could result in collection difficulties. If any of those factors were to cause Financed Eligible Loans, or any of the terms of the Financed Eligible Loans, to be unenforceable against the borrowers, the Issuer's ability to pay principal of and interest on the Notes could be adversely affected.

If the Trustee is forced to sell the Financed Eligible Loans after an Event of Default, you could realize losses on your Notes

Generally, after an Event of Default, the Trustee is authorized to sell the Financed Eligible Loans. However, there is no established market for the MEFA Refinancing Loans and the Trustee may not find a purchaser for the Financed Eligible Loans. Also, the market value of the Financed Eligible Loans plus the other assets in the Trust Estate might not equal the principal amount of the Notes plus accrued interest. There may be few potential buyers for those Financed Eligible Loans, and therefore prices available in the secondary market may decline. You may suffer a loss if the Trustee is unable to find purchasers willing to pay prices for the Financed Eligible Loans sufficient to pay the principal amount of the Notes plus accrued interest.

The Notes may be repaid early due to an optional cash substitution. If this happens, your yield may be affected and you will bear reinvestment risk

The Notes may be repaid before you expect them to be in the event of an optional cash substitution for the Financed Eligible Loans. See the caption "DESCRIPTION OF THE NOTES—Optional Cash Substitution" herein. Such an optional cash substitution would result in the early retirement of the Notes Outstanding on that date. If this happens, your yield on the 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.

Less than all of the Noteholders can approve amendments to the Indenture or waive defaults or direct remedies under the Indenture

Under the Indenture, Noteholders of specified percentages of the aggregate principal amount of the Notes may amend or supplement provisions of the Indenture and the Notes and waive Events of Defaults and compliance provisions without the consent of the other Noteholders. You have no recourse if such other Noteholders vote in a manner with which you do not agree. The other Noteholders may vote in a manner which impairs the ability to pay principal and interest on a Noteholder's Notes. Also, so long as the Class A Notes are Outstanding, the Noteholders of the Class B Notes will not have the right to exercise certain rights under the Indenture.

The Issuer is permitted to take certain actions upon satisfying the conditions of a Rating Notification

If the Issuer satisfies the conditions of a Rating Notification, it may, without having to obtain the consent of any Noteholders (i) replace the Loan Servicer, (ii) reduce the Specified Reserve Fund Balance, (iii) acquire other Investment Securities, (iv) provide borrower incentive programs on the Financed Eligible Loans and (v) increase certain fees. Satisfaction of the conditions of a "Rating Notification" requires (a) with respect to DBRS, written notice from the Issuer to DBRS describing Proposed Actions to be taken by the Issuer or the Trustee, which actions may be taken by the Issuer or the Trustee unless DBRS notifies the Issuer within ten (10) calendar days of its receipt of such notice (except in the case of a proposed successor Loan Servicer, DBRS shall have sixty (60) calendar days from its receipt of such notice) that the outstanding rating assigned to the Notes by DBRS may be reduced or withdrawn as a result of those Proposed Actions and (b) with respect to S&P, the Issuer shall provide prior written notice to S&P at least

45 calendar days prior to such Proposed Action. A “*Proposed Action*” is any proposed action, failure to act or other event which, under the terms of the Indenture, is conditional upon the satisfaction of the conditions of a Rating Notification. See “APPENDIX A—DEFINITIONS OF CERTAIN TERMS” hereto.

Commingling of payments on Financed Eligible Loans could prevent the Issuer from paying you the full amount of the principal and interest due on your Notes

Payments received on the Financed Eligible Loans generally are deposited into an account in the name of the Loan Servicer each Business Day. However, payments received on the Financed Eligible Loans will not be segregated from payments the Loan Servicer receives on other education loans it services. Such amounts are transferred to the Trustee for deposit into the Collection Fund within an average of two Business Days of receipt of such payments. Prior to the transfer of such funds, the Loan Servicer may invest those funds for its own account and at its own risk. If the Loan Servicer is unable to transfer such funds to the Trustee, Noteholders may suffer a loss.

We expect to issue the Notes only in book-entry form

We expect that the Notes will be initially represented by certificates registered in the name of Cede & Co., the nominee for DTC, and will not be registered in your name or the name of your nominee. Unless and until definitive securities are issued, holders of the Notes will not be recognized by the Trustee as registered Noteholders as that term is used in the Indenture and holders of the Notes will only be able to exercise the rights of Noteholders indirectly through DTC and its participating organizations. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

The ratings of the Notes are not a recommendation to purchase and may change

It is a condition to issuance of the Notes that they be rated as described under the caption “SUMMARY OF TERMS—Ratings of the Notes” herein. Ratings are based primarily on the creditworthiness of the underlying Financed Eligible 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 the Notes inasmuch as the ratings do not comment as to the market price or suitability for you as an investor. Ratings may be increased, lowered or withdrawn by any Rating Agency if in the Rating Agency’s judgment circumstances so warrant. A downgrade in the rating of your Notes is likely to decrease the price a subsequent purchaser will be willing to pay for your Notes. See the caption “Ratings of education loan asset-backed debt issued by the Issuer or others may be reviewed or downgraded” above.

There is the potential for conflicts of interest and regulatory scrutiny with respect to the Rating Agencies rating the Notes

Additionally, we note that it may be perceived that the Rating Agencies have a conflict of interest that may have affected the ratings assigned to the Notes where, as is the industry standard and the case with the ratings of the Notes, the Issuer pays the fees charged by the Rating Agencies for their rating services.

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

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of applicable securities laws. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “intend,” “potential,” and the negative of such terms or other similar expressions.

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

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

- changes in terms of student loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in these laws and regulations that may reduce the volume, average term, costs and yields on education loans;
- changes in the demand for educational financing or in financing preferences of educational institutions, students and their families;
- changes in the general interest rate environment and in the securitization market for student loans, which may increase the costs or limit the marketability of financings;
- losses from loan defaults; and
- changes in prepayment rates and credit spreads.

We discuss many of these risks and uncertainties in greater detail under the caption “RISK FACTORS” herein.

You should read this Offering Memorandum and the documents that we reference in this Offering Memorandum, completely and with the understanding that our actual future results may be materially different from what we expect. We may not update the forward-looking statements, even though our situation may change in the future, unless we have obligations under the federal securities laws to update and disclose material developments related to previously disclosed information. We qualify all of the forward-looking statements by these cautionary statements.

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

General

The Issuer is a body politic and corporate, constituting a public instrumentality of the Commonwealth. The Legislature of the Commonwealth created the Issuer in 1982 for the purpose of assisting parents, students and institutions of higher education in financing and refinancing the costs of education. The Issuer provides financial assistance to students attending post-secondary schools through the financing of education loans.

The Issuer was established in 1982 under Chapter 15C of Massachusetts General Laws, as amended (the “Act”). In 1990, the Act was amended to add to the Issuer’s functions that of developing and administering one or more savings programs designed to facilitate and encourage savings by or on behalf of students, future students and parents for the purposes of paying the costs of attendance at institutions of higher education. In connection with that amendment, the Issuer’s name was changed from the Massachusetts Education Loan Authority to its current name. In 1994, the Issuer established the “U. Plan Prepaid Tuition Plan,” which is a prepaid tuition program that currently includes approximately eighty public and private Massachusetts colleges and universities. In 1999, the Issuer established the Commonwealth’s Qualified 529 College Savings Program, the “U. Fund College Investing Plan,” which gives families an opportunity to save for qualified educational expenses through investments in mutual funds. Investments can be used at any accredited college in the country.

In 2002, the Issuer initiated a program to fund loans originated pursuant to the Federal Family Education Loan Program (“FFELP Loans”). In April, 2008, the Issuer announced a suspension, effective July 1, 2008, of its funding of new FFELP Loans in response to certain proposed federal statutory changes and to capital market conditions.

In 2003, MEFA introduced *MEFA Counselor* to coordinate its efforts to educate families and students about planning, saving and paying for college. Working through schools, libraries and community organizations, *MEFA Counselor* provides step-by-step guidance to assist students in accessing higher education opportunities through in-person seminars, one-on-one telephone counseling, and online, interactive resources for families at every stage of the college financing process. The technology available through *MEFA Pathway*, previously known as *YourPlanForCollege.org*, first introduced in 2010, offers a complete college and career planning resource for students, parents and school counselors across the Commonwealth. The Commonwealth’s college and career web portal is free for school counselors, students and their families.

In 2014, the Act was further amended authorizing the Issuer to create, establish and maintain a Qualified ABL (Achieving a Better Life Experience) Program that conforms to the requirements set forth in the federal ABL legislation enacted in 2014. The ABL legislation provides for tax-advantaged investment accounts under a Qualified ABL Program for future “qualified disability expenses” of individuals with disabilities, without adverse impact on federal means-tested benefits. MEFA’s Attainable Savings Plan was launched in the spring of 2017.

Beginning in 1983, the Issuer established a number of proprietary, unsecured consumer loan programs for financing and refinancing loans for undergraduate and graduate students, to finance higher education expenses, including credit based and need based loans that bear interest on a fixed rate or variable rate basis (the “MEFA Financing Program”). Since inception, the MEFA Financing Program has included loans to finance higher education expenses of current students. In 2015, the Issuer introduced the “MEFA Refinancing Loan Program” that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses (the “MEFA Refinancing Loans”).

Since inception the Issuer has originated approximately \$5.34 billion of education loans, of which approximately \$1.8 billion were outstanding as of April 30, 2020. Of this amount, approximately \$422 million represented FFELP Loans originated between 2002 and 2008, of which approximately \$30.7 million were outstanding as of April 30, 2020, and approximately \$481.4 million represented MEFA Refinancing Loans, of which approximately \$364.9 million were outstanding as of April 30, 2020.

The Issuer solicits participation in its loan programs from qualifying independent and public educational institutions and eligible borrowers. For-profit higher education schools are not eligible to

participate in the MEFA Financing Program. The Issuer monitors MEFA Financing Program and MEFA Refinancing Program loan origination and servicing, delinquencies and defaults, investment results and revenue projections. In addition to developing and operating its loan, savings and investment programs, the Issuer conducts an extensive outreach program of seminars on student financial aid and financing higher education for educational personnel and for families across the Commonwealth.

Members and Staff

The Issuer consists of nine members, seven of whom are appointed by the Governor of the Commonwealth. The two other members, *ex-officio*, are the Secretary of the Executive Office for Administration and Finance and the Secretary of the Executive Office of Housing and Economic Development of the Commonwealth, or their designees. At least four of the members are required to be trustees, directors, officers or employees of institutions for higher education and three are required to be persons having a favorable reputation in the fields of state and municipal finance, banking, law or investment advice or management. The Executive Director and Assistant Executive Director are appointed by the Issuer. The Issuer had 40 employees as of April 30, 2020.

The members, the Executive Director and other staff of the Issuer are listed below:

Members

KEITH C. SHAUGHNESSY, Chair; term expired July 1, 2017, serving in a holdover capacity.

Mr. Shaughnessy is the Chairman and Chief Executive Officer of Metapoint Partners, which he co-founded in 1988. He was previously Division Executive/Managing Director of the Acquisition Finance Division of Bank of Boston.

PHILIP N. SHAPIRO, Vice-Chair, term expired April 1, 2020, serving in a holdover capacity.

Mr. Shapiro is a Board Member and former Chairman of ISO New England. He was previously the Vice President for Finance and Chief Financial Officer at Babson College, a Managing Director of Standard and Poor's Rating Group, CFO of the Massachusetts Water Resources Authority, a Director of Investor Relations for the Bank of New England, and a Deputy Director of the Massachusetts Energy Facilities Siting Council.

GARY BAILEY, M.S.W.ACSW, term expired July 1, 2019, serving in a holdover capacity.

Mr. Bailey is an Assistant Dean at Simmons University College of Social Science, Public Policy and Practice. He holds dual appointments as a Professor of Practice at the Simmons School of Social Work; and at the School of Nursing and Health Science. He is also the Director of the Certificate in Clinical Social Work and Urban Leadership at the School of Social Work.

KELLY LYNCH, term expires July 1, 2023.

Ms. Lynch is Vice President, Strategic Initiatives and Chief of Staff at Babson College. A distinguished strategic communications professional with nearly 20 years of experience, Ms. Lynch joined Babson in 2011 and currently serves as a member of the College's executive leadership team

and key advisor to the President. Prior to joining Babson, she was Principal/Senior Vice President at Rasky Baerlein Strategic Communications.

AMANDA MAGEE, term expires July 1, 2020.

Ms. Magee is the Chief Financial Officer of Curtis Industries LLC. She has over twenty years of broad experience in entrepreneurial manufacturing companies, previously serving as Chief Financial Officer of Comark LLC, Director of Global Pricing and Analytics at Technetics, Inc., a division of EnPro Industries and Chief Financial Officer at Fabrico, Inc.

ALAN RAY, PhD, JD, term expires July 1, 2024.

Dr. Ray is President and CEO of Fisher College in Boston. He previously served as President of Elmhurst College in Illinois and performed senior administrative and teaching functions for the University of New Hampshire and Harvard Law School. Dr. Ray practiced law in California and Massachusetts before entering higher education administration in 1996.

RAMÓN A. RIVERA, LL.M., CPA, term expires June 30, 2021.

Mr. Rivera is the Chief Financial Officer of Natural Selections in Massachusetts. Previously, he served as Chief Financial Officer of Fullbridge, Inc., Aereo, Inc., and CitySoft, Inc., as well as the Director of International Finance at LoJack Corporation, and as a Senior Tax Manager with PricewaterhouseCoopers, LLP in Boston. Mr. Rivera is a Certified Public Accountant and a Lawyer with a Masters in Laws and Letters (LL.M.) in Taxation from the Boston University Graduate School of Law.

SECRETARY OF THE EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE OF THE COMMONWEALTH, *ex-officio*.

SECRETARY OF THE EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH, *ex-officio*.

Staff

THOMAS M. GRAF, Executive Director.

Mr. Graf joined the Issuer in December 1999. Prior to joining the Issuer, he served as Budget Director for The Commonwealth of Massachusetts; Deputy Budget Director, Fiscal Affairs Division; and Director of Legislative Affairs/Fiscal Affairs for the Office of the Governor. Mr. Graf received his B.S. in Business Administration from Merrimack College.

ELIZABETH K. FONTAINE, Assistant Executive Director.

Ms. Fontaine joined the Issuer in February 1993. Prior to joining the Issuer, she served as Director of the Massachusetts State Scholarship Office and held several related college financing positions. Ms. Fontaine received a B.A. from Assumption College and completed graduate study at Clark University.

JAMES S. LEIGHTON, Chief Financial Officer and Chief Operating Officer.

Mr. Leighton joined the Issuer in November 1997. Formerly, he was Portfolio Administrator for Mercantile Bank & Trust Company and a Financial Analyst for U.S. Trust and Fleet Management & Recovery Corporation. Mr. Leighton received his B.S. and his M.B.A. from Northeastern University.

FRANCIS X. CAVANAUGH, Director of Portfolio Origination.

Mr. Cavanaugh joined the Issuer in December 2006. Prior to joining the Issuer, he held various management positions in finance and operations in the manufacturing and distribution industry. Mr. Cavanaugh received his B.S. and M.B.A. from Babson College.

SARAH R. CALLANDER, Director of Financial Operations.

Ms. Callander joined the Issuer in August 2000. Prior to joining the Issuer, she was an Analyst at Citizens Power, LLC. Ms. Callander received her B.S. in Business Administration from the University of New Hampshire and her M.B.A. from Boston University.

LAURA GROVES, Director–Capital Markets.

Ms. Groves joined the Issuer in July 2009. Prior to joining the Issuer, she was a Financial Analyst at the San Diego County Regional Airport Authority. Ms. Groves also served as a Financial Analyst and Finance Intern with the Issuer from 2002-2007. Ms. Groves received her B.S. in Finance from Bentley University and her M.B.A. from the Isenberg School of Management at UMass Amherst.

SABRINA T. TRAN, Director of Portfolio Servicing

Ms. Tran joined the Issuer in February 2008. Prior to this role, she has served as a Finance Associate and Financial Analyst within the loan operations department at the Issuer. Before joining the Issuer, she was an Executive Assistant at Radius Financial Group, Inc. Ms. Tran received her B.S. in Finance and Insurance from Northeastern University.

ZARAH MASALES–TRINGALI, Director, Compliance and Project Management

Ms. Masales-Tringali re-joined the Issuer in July 2017. Prior to joining the Issuer, Ms. Masales-Tringali was a First Vice President, Consumer and Residential Lending for Cambridge Savings Bank. Ms. Masales-Tringali previously served as a Director of Portfolio Servicing and held several operations and accounting positions with the Issuer from 1999-2015. Ms. Masales-Tringali received her B.S. and M.B.A from Northeastern University.

THE MEFA REFINANCING LOAN PROGRAM

General

The Issuer implemented the MEFA Refinancing Loan Program in 2015, which includes both variable rate MEFA Refinancing Loans and fixed rate MEFA Refinancing Loans. Eligible borrowers may choose between variable rate and fixed rate MEFA Refinancing Loans for which they qualify based upon the credit standards established by the Issuer, as more fully described below. The Notes are being issued for the principal purpose of financing certain existing MEFA Refinancing Loans held under a short-term

financing arrangement, the majority of which bear interest at fixed rates. See the caption “Terms of the MEFA Refinancing Loans” below and the caption “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS” herein.

Eligible Borrowers

In order to be eligible for a MEFA Refinancing Loan, prospective borrowers must have at least \$10,000 of outstanding education debt related to attendance at one or more not-for-profit degree-granting educational institutions. Education debt related to attendance at for-profit institutions is not eligible to be refinanced with a MEFA Refinancing Loan.

All existing education debt to be refinanced must be in active repayment, with the 12 most recently reported payments made on-time. Prospective primary borrowers must also be an obligor on all prior education debt to be refinanced. Applicants and, if applicable, co-applicants must also be U.S. citizens or permanent residents, with no prior history of default on an education loan, no history of bankruptcy or foreclosure within the past five (5) years, no delinquencies on education debt in the past 12 months, and meet the Issuer’s other credit guidelines, which include:

- Minimum FICO score of 670;
- Minimum annual income of \$24,000 for the primary borrower and co-borrower (if applicable); and
- Minimum monthly free cash flow, using available data for expenses and verified income, and taking into consideration the repayment term and monthly payments applicable for the requested MEFA Refinancing Loan.

The Issuer may also reject an application for reasons other than failure to meet the specific credit requirements outlined above, provided that the Issuer’s rejection is in accordance with applicable law. For additional information related to the origination of MEFA Refinancing Loans and the review and processing of MEFA Refinancing Loan applications by the Loan Origination Agent, see the caption “MEFA REFINANCING LOAN ORIGINATION AND SERVICING—MEFA Refinancing Loan Origination” herein.

Terms of the MEFA Refinancing Loans

MEFA Refinancing Loans are subject to a \$10,000 minimum initial principal amount requirement and are disbursed in one installment to the prior loan servicer or lender. There is no origination fee on MEFA Refinancing Loans, which are repayable over a 7-year, 10-year or 15-year term commencing on the 28th day of the month following the month in which the disbursement occurs. Generally, the minimum payment amount is \$50.

Borrower interest rates are tiered and dependent upon the repayment term of the MEFA Refinancing Loan, the applicant’s or, if applicable, the co-applicant’s credit score and other factors determined by the Issuer, and are periodically adjusted to reflect prevailing market conditions. The Financed Eligible Loans have fixed interest rates ranging from 3.60% to 8.25%, and variable rates based upon 1-month LIBOR plus a spread ranging from 1.60% to 4.40%, which variable rate is reset monthly and is capped at 20%. Effective May 14, 2020, newly originated MEFA Refinancing Loans have fixed interest rates ranging from 4.65% to 6.15%, and variable rates based upon 1-month LIBOR plus a spread ranging from 4.28% to 5.78%, which variable rate is reset monthly and is capped at 20%. If 1-month LIBOR

becomes unavailable, the Issuer in its sole discretion will determine an appropriate replacement for LIBOR and any necessary changes to the applicable margins.

There are currently no borrower benefits offered to borrowers of MEFA Refinancing Loans. Borrowers experiencing financial hardship are permitted to apply for a modified payment plan which permits such borrowers to make interest only payments or reduced monthly payment amounts, depending upon the plan. The total maximum period for a borrower using a modified payment plan is 48 months. Participation in a modified payment plan does not extend the original payment term of the MEFA Refinancing Loan and the MEFA Refinancing Loan is re-amortized at the end of the modified payment term. Forbearance periods may be granted during certain financial crises or while a borrower is on active duty military service, for administrative purposes, during a bankruptcy proceeding and upon a death notification. See the caption “RISK FACTORS—The COVID-19 pandemic could adversely affect the value of your Notes or borrowers’ ability to repay their loans” herein.

A MEFA Refinancing Loan may be forgiven upon the death or permanent disability of the primary borrower. The death or permanent disability of a co-borrower will remove the co-borrower from the MEFA Refinancing Loan, but does not relieve the primary borrower’s obligation to repay the MEFA Refinancing Loan.

It is the Issuer’s customary practice to treat a MEFA Refinancing Loan as Defaulted when such loan becomes over 180 days past due. It is also the Issuer’s practice, in certain circumstances, not to treat a MEFA Refinancing Loan as Defaulted while a bankruptcy proceeding involving the borrower is pending. Such MEFA Refinancing Loans are generally classified as delinquent. However, because MEFA Refinancing Loans generally are non-dischargeable in bankruptcy, payments on MEFA Refinancing Loans of some borrowers in bankruptcy proceedings are kept current, and in such cases it is the Issuer’s practice not to treat such MEFA Refinancing Loans as Defaulted or delinquent. When any Education Loan (including a MEFA Refinancing Loan) becomes Defaulted it is the Issuer’s customary practice to refer the default to a collection agent or an attorney. In recent years, the Issuer has more frequently directed collection agents or attorneys to initiate litigation to collect Defaulted MEFA Refinancing Loans than it had previously. The Issuer retains continuous oversight and responsibility for enforcement and settlement decisions related to defaulted and delinquent accounts.

The Issuer’s Prior Experience with Loans Similar to MEFA Refinancing Loans

The Issuer has significant experience financing and originating private student loans, including private student loans for which the immediate repayment of principal and interest is required. The Issuer has been financing and originating private student loans generally since 1983, and has FICO based origination and performance history since 1997. As of December 31, 2019 the Issuer had originated and financed approximately \$1.6 billion of private student loans subject to the immediate repayment of principal and interest, of which approximately \$356 million were outstanding as of such date (the “Prior Immediate Repayment MEFA Loans”).

Prior Immediate Repayment MEFA Loans originated by the Issuer have generally required co-borrowers that meet the credit standards established by the Issuer for such loans. While approximately 99.5% of the Prior Immediate Repayment MEFA Loans (by principal balance) had co-borrowers that met such credit standards, the Issuer does not require a co-borrower on MEFA Refinancing Loans if the principal borrower meets the Issuer’s credit standards, although prospective borrowers may choose to rely on a co-borrower who meets certain credit standards established by the Issuer. As of the Statistical Cutoff Date 13.1% of the Financed Eligible Loans had a co-borrower.

Certain historical information relative to the origination and repayment experience of the Issuer in connection with its previously originated Prior Immediate Repayment MEFA Loans is included under the caption “Performance of the Prior Immediate Repayment MEFA Loans” below. Such information is included for general reference purposes only, and is not intended as a representation that the repayment experience of the Financed Eligible Loan portfolio necessarily will be similar to the historical repayment experience of the Prior Immediate Repayment MEFA Loans during any period or over the respective lives of such loans.

See the captions “The Issuer’s Experience with MEFA Refinancing Loans” below and “RISK FACTORS—Performance of the Financed Eligible Loans may differ from historical Issuer education loan performance” herein.

Performance of the Prior Immediate Repayment MEFA Loans

As described herein under the caption “Eligible Borrowers” above, the Issuer has established borrower eligibility criteria and minimum credit standards for its MEFA Refinancing Loan Program. While such requirements are substantially similar to the requirements established for the Prior Immediate Repayment MEFA Loans, including the same minimum FICO score requirement, the Issuer has established two additional credit requirements for MEFA Refinancing Loans that do not apply to the Prior Immediate Repayment MEFA Loans as follows: (1) loans to be refinanced must have been in repayment with the 12 most recently reported payments made on-time; and (2) a minimum monthly free cash flow requirement. Given the general similarity between the credit standards and repayment terms for MEFA Refinancing Loans and the Prior Immediate Repayment MEFA Loans, together with the additional credit standards established by the Issuer for MEFA Refinancing Loans, the Issuer expects the cumulative default rates for MEFA Refinancing Loans to be lower than the cumulative default rates for the Prior Immediate Repayment MEFA Loans.

The historical default experience of the Issuer with respect to its previously originated Prior Immediate Repayment MEFA Loans is provided in the table below. Such information is not intended as a representation that the future payment experience of either MEFA Refinancing Loans in general, or the Financed Eligible Loans in particular, will be similar to that of such Prior Immediate Repayment MEFA Loans during any period or over the respective lives of such loans.

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MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY
MEFA Loan Program—Prior Immediate Repayment MEFA Loans (670+FICO Score)⁽¹⁾⁽²⁾
Static Pool Cohort Default Analysis⁽³⁾
(As of December 31, 2019)

Repayment Year	Amount Entering Repayment (\$ Millions)	Periodic Defaults by Year of Repayment															Total
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15+	
1997	\$41	0.00%	0.00%	0.10%	0.05%	0.05%	0.05%	0.10%	0.06%	0.08%	0.02%	0.11%	0.05%	0.02%	0.01%	0.02%	0.72%
1998	\$79	0.00%	0.00%	0.04%	0.13%	0.14%	0.17%	0.15%	0.18%	0.06%	0.10%	0.07%	0.06%	0.04%	0.02%	0.02%	1.19%
1999	\$88	0.00%	0.01%	0.03%	0.11%	0.15%	0.22%	0.19%	0.13%	0.10%	0.07%	0.10%	0.05%	0.03%	0.05%	0.00%	1.24%
2000	\$92	0.00%	0.01%	0.05%	0.20%	0.26%	0.24%	0.13%	0.16%	0.12%	0.14%	0.11%	0.04%	0.03%	0.01%	0.01%	1.50%
2001	\$92	0.00%	0.02%	0.05%	0.14%	0.23%	0.13%	0.15%	0.17%	0.20%	0.09%	0.03%	0.07%	0.00%	0.06%	0.02%	1.36%
2002	\$74	0.01%	0.02%	0.05%	0.22%	0.19%	0.37%	0.26%	0.25%	0.26%	0.05%	0.09%	0.05%	0.09%	0.03%	0.04%	1.99%
2003	\$60	0.00%	0.10%	0.29%	0.27%	0.45%	0.41%	0.29%	0.17%	0.09%	0.05%	0.11%	0.07%	0.03%	0.04%	0.04%	2.40%
2004	\$59	0.00%	0.14%	0.41%	0.37%	0.66%	0.56%	0.19%	0.14%	0.13%	0.10%	0.11%	0.02%	0.02%	0.04%	0.03%	2.93%
2005	\$14	0.00%	0.19%	0.56%	0.29%	0.80%	0.61%	0.19%	0.35%	0.05%	0.04%	0.00%	0.09%	0.06%	0.00%	0.02%	3.25%
2006	\$69	0.14%	0.57%	1.06%	1.03%	0.22%	0.22%	0.23%	0.13%	0.18%	0.06%	0.03%	0.02%	0.05%	0.07%		4.02%
2007	\$104	0.25%	0.61%	0.87%	0.78%	0.42%	0.30%	0.20%	0.12%	0.09%	0.06%	0.02%	0.04%	0.07%			3.82%
2008	\$115	0.25%	0.70%	0.68%	0.41%	0.37%	0.25%	0.15%	0.11%	0.09%	0.10%	0.10%	0.11%				3.32%
2009	\$22	0.13%	0.61%	0.55%	0.29%	0.32%	0.15%	0.24%	0.16%	0.13%	0.17%	0.00%					2.74%
2010	\$64	0.38%	0.48%	0.38%	0.85%	0.38%	0.33%	0.13%	0.20%	0.24%	0.12%						3.50%
2011	\$39	0.19%	0.65%	0.63%	0.44%	0.45%	0.30%	0.04%	0.16%	0.15%							3.00%
2012	\$43	0.34%	0.89%	0.35%	0.58%	0.19%	0.24%	0.49%	0.13%								3.22%
2013	\$56	0.25%	0.41%	0.54%	0.29%	0.25%	0.25%	0.20%									2.45%
2014	\$66	0.27%	0.36%	0.21%	0.23%	0.64%	0.32%										2.04%
2015	\$73	0.24%	0.50%	0.40%	0.66%	0.40%											2.21%
2016	\$80	0.28%	0.27%	0.62%	0.63%												1.81%
2017	\$83	0.13%	0.67%	0.56%													1.36%
2018	\$88	0.27%	0.45%														0.71%
2019	\$101	0.10%															0.10%
Total	\$1,604																2.10%
1997-2010 Only	\$974																2.41%

⁽¹⁾ FICO scores are based on the greater of the borrower or co-borrower score as of the original loan application date.

⁽²⁾ Includes undergraduate programs and both cosigned and non-cosigned loans.

⁽³⁾ Terms and calculations of the default statistics are defined as follows:

- Repayment Year – The calendar year that the loans entered repayment.
- Original Note Value Entering Repayment – The amount of principal entering repayment in a given year based on the disbursed principal including any interest capitalization at repayment.
- Years in Repayment – Measured in years between repayment start date and default date with zero representing any defaults prior to the start of repayment.
- Periodic Defaults – Defaulted principal in each Year of Repayment as a percentage of the Original Note Value Entering Repayment in each Repayment Year, includes any interest capitalization that occurred prior to default and is not reduced by any amount of recoveries after the loan defaulted.
- Total – The sum of the Periodic Defaults across Years in Repayment for each Repayment Year.

As shown in the table above, the Issuer originated \$1.6 billion of the Prior Immediate Repayment MEFA Loans between 1997 and 2019, and the cumulative, gross default rate for all such loans is 2.10% through December 31, 2019. The cumulative gross default rate for the \$973.6 million of Prior Immediate Repayment MEFA Loans with at least 10 years of repayment history (i.e., repayment vintages 1997 through 2010) is 2.41% through December 31, 2019.

The Issuer’s Experience with MEFA Refinancing Loans

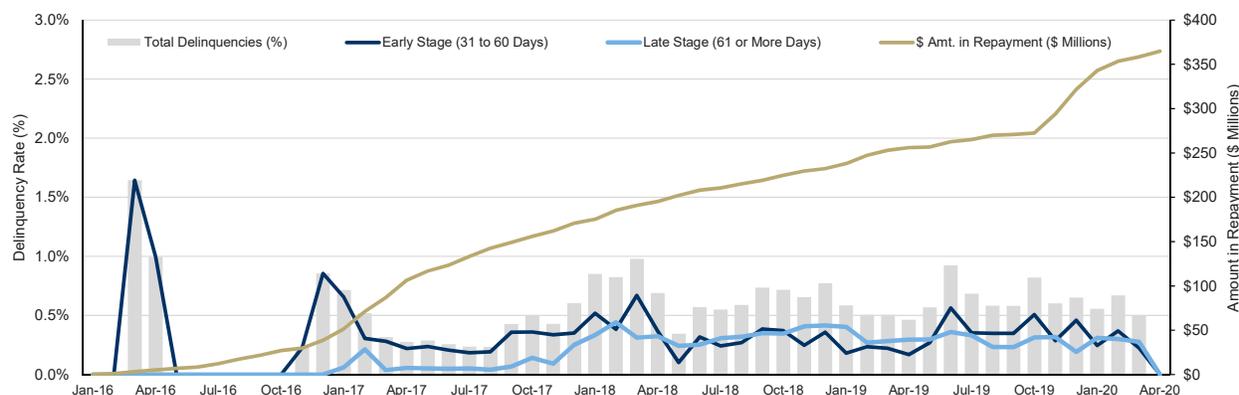
As of April 30, 2020, the Issuer had originated approximately \$461.6 million of MEFA Refinancing Loans which were in repayment as of April 30, 2020, and as of such date only 26 defaults had occurred totaling \$1.43 million (including accrued interest), or 0.31% of the aggregate principal balance of the MEFA Refinancing Loans in repayment as of April 30, 2020, which represents an annualized default rate of 0.07%. The following table indicates the defaults of MEFA Refinancing Loans in repayment by repayment vintage.

MEFA Refinancing Loan Defaults by Repayment Vintage¹

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Original Note Value	\$28,352,104	\$139,256,512	\$93,523,201	\$110,517,910	\$89,925,710	\$461,575,437
Principal Outstanding	\$16,450,341	\$84,341,700	\$67,688,932	\$95,738,719	\$86,353,058	\$350,572,750
Pool Factor	58.02%	60.57%	72.38%	86.63%	96.03%	75.95%
Cumulative Defaults (\$)	\$364,967	\$966,294	\$71,877	\$27,970	\$0	\$1,431,108
Cumulative Defaults (%)	1.29%	0.69%	0.08%	0.03%	0.00%	0.31%

¹Figures are either as of, or through, April 30, 2020.

As of April 30, 2020, the MEFA Refinancing Loans in repayment had a 0.50% average overall delinquency rate, with a 0.32% average early stage delinquency rate (31 to 60 days past due) and a 0.18% average late stage delinquency rate (61 or more days past due). The following chart indicates the delinquency history for the MEFA Refinancing Loans through April 30, 2020 (As noted under the caption “RISK FACTORS—The COVID-19 pandemic could adversely affect the value of your Notes or borrowers’ ability to repay their loans” herein, beginning in early April, all loans 30 days or more delinquent were placed in Natural Disaster Forbearance).



There can be no assurance that MEFA Refinancing Loan borrowers will not default or become delinquent at higher rates in the future, or be subject to different economic conditions than have affected Prior Immediate Repayment MEFA Loan borrowers. Moreover, the future performance of MEFA Refinancing Loans in general, or the Financed Eligible Loans in particular, may not conform to the Issuer’s expectations, which are based primarily upon the actual performance of the Prior Immediate Repayment MEFA Loans since 1997, and to a lesser extent, on the more limited actual performance of MEFA Refinancing Loans.

In addition, the Issuer expects the population of MEFA Refinancing Loan borrowers (and any co-borrowers) will differ from that of Prior Immediate Repayment MEFA Loans generally in terms of age, geographic distribution, ability and propensity to prepay debt and certain other characteristics. While the Issuer generally expects such differences to result in more favorable repayment performance for MEFA Refinancing Loans compared to the Prior Immediate Repayment MEFA Loans, there can be no assurance that this will, in fact, be the case. See the caption “RISK FACTORS—Performance of the Financed Eligible Loans may differ from historical Issuer education loan performance” herein.

For information on the historical prepayment rates for the MEFA Refinancing Loans, see “APPENDIX E—HISTORICAL PREPAYMENT INFORMATION FOR THE MEFA REFINANCING LOANS” hereto.

MEFA REFINANCING LOAN ORIGINATION AND SERVICING

MEFA Refinancing Loan Origination

Under the Loan Origination Agreement, Entech, as the Loan Originating Agent, is currently responsible for processing applications for MEFA Refinancing Loans, reviewing required documentation prior to the Issuer’s origination of a MEFA Refinancing Loan, and, after such origination, transferring all information necessary to service the MEFA Refinancing Loan to the Loan Servicer.

Entech operates a turnkey solution for education loan providers, which includes a range of loan lifecycle options for all types of consumer lending from loan application through funds disbursement. Entech’s services include, but are not limited to, loan application customization and branding, credit check and fraud detection through integration with third party providers, customer care, electronic document management, flexible underwriting configurations, voice response system, mail services, disclosure management, loan disbursement, reporting, and loan analytics.

Applications for MEFA Refinancing Loans are submitted directly to the Loan Originating Agent acting on behalf of the Issuer through the application platform and are processed according to guidelines established by the Issuer. The Loan Originating Agent, through integration with third party credit decision partners, completes a credit evaluation for each initial MEFA Refinancing Loan application by a borrower. For any subsequent MEFA Refinancing Loan, a previously eligible borrower is again subject to credit evaluation by the Loan Originating Agent.

Through April 30, 2020, the Issuer has received 25,481 applications for MEFA Refinancing Loans and refinanced \$481.4 million of prior education loans for 7,219 borrowers as follows: (a) during calendar year 2016, the Issuer received 3,795 applications and refinanced \$39.7 million of prior education loans; (b) during calendar year 2017, the Issuer received 7,547 applications and refinanced \$143.4 million of prior education loans, (c) during calendar year 2018 the Issuer received 5,038 applications and refinanced \$89.3 million of prior education loans, (d) during calendar year 2019 the Issuer received 6,714 applications and refinanced \$138.0 million of prior education loans and (e) during calendar year 2020 the Issuer received 2,315 applications and refinanced \$71.0 million of prior education loans.

Credit Evaluation by the Loan Originating Agent. The Loan Originating Agent must review all MEFA Refinancing Loan applications it receives that have not been auto-denied. The Loan Originating Agent’s primary responsibility during the loan origination process is to perform a credit analysis of the applicant. The Loan Originating Agent’s review must be conducted as described below.

With respect to all MEFA Refinancing Loan applications, the Loan Originating Agent will request one or more credit bureau reports on the borrower and any co-borrower. The Loan Originating Agent

cannot base its credit analysis on any credit report dated more than ninety (90) days before the date of approval of the application by the Loan Originating Agent.

In conducting its credit analysis, the Loan Originating Agent will use a combination of credit scoring and repayment trends, monthly free cash flow and minimum income tests and a review of application and credit data. For MEFA Refinancing Loans, the credit requirements include that a qualified borrower and, if applicable, a co-borrower must have a minimum FICO Score established by the Issuer. A FICO Score is any of several generally similar numeric measures of projected consumer credit risk, each of which was created by Fair Isaac Corporation for use by one of several consumer credit reporting agencies on the basis of information concerning an individual borrowing and repayment history that has been received by the respective consumer credit reporting agency from lenders. FICO Scores are based upon a number of time-weighted factors and range from 300-850, with higher scores reflecting more favorable projected credit risk. The borrower must also meet a minimum monthly income requirement and have made the last 12 most recently reported payments on-time, and the borrower and co-borrower, if applicable, must also meet a combined monthly free cash flow requirement, in each case as established by the Issuer. Neither the use of FICO Scores, or of a particular FICO Score threshold in connection with credit analysis for loan origination purposes, nor the use of a free cash flow or minimum income requirement, however, guarantees any particular level of repayment performance for the resulting loan portfolio.

The Issuer may also reject an application for reasons other than failure to meet the specific credit requirements outlined above and elsewhere herein, provided that the Issuer's rejection is in accordance with applicable law. See the caption "THE MEFA REFINANCING LOAN PROGRAM—Eligible Borrowers" herein and the caption "The Loan Servicer" below.

The Loan Servicer

PHEAA is the Loan Servicer for the MEFA Refinancing Program pursuant to an Amended and Restated Servicing Agreement, dated April 1, 2018 (the "PHEAA Servicing Agreement"), between the Issuer and PHEAA. The PHEAA Servicing Agreement expires on March 31, 2023, subject to automatic renewals unless terminated by either party. The PHEAA Servicing Agreement covers solely MEFA Refinancing Loans owned by the Issuer, including the Financed Eligible Loans. The Indenture permits the appointment of other or additional Loan Servicers, subject to compliance with certain requirements of the Indenture, and the Issuer reserves the right to establish other Financed Eligible Loan origination, custody and servicing arrangements in compliance with such requirements.

The following information has been furnished by PHEAA for use in this Offering Memorandum. The Issuer 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 PHEAA subsequent to the date hereof. In particular, the information under the subheading "*Commonwealth of Massachusetts*" below represents only the views of PHEAA and not those of the Issuer or any other Massachusetts governmental entity.

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

As of March 31, 2020, PHEAA had approximately 2,800 employees and contractors. PHEAA services student loans through its Commercial Servicing line of business, FedLoan Servicing (“FLS”) line of business and Remote Servicing line of business. The Commercial Servicing line of business services private student loans and Federal Family Education Loan (“FFEL”) program loans for customers which consist of national and regional banks and credit unions, secondary markets, and government entities. The FLS line of business services federally owned FFEL and William D. Ford (“Direct Loan”) program loans. The Remote Servicing line of business provides PHEAA’s systems to guarantors, other servicers and Not-for-Profit (“NFP”) servicers, who were awarded servicing contracts under the Direct Loan program for use in servicing borrowers.

As of March 31, 2020, PHEAA serviced approximately 8.6 million student borrowers representing an aggregate of approximately \$384.6 billion outstanding principal amount under its Commercial Servicing and FLS lines of business.

Through its Commercial Servicing line of business, PHEAA serviced \$30.1 billion for lenders as of March 31, 2020, with an approximately \$8.3 billion principal balance of private student loans outstanding, which makes PHEAA one of the nation’s largest servicers of private student loans.

PHEAA is also one of four primary servicers that were awarded a contract to service Title IV loans owned by the Department of Education. The initial phase of the Title IV Servicing Management contract involved FFEL program loans, which were sold to the Department of Education under the Ensuring Continued Access to Student Loans Act (“ECASLA”). ECASLA gave the Department of Education authority to purchase FFELP Loans from private lenders. In addition, PHEAA began servicing student loans originated under the FDSL Program during the 2010-2011 academic year. PHEAA’s FLS line of business services the federally owned program loans, and as of March 31, 2020, the portfolio balance of loans and grants serviced by FLS was \$354.5 billion.

Under PHEAA’s Remote Servicing line of business, the remote clients service approximately 4.1 million student loan borrowers representing an approximately \$95.3 billion outstanding principal amount, including \$68.5 billion owned by the Department of Education.

PHEAA’s most recent audited financial reports are available from PHEAA.

Litigation and Inquiries. PHEAA is subject to various claims, lawsuits and other actions that arise in the normal course of business. PHEAA believes that these claims, lawsuits and other actions will not, individually or in the aggregate, have a material adverse effect on its business, financial condition or results of operations. Most of these matters are claims against its servicing and collection operations by borrowers and debtors alleging the violation of state or federal laws in connection with servicing or collection activities on such borrower’s or debtor’s student loans. In addition, PHEAA is routinely named in lawsuits in which the plaintiffs allege that PHEAA has violated a federal or state law in the process of collecting their accounts.

In the ordinary course of its business, it is common for PHEAA to receive information and document requests and investigative demands from legislative committees and administrative and enforcement agencies. These requests may be informational or regulatory in nature and may relate to PHEAA’s business practices, the industries in which it operates, or other companies with whom it conducts business. PHEAA’s practice has been, and currently is, to cooperate with these bodies and to be responsive to any such requests. However, PHEAA may find it necessary to initiate litigation to enforce its rights, to

protect its business operations and practices or to determine the scope and validity of the rights of such bodies. Litigation is costly and time-consuming, and there can be no assurance that PHEAA's litigation expenses will not be significant in the future or that it will prevail in any such litigation.

Such inquiries and related information demands increase costs and resources PHEAA must dedicate to timely respond to these requests and may, depending on their outcome, result in payments of additional amounts of restitution, fines and penalties in addition to those described under the caption "Consumer Protection and Similar Laws" below.

Commonwealth of Massachusetts. As a larger participant defined by the Consumer Financial Protection Bureau ("CFPB") in the market for student loan servicing, PHEAA is the subject of various subpoenas, requests, and actions by various state and federal regulatory bodies. On August 23, 2017, the Commonwealth of Massachusetts ("Massachusetts"), by and through its Attorney General, brought enforcement action pursuant to the Massachusetts Consumer Protection Act, and the Consumer Financial Protection Act against PHEAA, d/b/a Fedloan Servicing. PHEAA does not agree with the allegations made by the Massachusetts Attorney General's Office with regards to its findings. However, PHEAA remains committed to appropriately resolving any outstanding borrower issues while following the U.S. Department of Education's policies, procedures, and regulations as mandated by the PHEAA's federal contracts. PHEAA will continue working with the U.S. Department of Education's Office of Federal Student Aid ("FSA") to help resolve any issue identified by the Massachusetts Attorney General. On January 8, 2018, the United States Department of Justice submitted a Statement of Interest on this case. PHEAA filed a motion to dismiss, which has been denied. The matter is now in the discovery phase. As of March 31, 2020 and through the date of this disclosure, PHEAA believes it is remote that a loss contingency exists, and will continue to contest this matter vigorously.

State of New York. Similar to the Massachusetts litigation described above, on October 3, 2019, the Attorney General for the State of New York filed an action against PHEAA in the United States District Court for the Southern District of New York. This action predominantly focuses on PHEAA's federal student loan servicing activities related to federal loans eligible for Public Service Loan Forgiveness ("PSLF"), as well as various types of unique deferments and repayment options. New York alleges violations of the Consumer Financial Protection Act, as well as a variety of New York statutory and common law claims. PHEAA strongly disagrees with the allegation of the Complaint. PHEAA believes that the risk of loss is remote and will continue to contest this matter vigorously.

Multi District Litigation. Similar to both actions noted above, several individual borrowers previously filed lawsuits against PHEAA and the U.S. Department of Education in several different federal courts related to PHEAA's activities as a federal student loan servicer. These lawsuits challenge PHEAA's servicing activities surrounding PSLF, deferment and forbearance, and loan repayment programs. These actions were previously ordered to be consolidated into one lawsuit to be filed in the United States District Court for the Eastern District of Pennsylvania. In October 2019, the plaintiffs collectively filed their one, Amended Complaint which purports to state all claims on behalf of all plaintiffs. The allegations against PHEAA and the U.S. Department of Education include a variety of tort-based statutory and common law claims. As of the date of this report, PHEAA and the U.S. Department of Education have filed their respective Motions to Dismiss, which have yet to be adjudicated. PHEAA believes the risk of loss is remote and will continue to contest this matter vigorously.

Consumer Protection and Similar Laws. The CFPB has issued regulations subjecting PHEAA to the supervision of the CFPB as a "larger participant" (as defined for purposes of the Dodd-Frank Act). Applicable regulations provide for the examination and monitoring by the CFPB of larger participants in student loan servicing, such as PHEAA, thus giving the CFPB broad authority to examine, investigate, supervise, and otherwise regulate PHEAA's business, including the authority to impose fines and require

changes with respect to any requirements that the CFPB finds to be unfair, deceptive or abusive. The CFPB seeks to make sure that all relevant federal consumer financial laws are followed by nonbank student loan servicers, such as PHEAA, and that such rules are applied to both federal and private student loans, from origination through servicing to debt collection. The CFPB has substantial power and discretion to define the rights of consumers and the responsibilities of certain entities, such as PHEAA. There is continuing uncertainty regarding how the CFPB's strategies and priorities will impact PHEAA's, and other large nonbank student loan servicers', business and results of operations going forward. Additionally, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings and litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from \$5,000 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to \$25,000 per day for reckless violations and \$1 million per day for knowing violations. Also, where an entity has violated Title X of the Dodd-Frank Act (the Consumer Financial Protection Act of 2010) or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state or other federal officials find that PHEAA or its affiliates have violated the foregoing or other laws, they could exercise their enforcement powers in ways that may have a material adverse effect on PHEAA.

In addition to enforcing consumer financial laws directed at specific loan origination and servicing functions, such as loan disclosures and debt collection procedures, the CFPB is directed to prohibit "unfair, deceptive or abusive" acts or practices, and to ensure that all consumers have access to fair, transparent and competitive markets for consumer financial products and services. The review of services and practices to prevent unfair, deceptive or abusive conduct will be a continuing focus of the CFPB, as well as PHEAA's own internal reviews. Such ongoing internal and regulatory reviews are likely to result in changes in PHEAA's policies and practices, increased costs related to regulatory oversight, compliance, supervision and examination and may result in regulatory actions, including civil monetary penalties.

Since 2013, the CFPB has been a party to numerous public enforcement actions, either independently or in conjunction with other federal and state enforcement agencies, to enforce consumer protection laws within its jurisdiction or to support consumer protection efforts nationwide. The CFPB has also been investigating, based on potentially problematic practices identified by the CFPB or reported by consumers or others or investigations transferred to the CFPB by regulators or other federal agencies, potential violations of federal consumer financial laws. Potential penalties are significant, and several large settlements have been entered into by the CFPB and/or other federal and state agencies with, among others, consumer loan originators, servicers and other consumer credit businesses.

Because such supervision and enforcement authority continues to be subject to intensive rulemaking and public comment, which may result in further regulations and/or regulatory interpretations, PHEAA is unable to predict the final form that this regulatory regime will take or the ultimate effect such supervision or required examinations or enforcement actions, if any, could have on PHEAA's operations. PHEAA's operational expenses will likely increase to address new or additional compliance requirements that could be imposed on PHEAA's operations as a result of these developments and CFPB supervision and examination and, depending on their outcome, result in payments of additional amounts of restitution, fines and penalties in addition to those described above.

In response to the evolving regulatory environment, PHEAA has enhanced its compliance management system, has conducted and continues to conduct internal reviews, and has engaged outside firms to assist in compliance and risk assessments. This initiative has enabled PHEAA to better identify deficiencies in its existing processes, policies and procedures. PHEAA has made a commitment to continue to dedicate significant resources to address and remediate any deficiencies it has identified as well as those

which may be identified as a result of future reviews and assessments. Notwithstanding such efforts, it is possible that PHEAA may be found to be out of compliance with certain laws applicable to servicing or originating student loans, including the Financed Eligible Loans. Although management of PHEAA does not believe any such deficiencies would materially and adversely affect the ability of PHEAA to perform its obligations as a servicer, such an outcome cannot be assured.

Subsequent Events. Management has evaluated subsequent events through May 28, 2020, the date through which procedures were performed to prepare the quarterly financial statements. An outbreak of a new coronavirus, detected in China in December 2019, spread internationally in the first quarter of 2020 causing widespread disruption of the global economy and a rise in market volatility. Health officials have declared this to be a pandemic. The course of the pandemic and its ultimate effect on the United States, its economy and markets are not fully known at this time. Management evaluation is ongoing and it is not possible to predict the effect that the pandemic may have on its financial position as the financial environment continues to change.

PHEAA Servicing Agreement

With the approval of the PHEAA Servicing Agreement by the Pennsylvania Attorney General, who must review all agreements entered into by PHEAA for form and legality, the Issuer entered into the PHEAA Servicing Agreement with PHEAA.

Conversion. The Loan Origination Agent is required to upload documentation relating to originated MEFA Refinancing Loans to an electronic origination platform separately licensed by Entech Consulting, LLC to the Issuer, which is programmed to submit completed origination files to PHEAA. PHEAA agrees to accurately convert the Issuer's education loan data necessary for servicing under the PHEAA Servicing Agreement onto the PHEAA servicing system and is responsible for servicing such loans from the date of receipt of the applicable original file. After the conversion of the applicable education loan files, PHEAA is required to prepare and forward to the Issuer, within thirty (30) to sixty (60) days, a loan level exceptions list (an "Exceptions List") which identifies missing and/or incomplete information with respect to each file. PHEAA has no liability either to the Issuer or any individual borrower resulting from any missing or incomplete data identified on the applicable Exceptions List. In addition, PHEAA has no liability to the Issuer for incorrect billing and/or reporting when caused by the Issuer's transfer of inaccurate data to PHEAA. Under the PHEAA Servicing Agreement, the Issuer agrees to correct any missing, incomplete, or inaccurate information identified on any Exceptions List within thirty (30) days, and if it fails to do so, PHEAA may decline responsibility for servicing the applicable loan, subject to the Issuer's right to subsequently resubmit the loan to PHEAA for servicing together with the missing, incomplete, or inaccurate information.

Term. The PHEAA Servicing Agreement has an initial term of five years, ending March 31, 2023, and is subject to automatic annual renewals thereafter, unless terminated by either party pursuant to the terms thereof. The PHEAA Servicing Agreement may be terminated at the option of the Issuer or PHEAA upon certain uncured defaults by the other party or upon the occurrence of certain events.

Collections. All funds received by PHEAA with respect to any loans serviced under the PHEAA Servicing Agreement, whether attributable to principal or interest or late fees, shall be received in trust for the benefit of the Issuer and will be deposited in a PHEAA-owned and maintained clearing account. Within an average of two (2) Business Days of receipt of any funds from the applicable borrower, all cleared, available and identified funds for the Issuer's loans will be electronically transmitted to Issuer's designated bank account (including the Trustee with respect to the Financed Eligible Loans).

Fees. PHEAA will provide all aspects of the services at its sole cost and expense, except as otherwise provided by the PHEAA Servicing Agreement, and will be compensated by the Issuer at the rates set forth in a fee schedule attached to the PHEAA Servicing Agreement. Such fees may be increased annually, subject to certain limitations in the PHEAA Servicing Agreement.

PHEAA Liability. To the extent permitted by applicable law, PHEAA is required to indemnify the Issuer and hold it harmless against any third party claim, loss, liability or expense, and costs (collectively, a “Loss”), incurred by the Issuer which arises out of or relates to PHEAA’s (i) failure to perform its duties and service the loans thereunder in compliance with the terms of the PHEAA Servicing Agreement, (ii) breach of the representations or warranties made by PHEAA under the PHEAA Servicing Agreement, (iii) release of sensitive customer information; provided, however, that this provision shall take effect as of the date on which each individual loan is serviced by PHEAA, or (iv) loss or destruction of records or data in its possession, control or custody that renders a loan uncollectible and unenforceable. Nothing in the PHEAA Servicing Agreement shall constitute a waiver of the sovereign immunity of the Commonwealth of Pennsylvania.

MEFA Refinancing Loan Servicing

Role of the Loan Servicer. As described under the caption “MEFA Refinancing Loan Origination—Credit Evaluation by the Loan Originating Agent” above, the Loan Originating Agent assists the Issuer in the evaluation of applicants for MEFA Refinancing Loans by performing a credit analysis of each applicant. After origination by the Issuer, MEFA Refinancing Loans will be serviced in accordance with the PHEAA Servicing Agreement. The Loan Servicer is required to prepare and deliver to each borrower a periodic billing invoice, for the repayment of MEFA Refinancing Loans and to use its best efforts to collect all payments of principal of and interest on the MEFA Refinancing Loans. See the caption “PHEAA Servicing Agreement” above.

Servicing activities of PHEAA under the PHEAA Servicing Agreement include maintaining all records of the origination and payment of MEFA Refinancing Loans, mailing invoices to borrowers, preparing activity and status reports for the Issuer, following procedures required under the Servicing Guidelines including procedures for delinquent MEFA Refinancing Loans and responding to inquiries and complaints pertaining to the MEFA Refinancing Loan Program from borrowers, the Trustee and the Issuer.

The Loan Servicer plays a key role in the MEFA Refinancing Loan Program and the performance of the Loan Servicer is closely monitored at all times by the Issuer. The PHEAA Servicing Agreement and the Servicing Guidelines specify the duties, obligations and functions of the Loan Servicer.

The Loan Servicer is required to service delinquent MEFA Refinancing Loans so as to enable, to the maximum extent possible, payment in full of such MEFA Refinancing Loans on their respective original repayment schedules. The Loan Servicer must notify the borrower of the delinquency by multiple communication channels at specified intervals, all as set forth in the Servicing Guidelines.

The Loan Servicer’s duties include recording all payments and all adjustments including overpayments and prepayments of MEFA Refinancing Loans and forgiveness of MEFA Refinancing Loans. The Loan Servicer is also required to maintain files concerning each MEFA Refinancing Loan, preparing and maintaining appropriate accounting records with respect to all transactions related to each MEFA Refinancing Loan, maintaining backups and a disaster recovery plan pertaining to all MEFA Refinancing Loans.

Collections and Defaults. When a MEFA Refinancing Loan is one hundred eighty (180) days past due (or such other date as the Issuer may determine in compliance with applicable Indenture requirements),

it is generally deemed to be “Defaulted” and the Loan Servicer is required to cease contact with the borrower unless and until instructed otherwise by the Issuer or the Trustee. The Issuer and the Loan Servicer continuously work with individual borrowers in order to bring MEFA Refinancing Loans current prior to their being deemed Defaulted. See the caption “RISK FACTORS—Changes in relevant laws” and “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS (As of the Statistical Cutoff Date)” herein.

TRUSTEE

The Issuer will issue the Notes pursuant to an Indenture of Trust, between the Issuer and U.S. Bank National Association (“U.S. Bank”), a national banking association, as indenture trustee. U.S. Bancorp, with total assets exceeding \$543 billion as of March 31, 2020, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of March 31, 2020, U.S. Bancorp served approximately 18 million customers and operated over 2,700 branch offices in 25 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has provided corporate trust services since 1924. U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 48 Domestic and 2 International cities. The Trust Estate will be administered from U.S. Bank’s corporate trust office located at One Federal St, 3rd Floor, Boston, MA 02110.

As of March 31, 2020, U.S. Bank was acting as trustee with respect to over 102,000 issuances of securities with an aggregate outstanding principal balance of over \$4.2 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations. U.S. Bank has acted as trustee under indentures related to student loan asset-backed notes issued by the Issuer.

In the last several years, U.S. Bank and other large financial institutions have been sued in their capacity as trustee or successor trustee for certain residential mortgage backed securities (“RMBS”) trusts. The complaints, primarily filed by investors or investor groups against U.S. Bank and similar institutions allege the trustees caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers to comply with the governing agreements for these RMBS trusts, Plaintiffs generally assert causes of action based upon the trustees’ purported failures to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties, notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and abide by a heightened standard of care following alleged events of default. Currently U.S. Bank is a defendant in multiple actions alleging individual or class action claims against it.

U.S. Bank denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors, that it has meritorious defenses, and it has contested and intends to continue contesting the plaintiffs’ claims vigorously. However, U.S. Bank cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts.

On March 9, 2018, a law firm purporting to represent fifteen Delaware statutory trusts (the “DSTs”) that issued securities backed by student loans (the “Student Loans”) filed a lawsuit in the Delaware Court of Chancery against U.S. Bank in its capacities as indenture trustee and successor special servicer, and three other institutions in their respective transaction capacities, with respect to the DSTs and the Student Loans. This lawsuit is captioned *The National Collegiate Student Loan Master Trust I, et al. v. U.S. Bank National Association, et al.*, C.A. No. 2018-0167-JRS (Del. Ch.) (the “NCMSLT Action”). The complaint, as

amended on June 15, 2018, alleged that the DSTs have been harmed as a result of purported misconduct or omissions by the defendants concerning administration of the trusts and special servicing of the Student Loans. Since the filing of the NCMSLT Action, certain Student Loan borrowers have made assertions against U.S. Bank concerning special servicing that appear to be based on certain allegations made on behalf of the DSTs in the NCMSLT Action.

U.S. Bank believes that it has performed its obligations as indenture trustee and special servicer in good faith and in compliance in all material respects with the terms of the agreements governing the DSTs (the “Governing Agreements”), and accordingly that the claims against it in the NCMSLT Action are without merit.

U.S. Bank has filed a motion seeking dismissal of the operative complaint in its entirety with prejudice pursuant to Chancery Court Rules 12(b)(1) and 12(b)(6) or, in the alternative, a stay of the case while other prior filed disputes involving the DSTs and the Student Loans are litigated. On November 7, 2018, the Court ruled that the case should be stayed in its entirety pending resolution of the first-filed cases. On January 21, 2020, the Court entered an order consolidating for pretrial purposes the NCMSLT Action and three other lawsuits pending in the Delaware Court of Chancery concerning the DSTs and the Student Loans (the “Consolidated Action”). U.S. Bank and other parties to the Consolidated Action have briefed and argued motions for judgment on the pleadings pursuant to Chancery Court Rule 12(c) regarding disputed issues of contractual interpretation at issue in one or more of the cases comprising the Consolidated Action, including the NCMSLT Action. The Court has not yet ruled on these motions or on U.S. Bank’s dismissal motion in the NCMSLT Action.

U.S. Bank intends to continue to defend the NCMSLT Action vigorously.

Under the Indenture, U.S. Bank will act as Trustee and paying agent for the Notes. The Trustee will act on behalf of the Noteholders and represent their interests in the exercise of their rights under the Indenture. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Acceptance of Trusts” herein for additional information regarding the responsibilities of the Trustee.

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FEES AND EXPENSES

The Senior Program Expenses and Rating Agency Surveillance Fees payable by the Issuer are set forth in the table below. The priority of payment of such Senior Program Expenses and Rating Agency Surveillance Fees is described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Fees and Expenses	Recipient	Amount
Administration Fees	Massachusetts Educational Financing Authority	0.30% per annum ¹ , less the amount of the Senior Servicing Fees and the Senior Trustee Fees
Senior Servicing Fees	Pennsylvania Higher Education Assistance Agency	As set forth in the PHEAA Servicing Agreement, not to exceed 0.25% per annum ^{1,2}
Senior Trustee Fees	U.S. Bank National Association	As set forth in its fee letter, not to exceed 0.01% per annum ^{1,2}
Rating Agency Surveillance Fees	DBRS and S&P	\$22,500 per annum

¹Determined as a percentage of the Pool Balance as of the beginning of the immediately preceding Collection Period (computed on the basis of a 360-day year and twelve 30-day months) and paid monthly.

²The Issuer is responsible for paying any Senior Servicing Fees and Senior Trustee Fees that are in excess of such limitations; however, if the Senior Servicing Fees (determined without regard to the limitation thereon in the definition thereof) exceed the amount permitted to be paid as Senior Program Expenses on any Monthly Distribution Date, the Issuer shall direct the Trustee to use amounts on deposit in the Reserve Fund to pay the amount of such excess directly to the Loan Servicer.

Senior Servicing Fees do not include any fees or expenses due as a result of the termination or deconversion of Financed Education Loans, indemnification or other extraordinary fees or expenses, and Senior Trustee Fees only include the monthly fees and expenses payable to the Trustee for ordinary services rendered by the Trustee under the Indenture. The Senior Program Expenses and Rating Agency Surveillance Fees described above may be increased if the Issuer satisfies the conditions of a Rating Notification with respect to such increase. See “APPENDIX A—DEFINITIONS OF CERTAIN TERMS” hereto.

In addition, the Issuer is required to pay any Subordinate Program Expenses, consisting of Subordinate Servicing Fees payable to the Loan Servicer and any Subordinate Trustee Fees payable to the Trustee. Such Subordinate Program Expenses consist of extraordinary expenses and indemnification amounts. The priority of payment of such Subordinate Program Expenses is described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

USE OF PROCEEDS

The proceeds from the sale of the Notes, together with other moneys available to the Issuer, are expected to be used to make a deposit to the Reserve Fund in an amount equal to \$528,200, a deposit to the Acquisition Fund in an amount equal to approximately \$210,166,075, a deposit to the Collection Fund in an amount equal to approximately \$2,946,616 and a deposit to the Costs of Issuance Fund in an amount equal to \$2,100,000. The amount deposited to the Acquisition Fund will be used on the Date of Issuance

to Finance the Financed Eligible Loans, all of which are MEFA Refinancing Loans. See the caption “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS (As of the Statistical Cutoff Date)” herein.

**CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS
(As of the Statistical Cutoff Date)**

As of April 30, 2020, the Statistical Cutoff Date, the characteristics of the pool of Financed Eligible Loans we expect to pledge to the Trust Estate were as described below. Since the date for the pledge of the Financed Eligible Loans to the Trust Estate is later than the Statistical Cutoff Date, the characteristics of those Financed Eligible Loans will vary from the information presented below. To the extent that there are principal payments received on the Financed Eligible Loans between the Statistical Cutoff Date and the Cutoff Date, the Issuer will deposit an amount equal to such payments into the Collection Fund. Loan-level data for the Financed Eligible Loans will be made available, upon request, to prospective investors to which this Offering Memorandum has been provided. The aggregate outstanding principal balance of the Financed Eligible Loans in each of the following tables includes the principal balance due from borrowers. The percentages set forth in the tables below may not always add to 100% and the outstanding principal balances may not always add to \$215,015,783 due to rounding.

**Composition of the Financed Eligible Loans
(As of the Statistical Cutoff Date)**

Aggregate Outstanding Principal Balance	\$215,015,783
Total Number of Loans	3,530
Average Outstanding Principal Balance per Loan	\$60,911
Total Number of Borrowers	3,516
Average Outstanding Principal Balance per Borrower	\$61,154
Outstanding Principal Balance of Fixed Rate Loans	\$210,828,368
Outstanding Principal Balance of Variable Rate Loans	\$4,187,414
Weighted Average Annual Borrower Income at Origination	\$110,103
Weighted Average Monthly Free Cash Flow at Origination	\$3,765
Weighted Average FICO Score at Origination	772
Weighted Average Borrower Age (years) at Origination	35
Percentage of Aggregate Outstanding Principal Balance With a Co-Borrower ...	13.1%
Weighted Average Borrower Interest Rate	4.89%
Weighted Average Borrower Interest Rate: Fixed Rate Loans	4.92%
Weighted Average Borrower Interest Margin: Variable Rate Loans	2.54%
Percentage of Loans in Active Repayment	89.6%
Outstanding Principal Balance of Fixed Rate Loans as a Percentage of Aggregate Outstanding Principal Balance of all Loans	98.1%
Outstanding Principal Balance of Variable Rate Loans as a Percentage of Aggregate Outstanding Principal Balance of all Loans	1.9%
Weighted Average Remaining Term (months)	139.0
Weighted Average Number of Payments Made	6.9

**Distribution of the Financed Eligible Loans by Interest Index and
Interest Margin for Variable Rate Loans
(As of the Statistical Cutoff Date)**

<u>Interest Index and Interest Margin</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
<i>Variable Rate Loans:</i> *			
1-month LIBOR + Less than 2.00%	17	\$1,335,763	31.9%
1-month LIBOR + 2.00% to 2.99%	30	1,799,894	43.0
1-month LIBOR + 3.00% to 3.99%	20	962,062	23.0
1-month LIBOR + 4.00% to 4.99%	<u>2</u>	<u>89,696</u>	<u>2.1</u>
Total	<u>69</u>	<u>\$4,187,414</u>	<u>100.0%</u>

*If 1-month LIBOR becomes unavailable, the Issuer in its sole discretion will determine an appropriate replacement for LIBOR and any necessary changes to the applicable margins.

**Distribution of the Financed Eligible Loans by Interest Rate for Fixed Rate Loans
(As of the Statistical Cutoff Date)**

<u>Interest Rate</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
<i>Fixed Rate Loans:</i>			
3.00% to 3.99%	424	\$ 24,958,977	11.8%
4.00% to 4.99%	1,596	105,712,302	50.1
5.00% to 5.99%	956	55,251,909	26.2
6.00% to 6.99%	435	22,821,343	10.8
7.00% or Greater	<u>50</u>	<u>2,083,837</u>	<u>1.0</u>
Total	<u>3,461</u>	<u>\$210,828,368</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Interest Rate Type
(As of the Statistical Cutoff Date)**

<u>Interest Rate Type</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Fixed Rate	3,461	\$210,828,368	98.1%
Variable Rate	<u>69</u>	<u>4,187,414</u>	<u>1.9</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Current Interest Rate
(As of the Statistical Cutoff Date)**

<u>Current Interest Rate</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Less than 3.00%	18	\$ 1,358,309	0.6%
3.00% through 3.49%	13	922,502	0.4
3.50% through 3.99%	441	25,849,327	12.0
4.00% through 4.49%	648	41,445,484	19.3
4.50% through 4.99%	967	65,193,376	30.3
5.00% through 5.49%	582	34,632,171	16.1
5.50% through 5.99%	376	20,709,434	9.6
6.00% through 6.49%	236	12,022,516	5.6
6.50% through 6.99%	199	10,798,827	5.0
7.00% through 7.49%	43	1,793,437	0.8
7.50% through 7.99%	3	70,427	0.0*
8.00% through 8.49%	<u>4</u>	<u>219,973</u>	<u>0.1</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

* Less than 0.05%, but greater than 0.00%.

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

<u>Number of Months Remaining Until Scheduled Maturity</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Less than 49 months	10	\$ 649,313	0.3%
50 to 72 months	0	0	0.0
73 to 84 months	767	39,279,707	18.3
85 to 96 months	0	0	0.0
97 to 108 months	348	17,148,635	8.0
109 to 120 months	687	40,661,396	18.9
121 to 132 months	0	0	0.0
133 to 144 months	0	0	0.0
145 to 156 months	0	0	0.0
157 to 168 months	536	33,791,337	15.7
169 to 180 months	<u>1,182</u>	<u>83,485,395</u>	<u>38.8</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Number of Days Delinquent
(As of the Statistical Cutoff Date)**

<u>Number of Days Delinquent</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
0-30	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Borrower Payment Status
(As of the Statistical Cutoff Date)**

<u>Borrower Payment Status</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Repayment*	3,209	\$192,745,638	89.6%
Forbearance	312	21,685,289	10.1
Modified Payment Plan	<u>9</u>	<u>584,856</u>	<u>0.3</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

* Includes one loan with a principal amount of \$80,100 that is currently in a bankruptcy proceeding.

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

<u>Number of Payments Made</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
0 to 12 payments made	2,716	\$167,785,772	78.0%
13 to 24 payments made	<u>814</u>	<u>47,230,011</u>	<u>22.0</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

* Assumes payments equal the number of whole months since disbursement.

**Distribution of the Financed Eligible Loans by FICO Score at Origination
(As of the Statistical Cutoff Date)**

<u>FICO Score Upon Origination (Inclusive)</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
670 through 699	312	\$ 15,321,871	7.1%
700 through 739	539	27,649,553	12.9
740 through 799	1,886	115,101,564	53.5
800 and Higher	<u>793</u>	<u>56,942,795</u>	<u>26.5</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Co-Borrower Status
(As of the Statistical Cutoff Date)**

<u>Co-Borrower Status</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
No Co-Borrower	3,064	\$186,888,424	86.9%
Has a Co-Borrower	<u>466</u>	<u>28,127,359</u>	<u>13.1</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Annual Borrower Income at Origination
(As of the Statistical Cutoff Date)**

<u>Annual Borrower Income</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Less than \$50,000.00	399	\$ 16,483,341	7.7%
\$50,000.00 to \$99,999.99	2,036	105,518,054	49.1
\$100,000.00 to \$149,999.99	776	57,354,552	26.7
\$150,000.00 to \$199,999.99	202	18,109,812	8.4
\$200,000.00 and Greater	<u>117</u>	<u>17,550,024</u>	<u>8.2</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Monthly Free Cash Flow at Origination
(As of the Statistical Cutoff Date)**

<u>Monthly Free Cash Flow</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Less than \$1,500.00	162	\$ 9,732,436	4.5%
\$1,500.00 to \$2,499.99	1,211	64,460,948	30.0
\$2,500.00 to \$3,499.99	982	55,297,804	25.7
\$3,500.00 to \$4,499.99	518	32,108,921	14.9
\$4,500.00 to \$5,499.99	292	19,944,517	9.3
\$5,500.00 and Greater	<u>365</u>	<u>33,471,156</u>	<u>15.6</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

**Distribution of the Financed Eligible Loans by Highest Degree Attained
(As of the Statistical Cutoff Date)**

<u>Highest Degree Attained</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Unknown*	1,053	\$ 61,006,926	28.4%
Bachelors	1,174	58,658,778	27.3
PHD	350	41,728,745	19.4
Masters	608	36,627,481	17.0
Other	169	10,262,306	4.8
Associates	101	3,703,667	1.7
Some College	<u>75</u>	<u>3,027,878</u>	<u>1.4</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

* The Issuer first began collecting this data in May of 2019; this portion of the Financed Eligible Loans was applied for prior to such date.

**Distribution of the Financed Eligible Loans by Geographic Location¹
(As of the Statistical Cutoff Date)**

<u>Geographic Location</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Massachusetts	577	\$ 30,524,814	14.2%
New York	277	17,189,616	8.0
California	199	14,090,301	6.6
Pennsylvania	227	12,928,435	6.0
Illinois	164	10,903,914	5.1
New Jersey	149	10,287,635	4.8
Texas	140	8,448,935	3.9
Florida	113	7,465,363	3.5
Ohio	122	6,767,253	3.1
Maryland	85	6,522,878	3.0
Michigan	102	6,100,648	2.8
Virginia	90	6,022,769	2.8
Minnesota	96	5,854,312	2.7
Colorado	87	5,132,957	2.4
Georgia	71	4,996,167	2.3
North Carolina	94	4,962,019	2.3
Washington	69	4,418,677	2.1
Connecticut	66	4,398,299	2.0
Arizona	51	3,855,913	1.8
Wisconsin	62	3,739,488	1.7
Missouri	57	3,464,855	1.6
Indiana	66	3,439,603	1.6
Oregon	54	3,110,110	1.4
South Carolina	50	2,975,766	1.4
Tennessee	44	2,896,721	1.3
Kentucky	40	2,530,380	1.2
New Hampshire	41	2,319,110	1.1
District of Columbia	21	1,892,143	0.9

<u>Geographic Location</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Iowa	28	1,717,361	0.8
Oklahoma	28	1,501,412	0.7
Alabama	24	1,422,849	0.7
Maine	26	1,401,810	0.7
Kansas	26	1,361,448	0.6
Utah	23	1,356,199	0.6
Louisiana	21	1,094,465	0.5
Rhode Island	13	894,225	0.4
Nebraska	9	824,083	0.4
Nevada	16	808,229	0.4
Idaho	13	684,618	0.3
Delaware	12	660,788	0.3
Arkansas	12	598,365	0.3
Vermont	13	590,005	0.3
West Virginia	6	532,677	0.2
New Mexico	8	445,073	0.2
Montana	8	332,132	0.2
Alaska	6	316,900	0.1
South Dakota	6	299,132	0.1
North Dakota	4	297,262	0.1
Hawaii	6	250,897	0.1
Wyoming	3	220,557	0.1
Mississippi	3	115,225	0.1
Not Specified	<u>2</u>	<u>50,989</u>	<u>0.0*</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

¹ Based on billing addresses of borrowers shown on Loan Servicer Records.

* Less than 0.05%, but greater than 0.00%.

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**Distribution of the Financed Eligible Loans by Range of Outstanding Principal Balance
(As of the Statistical Cutoff Date)**

<u>Range of Outstanding Principal Balance</u>	<u>Number of Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percent by Outstanding Principal Balance</u>
Less than \$10,000.00	19	\$ 159,459	0.1%
\$10,000.00 to \$19,999.99	443	6,766,847	3.1
\$20,000.00 to \$29,999.99	521	12,933,595	6.0
\$30,000.00 to \$39,999.99	495	17,300,487	8.0
\$40,000.00 to \$49,999.99	439	19,631,689	9.1
\$50,000.00 to \$59,999.99	361	19,810,177	9.2
\$60,000.00 to \$69,999.99	254	16,370,668	7.6
\$70,000.00 to \$79,999.99	216	16,149,552	7.5
\$80,000.00 to \$89,999.99	153	12,998,125	6.0
\$90,000.00 to \$99,999.99	114	10,848,264	5.0
\$100,000.00 to \$109,999.99	107	11,201,281	5.2
\$110,000.00 to \$119,999.99	65	7,461,058	3.5
\$120,000.00 to \$129,999.99	66	8,223,908	3.8
\$130,000.00 to \$139,999.99	55	7,429,032	3.5
\$140,000.00 to \$149,999.99	29	4,215,527	2.0
\$150,000.00 to \$159,999.99	27	4,179,494	1.9
\$160,000.00 to \$169,999.99	28	4,625,181	2.2
\$170,000.00 to \$179,999.99	19	3,328,748	1.5
\$180,000.00 to \$189,999.99	19	3,523,825	1.6
\$190,000.00 to \$199,999.99	5	975,904	0.5
\$200,000.00 to \$209,999.99	8	1,623,557	0.8
\$210,000.00 to \$219,999.99	6	1,274,710	0.6
\$220,000.00 to \$229,999.99	9	2,009,601	0.9
\$230,000.00 to \$239,999.99	9	2,108,189	1.0
\$240,000.00 to \$249,999.99	10	2,460,358	1.1
\$250,000.00 and Greater	<u>53</u>	<u>17,406,546</u>	<u>8.1</u>
Total	<u>3,530</u>	<u>\$215,015,783</u>	<u>100.0%</u>

DESCRIPTION OF THE NOTES

General

The Notes will be issued pursuant to the terms of an Indenture of Trust dated as of June 1, 2020 between the Issuer and the Trustee. The following summary describes the material terms of the Indenture and the Notes. However, it is not complete and is qualified in its entirety by the actual provisions of the Indenture and the Notes.

The Trustee has not participated in the preparation of this Offering Memorandum and makes no representations concerning the Notes, the collateral or any other matter stated in this Offering Memorandum. The Trustee has no duty or obligation to pay the Notes from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from the Trust Estate.

Interest Payments

Interest will accrue on the Notes during each Interest Accrual Period. The initial Interest Accrual Period for the Notes begins on the Date of Issuance and ends on August 24, 2020. For all other Monthly Distribution Dates, the Interest Accrual Period will begin on and include the 25th day of the calendar month containing the immediately preceding Monthly Distribution Date and end on and include the 24th day of the calendar month containing such current Monthly Distribution Date.

Interest on the Notes will be payable to the Noteholders on each Monthly Distribution Date commencing August 25, 2020. Subsequent Monthly Distribution Dates for the Notes will be on the twenty-fifth day of each month, or if any such day is not a Business Day, the next Business Day. Interest accrued but not paid on any Monthly Distribution Date will be due on the next Monthly Distribution Date together with an amount equal to interest on the unpaid amount at the applicable rate per annum described below.

The interest rate on the Class A Notes for each Interest Accrual Period will be an annual rate equal to 2.30%. The interest rate on the Class B Notes for each Interest Accrual Period will be an annual rate equal to 3.76%.

Failure to pay interest on the Class B Notes is not an Event of Default so long as any of the Class A Notes remain Outstanding.

Principal Payments on the Notes

The Monthly Distribution Date on which the Class A Notes are due and payable in full is February 25, 2040. The Monthly Distribution Date on which the Class B Notes are due and payable in full is February 25, 2045. The actual date on which the final distribution on each Class of Notes will be made may be earlier than its Note Final Maturity Date set forth above as a result of a variety of factors.

Payments on the Financed Eligible Loans will be allocated to pay principal on the Notes on each Monthly Distribution Date in an amount equal to the lesser of:

- the Principal Distribution Amount for that Monthly Distribution Date; and
- funds available to pay principal as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

There may not be sufficient Available Funds to pay the full Principal Distribution Amount on each Monthly Distribution Date. Amounts on deposit in the Reserve Fund, other than amounts in excess of the Specified Reserve Fund Balance that are transferred to the Collection Fund, will not be available to make principal payments on a Class of the Notes except upon the Note Final Maturity Date for the Class.

Principal will be paid, *first*, on the Class A Notes until paid in full and, *second*, on the Class B Notes until paid in full.

The term “Principal Distribution Amount” means, for any Monthly Distribution Date, the amount, not less than zero, by which (a) the aggregate Outstanding Amount of the Notes immediately prior to such Monthly Distribution Date exceeds (b) the Adjusted Pool Balance for that Monthly Distribution Date less the Specified Overcollateralization Amount. Notwithstanding the foregoing, (i) on or after the Note Final Maturity Date for a Class of Notes, the Principal Distribution Amount shall not be less than the amount that is necessary to reduce the Outstanding Amount of such Class of Notes to zero, and (ii) the Principal

Distribution Amount shall not exceed the aggregate Outstanding Amount of the Notes as of any Monthly Distribution Date (before giving effect to any distributions on such Monthly Distribution Date).

The term “Specified Overcollateralization Amount” means, for any Monthly Distribution Date, the greater of (a) 4.762% of the Adjusted Pool Balance and (b) \$6,000,000.

“Adjusted Pool Balance” means, for any Monthly Distribution Date, the sum of the Pool Balance as of the end of the related Collection Period and the amount on deposit in the Reserve Fund, after giving effect to any payments to or releases from the Reserve Fund on such Monthly Distribution Date.

The Principal Distribution Amount is intended to provide credit support so that, if sufficient funds are available on each Monthly Distribution Date, the Adjusted Pool Balance will continue to exceed the Notes by the greater of (a) 4.762% of the Adjusted Pool Balance and (b) \$6,000,000. On the Date of Issuance, the Adjusted Pool Balance will be approximately 108.8% of the Outstanding Amount of the Class A Notes and approximately 102.0% of the Outstanding Amount of the Class A Notes and Class B Notes.

“Pool Balance” for any date means the aggregate principal balance of the Financed Eligible Loans on that date, including accrued interest that is expected to be capitalized, as reduced by the principal portion of:

- all payments received by the Issuer or the Loan Servicer on the Financed Eligible Loans through that date from borrowers;
- all amounts received, or made, by the Issuer through that date from cash payments made to substitute for Financed Eligible Loans;
- all liquidation proceeds and realized losses on the Financed Eligible Loans through that date; and
- the amount of any adjustment to balances of Financed Eligible Loans that a Loan Servicer makes under its related Servicing Agreement through that date.

In addition to the principal payments described above, if the Financed Eligible Loans are not sold pursuant to the optional cash substitution described below, the Notes may receive supplemental payments of principal over time from certain money remaining in the Collection Fund as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Releases to Issuer

To the extent that the Available Funds are sufficient to pay the Senior Program Expenses, to pay interest on the Notes, to fully fund the Reserve Fund, to pay the entire Principal Distribution Amount and to pay all Subordinate Program Expenses on any Monthly Distribution Date prior to first date on which the optional cash substitution date described below may be exercised, any remaining Available Funds may be released to the Issuer free and clear of the Indenture as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES—Flow of Funds” herein.

Optional Cash Substitution

The Issuer or its assignee may, but is not required to, cause the release of the remaining Financed Eligible Loans in the Trust Estate in exchange for an optional cash substitution payment on any Monthly Distribution Date when the Pool Balance is equal to or less than 10% of the Initial Pool Balance. If this

cash substitution option is exercised, the Financed Eligible Loans will be released to the Issuer or its assignee as of the last Business Day of the preceding Collection Period, and the substituted cash will be used on the corresponding Monthly Distribution Date to repay Outstanding Notes, which will result in early retirement of the Notes.

If the Issuer or its assignee exercises its cash substitution option, the cash substitution amount will equal the amount that, when combined with amounts on deposit in the Funds and Accounts held under the Indenture, would be sufficient to:

- reduce the Outstanding Amount of each Class of Notes on the related Monthly Distribution Date to zero;
- pay to each Class of Noteholders the interest payable on the related Monthly Distribution Date; and
- pay any unpaid Program Expenses and Rating Agency Surveillance Fees.

Prepayment, Yield and Maturity Considerations

Each Financed Eligible Loan provides for payments sufficient to amortize the outstanding principal balance of such Financed Eligible Loan by its maturity date. Payments received on a Financed Eligible Loan are applied first to pay any late fees, second to interest accrued on the Financed Eligible Loan, and third to the unpaid principal balance of the Financed Eligible Loan. Generally, all of the Financed Eligible Loans are prepayable in whole or in part, without penalty, by the borrowers at any time, or as a result of a borrower's default, death, disability or bankruptcy and subsequent liquidation or collection of guarantee payments with respect to such Financed Eligible Loan. The rates of payment of principal on the Notes and the yield on the Notes may be affected by prepayments of the Financed Eligible Loans. Because prepayments generally will be paid through to Noteholders as distributions of principal, it is likely that the actual final payments on one or more Classes of the Notes will occur prior to their respective Note Final Maturity Dates. Accordingly, in the event that the Financed Eligible Loans experience significant prepayments, the actual final payments on a Class of the Notes may occur substantially before its Note Final Maturity Date, causing a shortening of such Class of the Notes' weighted average life. Weighted average life refers to the average amount of time that will elapse from the date of issuance of a Note until each dollar of principal of such Note will be repaid to the investor.

The rate of prepayments on the Financed Eligible Loans cannot be predicted and may be influenced by a variety of economic, social and other factors. Generally, the rate of prepayments may tend to increase to the extent that alternative financing becomes available on more favorable terms or at interest rates significantly below the interest rates payable on the Financed Eligible Loans. In addition, the Issuer is obligated to substitute cash for a Financed Eligible Loan as a result of a breach of any of its representations and warranties relating to such Financed Eligible Loan, and a Loan Servicer may be obligated to substitute cash for a Financed Eligible Loan as a result of a breach of certain covenants with respect to such Financed Eligible Loan, in the event such breach materially adversely affects the interests of the Issuer in that Financed Eligible Loan and is not cured within the applicable cure period.

However, scheduled payments with respect to, and maturities of, the Financed Eligible Loans may be extended, including pursuant to forbearance periods. See the caption "RISK FACTORS—The COVID-19 pandemic could adversely affect the value of your Notes or borrowers' ability to repay their loans" herein. Furthermore, borrowers under the Financed Eligible Loans may enroll in modified payment plans, which may reduce the borrowers' monthly payments required to be made under the Financed Eligible Loans and delay principal payments to you. The rate of payment of principal on the Notes and the yield on

the Notes may also be affected by the rate of defaults resulting in losses on the Financed Eligible Loans that may have been liquidated, by the severity of those losses and by the timing of those losses. In addition, the maturity of certain of the Financed Eligible Loans may extend beyond the Note Final Maturity Dates for the Notes.

See “APPENDIX D—WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES AND PERCENTAGES OF ORIGINAL PRINCIPAL REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES FOR THE NOTES” hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

General

The Notes are limited obligations of the Issuer, secured by and payable solely from the Trust Estate. The following assets serve as security for the Notes:

- the Eligible Loans Financed with the proceeds of the sale of the Notes or contributed by the Issuer (the “Financed Eligible Loans”);
- collections and other payments received on account of the Financed Eligible Loans;
- certain contractual rights of the Issuer to the extent related to the Financed Eligible Loans; and
- money and investments held in Funds created under the Indenture, including the Acquisition Fund, the Collection Fund and the Reserve Fund.

Funds

The following Funds will be created by the Trustee under the Indenture for the benefit of the Noteholders:

- Acquisition Fund;
- Collection Fund;
- Costs of Issuance Fund; and
- Reserve Fund.

Acquisition Fund

On the Date of Issuance, the Issuer will make a deposit to the Acquisition Fund in an amount equal to approximately \$210,166,075, which will be used on the Date of Issuance to Finance the Financed Eligible Loans, all of which are MEFA Refinancing Loans. See the caption “CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS (As of the Statistical Cutoff Date)” herein.

Collection Fund

The Issuer will make an initial deposit to the Collection Fund in an amount equal to approximately \$2,946,616, which represents the principal payments received on the Financed Eligible Loans since the Statistical Cutoff Date. In addition, the Trustee will deposit into the Collection Fund all revenues derived from Financed Eligible Loans, money or assets on deposit in the Trust Estate and all amounts transferred

from the Acquisition Fund and the Reserve Fund. Money on deposit in the Collection Fund will be used to pay the Issuer's operating expenses (which include Program Expenses and Rating Agency Surveillance Fees) and interest and principal due on the Notes. See the caption "Flow of Funds" below.

Costs of Issuance Fund

The Issuer will make a deposit to the Costs of Issuance Fund in an amount equal to \$2,100,000. From time to time the Trustee will pay or reimburse the Issuer for Costs of Issuance from the Costs of Issuance Fund upon receipt of a requisition of an Authorized Representative stating the amount and purpose thereof. When there remains no more Costs of Issuance to be paid in such manner, the Issuer will direct the Trustee to transfer all remaining amounts on deposit in the Costs of Issuance Fund to the Collection Fund.

Reserve Fund

The Issuer will make a deposit to the Reserve Fund in an amount equal to \$528,200. For any Monthly Distribution Date, the Reserve Fund is subject to a minimum amount (the "Specified Reserve Fund Balance") equal to the greater of:

- 0.25% of the aggregate Outstanding Amount of the Notes as of the close of business on the last day of the related Collection Period; and
- \$316,920.

The Specified Reserve Fund Balance may be reduced upon satisfaction of the conditions of a Rating Notification.

The 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. On each Monthly Distribution Date, to the extent that Available Funds in the Collection Fund are not sufficient to pay Senior Program Expenses and Rating Agency Surveillance Fees or to pay interest then due on the Notes, an amount equal to the deficiency will be transferred directly from the Reserve Fund. To the extent the amount in the Reserve Fund falls below the Specified Reserve Fund Balance, the Reserve Fund will be replenished on each Monthly Distribution Date from Available Funds in the Collection Fund as described under the caption "Flow of Funds" below. In addition, if the Senior Servicing Fees (determined without regard to the limitation thereon in the definition thereof) exceed the amount permitted to be paid as Senior Program Expenses on any Monthly Distribution Date, the Issuer shall direct the Trustee to use amounts on deposit in the Reserve Fund to pay the amount of such excess directly to the Loan Servicer. In certain circumstances, however, the Reserve Fund could be partially or fully depleted. This depletion could result in shortfalls in distributions to Noteholders. Principal payments due on the Notes may be made from the Reserve Fund only on the Note Final Maturity Date for the respective Class of Notes or upon the exercise of the option to substitute cash. See the caption "Optional Cash Substitution" below. Funds on deposit in the Reserve Fund in excess of the Specified Reserve Fund Balance will be transferred to the Collection Fund.

Flow of Funds

On each Monthly Distribution Date, prior to an Event of Default, Available Funds in the Collection Fund (which may include under certain circumstances money deposited in the Collection Fund during the current Collection Period) will be used to make the following deposits and distributions, in the following order:

- to the Issuer, the Loan Servicer, the Trustee and DBRS and S&P, pro rata, the Administration Fees, the Senior Servicing Fees, the Senior Trustee Fees and the Rating Agency Surveillance Fees, respectively, due on such Monthly Distribution Date;
- to the Class A Noteholders, to pay interest due on such Class A Notes;
- to the Class B Noteholders, to pay interest due on such Class B Notes;
- to the Reserve Fund, the amount, if any, necessary to restore the Reserve Fund to the Specified Reserve Fund Balance;
- to the applicable Noteholders, the Principal Distribution Amount, *first*, to pay principal to the Class A Noteholders until the Class A Notes have been paid in full and, *second*, to pay principal to the Class B Noteholders until the Class B Notes have been paid in full;
- if the Financed Eligible Loans are not sold pursuant to the optional cash substitution when permitted, to pay as accelerated payments of principal, *first*, to the Class A Noteholders until the Class A Notes have been paid in full and *second*, to the Class B Noteholders until the Class B Notes have been paid in full;
- to or for the account of the Loan Servicer and the Trustee, pro rata, the Subordinate Servicing Fees and the Subordinate Trustee Fees, respectively, due on such Monthly Distribution Date, including any such Subordinate Program Expenses remaining unpaid from prior Monthly Distribution Dates; and
- to the Issuer, any funds remaining, free and clear of the lien and pledged of the Indenture.

Notwithstanding the foregoing, on a Note Final Maturity Date for the Class A Notes, the Class A Notes will receive payments of principal in an amount necessary to pay the Class A Notes in full prior to the Class B Notes receiving payments of interest.

Investment of Funds Held by Trustee

The Trustee will invest amounts credited to any Fund established under the Indenture in Investment Securities described in the Indenture pursuant to directions received from the Issuer. See the definition of “Investment Securities” in “APPENDIX A—DEFINITIONS OF CERTAIN TERMS” hereto. In the absence of a direction, and to the extent practicable, the Trustee will invest amounts held under the Indenture in money market funds.

The Trustee is not responsible or liable for any losses on investments made by it or for keeping all funds held by it fully invested at all times. Its only responsibility is to comply with investment instructions in a non-negligent manner.

BOOK-ENTRY ONLY SYSTEM

The information under this caption concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Underwriter take any responsibility for the accuracy or completeness thereof.

The Issuer and the Underwriter cannot and do not give any assurances that DTC, Participants or others will properly distribute: (i) payments of debt service on the Notes paid to DTC,

or its nominee owner, as the Noteholders; or (ii) any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Offering Memorandum.

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity (and interest rate, if applicable) of each Class of the Notes in the aggregate principal amount of such maturity, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information at such website is not incorporated into this Offering Memorandum.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within a Class and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 (identified in a listing attached to the Omnibus Proxy).

Principal, interest and any other redemption payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the Issuer or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and any other redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository) with respect to the Notes. In that event, Note certificates will be printed and delivered. See the caption "Certificated Notes" below.

Direct Participants and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

NEITHER THE ISSUER NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT OR THE PERSONS TO WHOM THEY ACT AS NOMINEES WITH RESPECT TO: THE ACCURACY OF THE RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; PAYMENTS TO, OR THE PROVIDING OF NOTICE FOR, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OR BENEFICIAL OWNER; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF

A PARTIAL REDEMPTION OF THE NOTES; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE NOTEHOLDER.

The Issuer and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of book-entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book-entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests.

The Issuer and Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

For ease of reference in this and other discussions, reference to “DTC” includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Indenture, DTC will be, and will be considered by the Issuer and the Trustee to be, the Noteholder.

Owners of book-entry interests in the Notes (book-entry interest owners) will not receive or have the right under the Indenture to receive physical delivery of the Notes.

Certificated Notes

In addition, the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Notes. If for any reason the book-entry only system is discontinued, the Note certificates will be delivered as described in the Indenture and each Beneficial Owner, upon registration of certificates held in such Beneficial Owner’s name, will become a Noteholder. Thereafter Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Note may be registered on the books maintained by the Trustee for such purpose only upon the surrender thereof to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of Notes, the Issuer and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Notes.

CREDIT ENHANCEMENT

Credit enhancement for the Notes will include overcollateralization, excess interest on the Financed Eligible Loans and cash on deposit in the Reserve Fund and, for the Class A Notes, the subordination of the Class B Notes. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein. Overcollateralization is the amount by which the Adjusted Pool Balance exceeds the aggregate Outstanding Amount of the Notes. The amount of overcollateralization will vary from time to time depending on the rate and timing of principal payments on the Financed Eligible Loans, capitalization of interest, certain borrower fees and the incurrence of losses, if any, on the Financed Eligible Loans. Excess interest represents the amount by which the overall rate of return on the Financed Eligible Loans exceeds the combined rate of interest on the Notes and the related fees. The 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. Credit enhancement will not provide protection against all risks of loss and may not guarantee payment to Noteholders of all amounts to which they are entitled. If losses or shortfalls occur that exceed the amount covered by the credit enhancement or that are not covered by the

credit enhancement, Noteholders, particularly Noteholders of the Class B Notes, will bear their allocable share of deficiencies.

The Class B Notes are “subordinate notes.” The rights of the Class B Noteholders to receive payments of interest are subordinated to the rights of the Class A Noteholders to receive payments of interest. Similarly, the rights of the Class B Noteholders to receive payments of principal are subordinated to the rights of the Class A Noteholders to receive payments of interest and principal. This subordination is intended to enhance the likelihood of regular receipt by the Class A Noteholders of the full amount of the payments of interest and principal due to them and to protect the Class A Noteholders against losses. See the caption “RISK FACTORS—Subordination of the Class B Notes may result in a greater risk of loss or delay in payment for holders of the Class B Notes” herein.

LEGALITY OF NOTES FOR INVESTMENT

Under the provisions of the Act, bonds of the Issuer are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, and all Massachusetts insurance companies, trust companies, savings banks, co-operative banks, banking associates, investment companies, executors, administrators, trustees and other fiduciaries, may properly and legally invest funds, including capital in their control or belonging to them.

NOTES AS SECURITY FOR DEPOSIT

Under the provisions of the Act, bonds of the Issuer are securities which may properly and legally be deposited with and received by any Commonwealth or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized by law.

LITIGATION AND OTHER MATTERS

At the time of delivery of and payment for the Notes, the Issuer’s general counsel will deliver an opinion to the effect that there is no litigation, inquiry or investigation before or by any court, public board or body known to be pending or, to the best of such counsel’s knowledge, threatened against the Issuer affecting the creation, organization or corporate existence of the Issuer or the title of its present members or officers to their respective offices; seeking to prohibit, restrain or enjoin the issuance or delivery of the Notes or the collection of Available Funds of the Issuer or the pledge of assets and Available Funds under the Indenture; in any way contesting or affecting the validity or enforceability of the Notes, the Indenture, the PHEAA Servicing Agreement, or the Servicing Guidelines; or contesting in any material respect the completeness or accuracy of this Offering Memorandum.

Such opinion shall also be to the effect that the Issuer is not unreasonable in its opinion that any litigation which is pending against the Issuer is routine litigation incidental to the operations of the Issuer unlikely to have a material effect on its power or authority to satisfy its obligations with respect to the Notes.

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on the Issuer, which might include requiring the transfer of funds or assets from the Issuer to the Commonwealth or other agencies of the Commonwealth. Furthermore, measures and legislation may be considered by the federal government, or the Commonwealth legislature, which measures may affect the Issuer’s programs. For example, certain proposed legislation recently considered in the Commonwealth legislature would, if enacted, among other things, establish a new licensing program for student loan servicers (as defined

therein) and an office of “student loan ombudsman” in the Commonwealth’s Attorney General’s Office. While some of these measures may benefit the Issuer’s programs, no assurance can be given that the programs will not be adversely affected by such measures. In addition, the Congress or the Commonwealth legislature could enact legislation that would affect the demand for or the repayment performance of MEFA Refinancing Loans in a manner that might adversely affect the availability of amounts for the payment of debt service on Notes or that might result in the prepayment prior to scheduled amortization of Notes. The Issuer cannot predict whether any such legislation will be enacted or, if it is enacted, what effect it would have on the timing or amount of revenues received by the Issuer from MEFA Refinancing Loans, the timing of such receipt or the demand for MEFA Refinancing Loans. There can be no assurance that any such legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the operations of the Issuer, its financial condition or any of its contractual obligations.

CERTAIN ERISA CONSIDERATIONS

The information under this heading summarizes certain considerations associated with the purchase of the Notes by employee pension and welfare plans. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on certain arrangements set forth in Section 4975(e)(1) which include, among other arrangements, tax-qualified retirement plans described in Section 401(a) and 403(b) of the Code, which are exempt from tax under Section 501(a) of the Code, individual retirement accounts, individual retirement annuities, Archer MSAs, health savings accounts, and Coverdell education savings accounts described in Sections 4975(e)(1)(B) through (F) of the Code (collectively, “Tax-Favored Plans”). Certain types of U.S. employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and church plans (as defined in Section 3(33) of ERISA and Section 4975(g)(3) of the Code), as well as non-U.S. employee benefit plans, are exempt from ERISA requirements and Code requirements but may nonetheless be subject to similar provisions of state and federal or foreign laws (“Similar Laws”). The information under this heading addresses the requirements of ERISA and the Code, but it should be understood that Similar Laws may impose comparable requirements.

General Fiduciary Matters

Among other requirements, ERISA requires fiduciaries to exercise prudence when investing ERISA Plan assets, taking into account diversification of the ERISA Plan’s portfolio, liquidity needs and the requirement that ERISA Plan investments be made in accordance with the documents governing such ERISA Plan. Under ERISA, any person who has any discretionary authority or responsibility in the administration of an ERISA Plan or who exercises any discretionary authority or control with respect to the management, or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation, direct or indirect, with respect to the assets of an ERISA Plan, or has any authority or responsibility to do so, is generally considered to be a fiduciary of the ERISA Plan, unless a statutory or administrative exemption is available. The term “plan assets” is defined at 26 CFR 2510.3-101.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code (the “Prohibited Transaction Rules”) prohibit a broad range of transactions between plans and “Parties in Interest” under ERISA or “Disqualified Persons” under the Code. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include: (i) a fiduciary with respect to a plan (including the owner of a Tax-Favored Plan); (ii) a person or entity providing services to a plan; and (iii) an employer or employee organization any of whose employees or members are covered by the plan.

Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax or other liability) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available and certain prohibited transactions may be subject to rescission.

ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or Disqualified Person. The acquisition of any of the Notes by a Party in Interest or Disqualified Person would involve the lending of money or extension of credit. In such a case, however, certain exemptions from the prohibited transaction rules might be available depending on the type and circumstances of the plan fiduciary making the decision to acquire a Note. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs.” These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide limited relief from the Prohibited Transaction Rules for certain transactions, provided, among other things, that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied with respect to any purchase, holding or disposition of the Notes by any investor, and even if the conditions specified in one or more of these exemptions are satisfied, the scope of relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions.

Plan Asset Issues

Under the Department of Labor’s regulations governing what constitutes “plan assets”, assets of an entity in which an ERISA Plan invests may be treated as plan assets for the purposes of ERISA and the Code only if the plan acquires an “equity interest” by reason of the investment and no other exception is available. If a plan invests in an entity whose assets thereby are considered plan assets, the manager of the entity would be a plan fiduciary to the extent it exercises any authority or control respecting management or disposition of the entity’s assets or provides investment advice for a fee. Any such manager that is considered a plan fiduciary would be separately required to comply with ERISA’s prohibited transaction provisions. An equity interest is defined for this purpose 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. Although there can be no assurances in this regard, it appears that the Notes should be treated as debt for these purposes.

Representation and Warranty

By acquiring a Note, each purchaser of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser to acquire or hold the Notes constitutes assets of any ERISA Plan or Tax-Favored Plan or of a plan subject to Similar Laws or (ii) the acquisition and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of the “plan asset” rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that ERISA Plan fiduciaries and other

fiduciaries, and other persons considering purchasing the Notes, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to the assets intended to be used in the acquisition of such investment and to the particular circumstances of the transaction.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Federal Tax Matters

The following discussion briefly summarizes the principal U.S. federal tax consequences of the acquisition, ownership, and disposition of the Notes for holders who acquire any Notes in the initial offering and hold such Notes as “capital assets.” It does not discuss all aspects of U.S. federal income taxation which may apply to a particular holder, nor does it discuss U.S. federal income tax provisions which may apply to particular categories of holders, such as partnerships, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, employee benefit plans, tax-exempt organizations, dealers in securities or foreign currencies, persons holding Notes as a position in a “hedge” or “straddle,” an integrated conversion transaction, or holders whose functional currency is not the U.S. dollar. It is based upon provisions of existing law which are subject to change at any time, possibly with retroactive effect. No rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

Except as otherwise explicitly noted below, this summary addresses only “U.S. Holders”, that is, individual citizens or residents of the United States, corporations or other business entities organized under the laws of the United States, any state, or the District of Columbia, estates with income subject to United States federal income tax, trusts subject to primary supervision by a United States court and for which United States persons control all substantial decisions, and certain other trusts that elect to be treated as United States persons. This discussion relates only to U.S. federal income taxes and not to any state, local or foreign taxes or U.S. federal taxes other than income taxes.

Characterization of the Indenture and the Notes. Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Note Counsel to the Issuer, will opine that for federal income tax purposes the Notes will be indebtedness of the Issuer secured by financed student loans. The Issuer intends to treat this transaction as a financing reflecting the Notes as its indebtedness for tax and financial accounting purposes. The holders, by accepting the Notes, have agreed to treat the Notes as indebtedness of the Issuer for federal income tax purposes.

In general, the characterization of a transaction as a sale of property or as a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized for state law or other purposes. While the IRS and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. The Issuer believes that it has retained the preponderance of the primary benefits and burdens associated with ownership of the Financed Eligible Loans and should, thus, be treated as the owner of the Financed Eligible Loans for federal income tax purposes. If, however, the IRS were to successfully assert that this transaction should be treated as a sale of the Financed Eligible Loans, the IRS could further assert that the Indenture creates an entity and that entity, as the owner of the Financed Eligible Loans for federal income tax purposes, should be classified as a partnership and potentially also treated as a publicly traded partnership taxable as a corporation.

If, instead of treating the Indenture as creating secured debt, the Indenture was treated as creating a partnership among the Noteholders and the Issuer, the resulting partnership (if not treated as a publicly traded partnership taxable as a corporation) would not be subject to federal income tax. Rather, the Issuer and each Noteholder would be taxed individually on their respective distributive shares of the partnership's income, gain, loss, deductions and credits, which could have adverse tax consequences to certain Noteholders. The amount and timing of items of income and deduction of the Noteholder would differ from the anticipated treatment of the Notes as debt instruments.

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

The remainder of the discussion below assumes that the Notes are characterized as debt for U.S. federal income tax purposes. Noteholders are encouraged to consult with their own tax advisors regarding the possibility that the Notes could be treated as other than debt of the Issuer and any resulting consequences to the Noteholder.

Taxation of Interest Income of Noteholders. Interest on the Notes that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments as set forth on the cover page hereof.

Interest on the Notes includes any accrued original issue discount. Original issue discount with respect to a Note is equal to the excess, if any, of the stated redemption price at maturity of a Note over the initial offering price thereof, excluding underwriters and other intermediaries, at which price a substantial amount of all Notes with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally $\frac{1}{4}\%$ of the stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity). The stated redemption price at maturity of a Note is the sum of all scheduled amounts payable on the Note (other than qualified stated interest). A U.S. Holder of a Note with original issue discount must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Original issue discount accrues based on a constant yield method over the term of a Note and results in a corresponding increase in the holder's tax basis in such Note. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Note is held.

An amount equal to the excess, if any, of the purchase price of a Note over the principal amount payable at maturity generally constitutes amortizable Note premium. A holder of a Note may elect to amortize such premium during the term of such Note by claiming an offset to interest otherwise required to be included in income during any taxable year by the amortizable amount of such premium for the taxable year. Such amortization will result in a corresponding reduction of the holder's tax basis in such Note. Any election to amortize Note premium applies to all taxable debt instruments held by the holder at the beginning of the first taxable year to which the election applies and to all taxable debt instruments acquired on or after such date and may be revoked only with the consent of the IRS. Holders of Notes purchased at

a premium should consult their own tax advisors with respect to the determination and treatment of amortizable Note premium.

Unless a non-recognition provision of the Code applies, upon the sale, exchange, redemption, or other disposition (including a legal defeasance) of a Note, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts representing accrued but unpaid interest) and such holder's adjusted tax basis in such Note. Such gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. If the U.S. Holder is an individual, long-term gains will be subject to reduced rates of taxation. The deductibility of losses is subject to limitations.

A non-U.S. Holder of Notes whose income from such Notes is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder. Otherwise: (i) a non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding Notes on its own behalf (other than a bank which acquires the Notes in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business) generally will not be subject to federal income taxes on payments of principal, premium, interest or original issue discount on a Note, as long as the non-U.S. Holder makes an appropriate filing with a U.S. withholding agent; and (ii) a non-U.S. Holder will not be subject to federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Note unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States.

A Note held by an individual non-U.S. Holder who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to the Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Backup Withholding. Information as to interest on or proceeds from the sale or other disposition of Notes is required to be reported by payors to the IRS and to recipients. In addition, backup withholding may apply unless the holder of a Note provides to a withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a refund or credit against the holder's actual U.S. federal income tax liability.

Net Investment Income Tax. Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their "net investment income," which generally will include interest on the Notes and any net gain recognized upon a disposition of a Note. U.S. Holders should consult their tax advisors regarding the applicability of this tax.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act ("FATCA") and related administrative guidance generally impose U.S. withholding at a rate of 30% on interest payments in respect of the Notes and, subject to the discussion of certain proposed Treasury Regulations below, gross proceeds, including the return of principal, from the sale or other disposition, including redemptions, of the Notes held by or through certain foreign entities, unless such entity complies with certain requirements including information reporting or is eligible for an exemption. This withholding will apply regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under the portfolio interest exemption or as capital gain). A foreign entity will generally claim an exemption from FATCA withholding, if an exemption is available, by properly filling out and giving to the

person making payments to it IRS Form W-8BEN-E. Noteholders should consult their tax advisors regarding the application and impact of FATCA.

Except as otherwise set forth hereinabove, Note Counsel is not rendering an opinion as to the foregoing federal tax consequences of ownership of the Notes. Noteholders should seek guidance from an independent tax advisor relating to the tax consequences of purchasing or holding Notes based on their particular circumstances.

On December 18, 2018, the U.S. Treasury released proposed Treasury Regulations, which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to gross proceeds as discussed above. In the preamble to such proposed Treasury Regulations, the U.S Treasury stated that taxpayers may generally rely on the proposed regulations until final regulations are issued.

State Tax Matters

In the opinion of Note Counsel, under existing law, interest on the Notes and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Note Counsel has not opined as to the other Massachusetts tax consequences arising with respect to the Notes. Prospective purchasers should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Note Counsel has not opined as to the taxability of the Notes, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than The Commonwealth of Massachusetts.

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

The Issuer is exempt from the provisions the Investment Company Act of 1940, as amended (the “Investment Company Act”); therefore, the Issuer does not rely upon the exclusions from the definition of “investment company” set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Issuer does not constitute a “covered fund” for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010), also known as the Volcker Rule. Since the Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act, Noteholders will not be afforded protections of the provisions of the Investment Company Act designed to protect investment company investors.

REPORTS TO NOTEHOLDERS

Monthly reports concerning the Notes will be made available to the Noteholders on the Issuer’s website (currently at www.mefa.org/investor-relations/). These periodic reports will contain information concerning the Financed Eligible Loans and the Funds and Accounts under the Indenture during the period since the previous report, such as:

- descriptions of the characteristics of the Financed Eligible Loans;
- identification of Outstanding Amounts of the Notes;
- descriptions of amounts of the distribution allocable to principal and interest of each Class of Notes;
- changes in Pool Balance over the distribution period;

- fees paid by the Issuer; and
- limited descriptions of activity in the Acquisition Fund, the Collection Fund and Reserve Fund.

The Issuer reserves the rights, however: (i) to alter the format in which such periodic information is presented; and (ii) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement described in Appendix C hereto or, subject to compliance with such Continuing Disclosure Agreement, by posting on the Issuer's website.

NEGOTIABLE INSTRUMENTS

Pursuant to the Act, the Notes are negotiable instruments, subject only to the provisions for registration of the Notes.

COMMONWEALTH NOT LIABLE ON NOTES

The Notes shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or any such political subdivision, but shall be payable solely from the Available Funds and other moneys derived by the Issuer under the Indenture. Neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Notes. The Act does not in any way create a so-called moral obligation of the Commonwealth or of any political subdivision thereof to pay debt service in the event of a default. The Issuer does not have taxing power.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the SEC (the "Rule"), the Issuer will enter into a continuing disclosure agreement, with respect to the Notes (a "Continuing Disclosure Agreement") with U.S. Bank National Association, as dissemination agent, for the benefit of Noteholders setting forth the undertaking of the Issuer regarding continuing disclosure with respect to the Notes. The proposed form of the Continuing Disclosure Agreement is set forth in Appendix C hereto.

During the last five years, the Issuer has complied with all previous undertakings to provide annual reports or notices of material events in accordance with the Rule, except that in March of 2015 and March of 2016 certain annual information with respect to the Issuer's Education Loan Revenue Bonds, Issue H were made publicly available on the Issuer's website (www.mefa.org/investor-relations) but were not timely posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. Such information was subsequently filed or incorporated by reference therein.

INDEPENDENT ACCOUNTANTS

The financial statements of the Issuer as of 2019 and 2018 and for each of the two years in the period ended June 30, 2019 are available on the Issuer's website (currently at www.mefa.org/investor-relations/) and have been audited by PricewaterhouseCoopers LLP, independent accountants.

THIRD PARTY DUE DILIGENCE REPORTS

Section 15E(s)(4)(A) of the Securities Exchange Act requires the issuer or underwriter of any asset-backed security to make the findings and conclusions of any third party due diligence report obtained by either of them publicly available. The Issuer engaged PricewaterhouseCoopers LLP, independent accountants, to perform certain agreed upon procedures with respect to the Financed Eligible Loans as of January 31, 2020. Since that date, additional Financed Eligible Loans have been originated which were not included for purposes of such agreed upon procedures; however, the Issuer believes that such additional Financed Eligible Loans are substantially similar to the Financed Eligible Loans on which the agreed upon procedures were performed. Such agreed upon procedures report was filed by the Issuer on March 9, 2020 on the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access (EMMA) system.

UNDERWRITING

Subject to the terms and conditions set forth in the Note Purchase Agreement between the Issuer and the Underwriter, the Issuer will agree to sell to the Underwriter, and the Underwriter will agree to purchase from the Issuer, the principal amount of the Notes. The Underwriter will use commercially reasonable efforts to find buyers for all of the Notes, but is not obligated to purchase any of the Notes. If the Underwriter is not able to locate sufficient buyers for all of the Notes and do not elect to purchase the Notes itself, then none of the Notes will be sold.

The Underwriter has agreed, subject to certain conditions, to purchase all of the Notes at par less net original issue discount in exchange for an aggregate fee (including reimbursable expenses) equal to \$1,444,258. The initial public offering prices of the Notes set forth on the cover page hereof may be changed without notice by the Underwriter. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower than or yields higher than the offering prices or yields set forth on the inside front cover page hereof.

During and after the offering, the Underwriter may engage in transactions, including open market purchases and sales, to stabilize the prices of the Notes. The Underwriter, 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. The Underwriter or its affiliates may retain a material percentage of the Notes for their own accounts. The retained Notes may be resold by the Underwriter or its affiliates at any time in one or more negotiated transactions at varying prices to be determined at the time of sale.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter may have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which the Underwriter received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own accounts and/or the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities may involve securities and instruments of the Issuer. The Underwriter may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities,

or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

Certain legal matters, including certain United States federal income tax matters, will be passed upon for the Massachusetts Educational Financing Authority by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP.

RATINGS

It is a condition to the issuance of the Class A Notes and the Class B Notes that they be rated as described under the caption “SUMMARY OF TERMS—Ratings of the Notes” herein.

A securities rating addresses the likelihood of the receipt by owners of the Notes of payments of principal and interest with respect to their Notes from assets in the Trust Estate. The rating takes into consideration the characteristics of the Financed Eligible Loans, and the structural, legal and tax aspects associated with the rated Notes. On a monthly basis each Rating Agency rating the Notes is provided with servicing reports describing the performance of the underlying assets in the prior period.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. See the caption “RISK FACTORS—Ratings of education loan asset-backed debt issued by the Issuer or others may be reviewed or downgraded” herein.

AVAILABILITY OF FINANCIAL AND OTHER ISSUER INFORMATION

Under the Indenture, the Issuer is required to prepare an annual report with respect to each Fiscal Year ending June 30. Each annual report will include information relating to Issuer operations and financial statements for the Fiscal Year ending June 30. Copies of the most recent report may be obtained at the offices of the Issuer at 160 Federal Street, Boston, Massachusetts 02110.

Such financial statements include information with respect to the MEFA Financing Program generally, and with respect to Issuer programs which are unrelated to education lending, as well as with respect to the MEFA Financing Program. Since the Notes are special obligations of the Issuer, payable only from the Available Funds and other assets pledged under the Indenture, the overall financial status of the Issuer, or that of the MEFA Financing Program, does not indicate and does not necessarily affect whether the Available Funds and other assets so pledged will be sufficient to fund the timely payment of principal installments, premium, if any, and interest on the Notes.

The Issuer has covenanted in the Indenture to make periodic Financed Eligible Loan portfolio information publicly available no less frequently than monthly. See the caption “REPORTS TO NOTEHOLDERS” herein.

MUNICIPAL ADVISOR

Samuel A. Ramirez and Company, Inc. (“Ramirez”) has acted as an independent municipal advisor to the Issuer with respect to certain aspects of the transactions described herein. Ramirez is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or adequacy of the information contained in this Offering

Memorandum and the appendices hereto. Ramirez is a registered municipal broker-dealer but is not an underwriter of, or a member of any underwriting syndicate or selling group with respect to, the Notes.

MISCELLANEOUS

The references to the Act, the Indenture, the PHEAA Servicing Agreement and the MEFA Refinancing Program are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made thereto for full and complete statements of such and all provisions. The agreements of the Issuer with the Noteholders are fully set forth in the Indenture, and neither any advertisement of the Notes nor this Offering Memorandum is to be construed as constituting an agreement with the purchasers of the Notes. So far as any statements are made in this Offering Memorandum involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Issuer.

The execution and delivery of this Offering Memorandum have been duly authorized by the Issuer.

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

By: /s/ Thomas M. Graf
Thomas M. Graf
Executive Director

Dated: June 9, 2020

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

As used in this Preliminary Offering Memorandum, the following terms shall have the following meanings. In addition, terms defined in the forepart of this Preliminary Offering Memorandum shall have the meanings ascribed therein.

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

“*Acquisition Fund*” shall mean the Fund by that name created and described in the Indenture, including any additional Accounts and Subaccounts created therein. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acquisition Fund” hereto.

“*Act*” shall mean Chapter 15C of the General Laws of the Commonwealth as amended from time to time.

“*Adjusted Pool Balance*” shall mean, for any Monthly Distribution Date, as determined by the Issuer, the sum of the Pool Balance as of the end of the related Collection Period and the amount on deposit in the Reserve Fund after giving effect to any payments to or releases from the Reserve Fund on such Monthly Distribution Date.

“*Administrative Fee*” shall mean a fee payable to the Issuer as administrator of the Financed Education Loans under the Program, which fee shall be payable on each Monthly Distribution Date in an amount equal to the positive difference, if any, between 0.30% per annum (computed on the basis of a 360-day year and twelve 30-day months) of the Pool Balance as of the beginning of the immediately preceding Collection Period and the sum of the Senior Servicing Fees and the Senior Trustee Fees payable on such Monthly Distribution Date.

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

“*Applicable Rating Criteria for Investment Securities*” shall mean: (a) in the case of money market funds, that such funds are rated “AAA” or “R-1 (high)” by DBRS or in the highest rating categories of two (2) other nationally recognized statistical rating agencies rating such funds, unless the Issuer shall have satisfied the conditions of a Rating Notification with respect to such money market fund; (b) in the case of debt securities or other debt obligations that mature in 180 days or less such securities or obligations are rated at least “AA” or “R-1 (high)” by DBRS or similar ratings by two (2) other nationally recognized statistical rating agencies, and (c) in the case of debt securities or other debt obligations that mature after 180 days but not more than 365 days, that such securities or obligations are rated at least “AAA” or “R-1 (high)” by DBRS or similar ratings by two (2) other nationally recognized statistical rating agencies.

“*Authorized Denominations*” shall mean minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

“*Authorized Representative*” shall mean, when used with reference to the Issuer, the Chairman, Vice Chairman, Executive Director, Assistant Executive Director or Chief Financial Officer of the Issuer or any other officer or employee of the Issuer authorized to perform specific acts or duties by resolution duly adopted by the Issuer, and shall specifically include those individuals authorized to

act for the Issuer as set forth in a certificate of the Issuer to the Trustee as of the Date of Issuance, as such list may be amended from time to time by the Issuer.

“*Available Funds*” shall mean the sum of the following amounts received by the Trustee to the extent not previously distributed: (a) all collections received by any Servicer on the Financed Eligible Loans (including all Education Loan Payments and late fees received by any Servicer with respect to the Financed Eligible Loans); (b) all Liquidation Proceeds from any Defaulted Financed Eligible Loans, and all other moneys collected with respect to any Defaulted Financed Eligible Loan which was written-off or any Financed Eligible Loan that is subject to bankruptcy proceedings of the obligor, in any case, net of the sum of any amounts expended by a Servicer, the Issuer, or its agent, in connection with such liquidation or collection and any amounts required by law to be remitted to the obligor on such Defaulted Financed Eligible Loan or any Financed Eligible Loan that is subject to bankruptcy proceedings of the obligor; (c) the aggregate Cash Substitution Amounts received for Financed Eligible Loans released from the lien of the Indenture by the Issuer or purchased by a Servicer pursuant to the related Servicing Agreement (if applicable); (d) other amounts received by a Servicer pursuant to its role as Servicer under the related Servicing Agreement and payable to the Issuer in connection therewith; (e) all interest earned or gain realized from the investment of amounts in any Fund or Account; and (f) any other amounts deposited to the Collection Fund. “*Available Funds*” shall be determined pursuant to the terms of this definition by the Issuer and reported to the Trustee. The Trustee may conclusively rely on such determinations without further duty to review or examine such information.

“*Basic Documents*” shall mean the Indenture, any Servicing Agreement, any Custodian Agreement and other documents and certificates delivered in connection with any thereof.

“*Borrower*” shall mean any obligor under an Education Loan.

“*Business Day*” shall mean any day other than a Saturday, a Sunday, a holiday or any other day on which banks located in Boston, Massachusetts, St. Paul, Minnesota, or the city in which the principal office of the Trustee is located, are authorized or permitted by law, regulation or executive order to close.

“*Cash Substitution Amount*” with respect to any Financed Eligible Loan shall mean the amount required to prepay in full such Financed Eligible Loan under the terms thereof including all accrued interest thereon and any unamortized premium.

“*Class*” shall mean, as appropriate, the Class A Notes or the Class B Notes.

“*Class A Maturity Date*” shall mean the Monthly Distribution Date occurring in February of 2040.

“*Class A Note Interest Shortfall*” shall mean, with respect to any Monthly Distribution Date, the excess, if any, of (a) the Class A Noteholders’ Interest Distribution Amount on the immediately preceding Monthly Distribution Date over (b) the amount of interest actually distributed to the Class A Noteholders on such preceding Monthly Distribution Date, plus interest on the amount of such excess interest due to the Class A Noteholders, to the extent permitted by law, at the interest rate borne by the Class A Notes from such immediately preceding Monthly Distribution Date to the current Monthly Distribution Date, calculated on the basis of a 360-day year composed of twelve 30-day months, as determined by the Issuer.

“*Class A Noteholder*” shall mean the Person in whose name a Class A Note is registered in the Note registration books maintained by the Trustee.

“*Class A Noteholders’ Interest Distribution Amount*” shall mean, with respect to any Monthly Distribution Date, the sum of (a) the amount of interest accrued at the Class A Rate for the related Interest Accrual Period on the Outstanding Amount of the Class A Notes immediately prior to such Monthly Distribution Date; and (b) the Class A Note Interest Shortfall for such Monthly Distribution Date, on the basis of a 360-day year composed of twelve 30-day months, as determined by the Issuer.

“*Class A Notes*” shall mean the \$198,080,000 Education Loan Asset-Backed Notes, Senior Class A issued by the Issuer pursuant to the Indenture, substantially in the form of Exhibit B to the Indenture, and secured on a senior priority to the Class B Notes.

“*Class B Maturity Date*” shall mean the Monthly Distribution Date occurring in February of 2045.

“*Class B Note Interest Shortfall*” shall mean, with respect to any Monthly Distribution Date, the excess, if any, of (a) the Class B Noteholders’ Interest Distribution Amount on the immediately preceding Monthly Distribution Date over (b) the amount of interest actually distributed to the Class B Noteholders on such preceding Monthly Distribution Date, plus interest on the amount of such excess interest due to the Class B Noteholders, to the extent permitted by law, at the interest rate borne by the Class B Notes from such immediately preceding Monthly Distribution Date to the current Monthly Distribution Date, calculated on the basis of a 360-day year composed of twelve 30-day months, as determined by the Issuer.

“*Class B Noteholder*” shall mean the Person in whose name a Class B Note is registered in the Note registration books maintained by the Trustee.

“*Class B Noteholders’ Interest Distribution Amount*” shall mean, with respect to any Monthly Distribution Date, the sum of (a) the amount of interest accrued at the Class B Rate for the related Interest Accrual Period on the Outstanding Amount of the Class B Notes immediately prior to such Monthly Distribution Date; and (b) the Class B Note Interest Shortfall for such Monthly Distribution Date, on the basis of a 360-day year composed of twelve 30-day months, as determined by the Issuer.

“*Class B Notes*” shall mean the \$13,200,000 Education Loan Asset-Backed Notes, Subordinate Class B issued by the Issuer pursuant to the Indenture, substantially in the form of Exhibit C hereto and secured on a junior priority to the Class A Notes.

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

“*Clearing Agency Participant*” shall mean a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Indenture shall be deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations, relating to such section which are applicable to the Notes or the use of the proceeds thereof. A reference to any specific section of

the Code shall be deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

“*Collection Fund*” shall mean the Fund by that name created and described in the Indenture. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Collection Fund” hereto.

“*Collection Period*” shall mean, with respect to the first Monthly Distribution Date, the period beginning on the Cutoff Date and ending on July 31, 2020 and with respect to each subsequent Monthly Distribution Date, the Collection Period shall mean the calendar month immediately preceding such Monthly Distribution Date.

“*Commonwealth*” shall mean The Commonwealth of Massachusetts.

“*Continuing Disclosure Agreement*” shall mean the Continuing Disclosure Agreement, dated June 18, 2020, between the Issuer and U.S. Bank National Association, Boston, Massachusetts, as dissemination agent, as amended and supplemented pursuant to the terms thereof. See “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

“*Cost of Issuance*” shall mean the items of expense payable or reimbursable directly or indirectly by the Issuer and related to the authorization, sale and issuance of Notes, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants’ fees, fees incurred in preparing certain cash flow models, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Notes, costs and expenses of refunding debt and other costs, charges and fees in connection with the foregoing.

“*Costs of Issuance Fund*” shall mean the Fund by that name created and described in the Indenture to pay the costs of issuing the Notes.

“*Custodian Agreement*” shall mean, collectively or individually as the context may require, the custodian agreements with each Servicer or other custodian or bailee related to Financed Eligible Loans.

“*DBRS*” shall mean DBRS, Inc., its successors and assigns.

“*Defaulted*” shall mean Financed Eligible Loans, Education Loans or Education Loan Notes which are in default in accordance with their terms and as to which payment has been accelerated or as to which an Education Loan Payment is overdue by 180 days or more or for such lesser or greater period of time as the Issuer may hereafter from time to time establish.

“*Determination Date*” shall mean, the second Business Day preceding each Monthly Distribution Date.

“*Education Loan*” shall mean any refinancing loan to or on behalf of a Borrower originated directly or indirectly by the Issuer which loan satisfies the requirements of the Origination Guidelines, the Servicing Guidelines and the Eligible Loan Certificate.

“*Education Loan Note*” shall mean a promissory note or credit agreement (including without limitation an electronically executed promissory note or credit agreement) or such other evidence as may be described by a certificate of an Authorized Representative to the Trustee evidencing an Education Loan.

“*Education Loan Payments*” shall mean all payments on an Education Loan, including a Defaulted Education Loan, which reduce or eliminate the principal balance or interest due on such Education Loan, including without limitation (a) scheduled payments of principal and interest on such Education Loan and (b) amounts paid with respect to principal or interest on account of (i) voluntary prepayment of all or any portion of an Education Loan by a Borrower, (ii) receipts upon acceleration of the due date of such Education Loan, (iii) proceeds of sale or other disposition of such Education Loan (including acquisition or refinancing of such Education Loan by the Issuer from moneys other than Note proceeds), and (iv) payments received pursuant to any insurance or guaranty on such Education Loan.

“*Eligible Account*” shall mean, at any time, a segregated account with an Eligible Institution, which will be a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the States or the District of Columbia (or any domestic branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account.

“*Eligible Institution*” shall mean a depository institution organized under the laws of the United States of America or any one of the States or the District of Columbia (or any domestic branch of a foreign bank) (a) whose deposits are insured by the FDIC, and (b) which has (i) a long-term unsecured debt rating of at least “BBB” by S&P, so long as S&P maintains a rating on the Notes, and “BBB(high)” by DBRS, so long as DBRS maintains a rating on the Notes, and (ii) carries a rating from each other Rating Agency at any time rating the Notes in one of their generic rating categories which signifies investment grade. If so qualified, the Trustee may be considered an Eligible Institution.

“*Eligible Loan*” shall mean any Education Loan that is eligible for Financing with the proceeds of Notes or other funds and pledged hereunder as security for the Notes.

“*Eligible Loan Additional Requirements*” shall mean that the following representations and warranties with respect to any Education Loan pledged to the Trustee under the Indenture:

- a. Any information furnished by the Issuer, or the Issuer’s agents, to the Trustee with respect to an Eligible Loan is true, complete and correct.
- b. The amount of the unpaid principal balance of each Eligible Loan is due and owing, and no counterclaim, offset, defense or right to rescission exists with respect to any Eligible Loan which can be asserted and maintained or which, with notice or, lapse of time could be asserted and maintained by the Borrower against the Issuer or the Trustee. The Issuer has taken all reasonable actions to assure that no maker of an Eligible Loan has or may acquire a defense to the payment thereof. No Eligible Loan carries a rate of interest in excess of the applicable rate of interest permitted by law.
- c. Each Eligible Loan has been duly executed and delivered and constitutes the legal, valid and binding obligations of the maker (and the endorser, if any) thereof, enforceable in accordance with its terms.
- d. Each Eligible Loan complies in all respects with the requirements of the Origination Guidelines and Servicing Guidelines and is an Eligible Loan.
- e. The Issuer is the sole owner and holder of each Eligible Loan and, as of the date such Eligible Loan is pledged to the Trustee hereunder, has full right and authority to pledge and assign the same free and clear of all liens, pledges or encumbrances; no such Eligible Loan shall be simultaneously pledged or assigned for any other purpose; and each Eligible Loan is free of any

and all liens, charges, encumbrances and security interests of any description. As of the date such Eligible Loan is pledged to the Trustee hereunder the Trustee has a valid and perfected first priority security interest in the Eligible Loan.

- f. Each Eligible Loan was made in material compliance with all applicable local, state and federal laws, rules and regulations, including, without limitation, all applicable nondiscrimination, truth-in-lending, consumer credit and usury laws.
- g. The Issuer has carefully reviewed the Program Documents and has complied with the Program Documents with respect to the Eligible Loans pledged in the Indenture.
- h. The Issuer and any independent servicer have each exercised due diligence and reasonable care in making, administering, servicing and collecting the Eligible Loans, and the Issuer has conducted a reasonable investigation of sufficient scope and content to enable it duly to make the representations and warranties contained in this definition.
- i. The Issuer does not (i) discriminate by pattern or practice against any particular class or category of students by requiring, as a condition to the receipt of a student loan, that a student or the student's family maintain a business relationship with the Issuer, except as may be permitted under applicable laws or (ii) discriminate on the basis of race, gender, color, creed or national origin.
- j. No Education Loan Note evidencing an Eligible Loan bears any apparent evidence of forgery or alteration or is otherwise so irregular or incomplete as to call into question its authenticity.
- k. Except as required under the Indenture, no financing statements or assignment filings naming the Issuer as debtor or assignor under its legal name or trade names has been filed (unless the same has been released or terminated on or before the Date of Issuance) relating to the Eligible Loans to be pledged hereunder.

“*Eligible Loan Certificate*” shall mean a certificate signed by an Authorized Representative authorizing the acquisition of Eligible Loans with amounts on deposit in the Acquisition Fund.

“*EMMA*” shall mean the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Market Access system, the current Internet Web address of which is www.emma.msrb.org, or its successor as designated by the MSRB.

“*ERISA*” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“*Event of Bankruptcy*” shall mean (a) the Issuer shall have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall have made a general assignment for the benefit of creditors, or shall have declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or shall have taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding shall have been commenced against the Issuer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days.

“*Event of Default*” shall mean the events described in “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default Defined” hereto.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended.

“*Finance, Financed*” or “*Financing*” when used with respect to Education Loans or Eligible Loans, shall mean or refer to Eligible Loans (a) pledged to the Trust Estate in exchange for amounts in the Acquisition Fund or otherwise deposited in, accounted for in, or credited to, the Acquisition Fund or otherwise constituting a part of the Trust Estate and (b) substituted or exchanged for Financed Eligible Loans, but does not include Education Loans or Eligible Loans released from the lien of the Indenture and sold or transferred, to the extent permitted by the Indenture.

“*Fiscal Year*” shall mean the fiscal year of the Issuer (initially July 1 to June 30) as established from time to time.

“*Funds*” shall mean each of the Funds created pursuant to the Indenture. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Creation and Continuation of Funds and Accounts” hereto.

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

“*Indenture*” shall mean the Indenture of Trust, dated as of June 1, 2020, between the Issuer and the Trustee, including all supplements and amendments thereto.

“*Independent*” shall mean, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer and any Affiliate thereof; (b) does not have any direct financial interest or any material indirect financial interest in the Issuer or any Affiliate thereof; and (c) is not connected with the Issuer or any Affiliate thereof as an officer, employee, promoter, underwriter, placement agent, trustee, partner, director or person performing similar functions.

“*Initial Pool Balance*” shall mean the Pool Balance as of the Cutoff Date.

“*Interest Accrual Period*” shall mean, initially, the period commencing on the Date of Issuance and ending on August 24, 2020 and thereafter, with respect to each Monthly Distribution Date, the period beginning on and including the 25th day of the calendar month containing the immediately preceding Monthly Distribution Date and ending on and including the 24th day of the calendar month containing such current Monthly Distribution Date.

“*Investment Securities*” shall mean:

- a. direct obligations of, or obligations on which the timely payment of the principal of and interest on which are unconditionally and fully guaranteed by, the United States Treasury having maturities of not more than 365 days and that meet the Applicable Rating Criteria for Investment Securities;
- b. interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 365 days or less with any bank, trust company, national banking association or other depository institution, including those of the Trustee, provided that, at the time of deposit or purchase such depository institution (i) has a rating of “AA-/A-1+” by S&P

- and (ii) has long-term unsecured debt that meets the Applicable Rating Criteria for Investment Securities;
- c. consolidated (senior unsecured) debt obligations of Federal Home Loan Banks, Farm Credit System consolidated system wide bonds and notes, or senior unsecured obligations issued by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association; provided such obligations have a maturity of 365 days or less, are rated “AA+” or higher by S&P and meet the Applicable Rating Criteria for Investment Securities;
 - d. repurchase agreements and reverse repurchase agreements, other than overnight repurchase agreements and overnight reverse repurchase agreements, with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation or firms which are members of the Securities Investors Protection Corporation, in each case (i) for agreements or contracts with a maturity of 365 days or less, is rated “AA-/A-1+” by S&P and (ii) has long-term unsecured debt that meets the Applicable Rating Criteria for Investment Securities;
 - e. overnight repurchase agreements and overnight reverse repurchase agreements at least 101% collateralized by securities described in subparagraph (a) of this definition and with a counterparty, including the Trustee and any of its affiliates, that (i) for agreements or contracts with a maturity of 365 days or less, is rated “AA-/A-1+” by S&P and (ii) has long-term unsecured debt that meets the Applicable Rating Criteria for Investment Securities, and which securities or debt obligations are held and pledged in the manner provided in the Indenture;
 - f. investment agreements or guaranteed investment contracts, which may be entered into by and among the Issuer and/or the Trustee and any bank, bank holding company, corporation or any other financial institution, including the Trustee and any of its affiliates, which has a maturity of 365 days or less, is rated “AA-/A-1+” by S&P and meets the Applicable Rating Criteria for Investment Securities;
 - g. commercial paper, including that of the Trustee and any of its affiliates, which is rated “A-1+” by S&P and meets the Applicable Rating Criteria for Investment Securities, and which matures not more than 90 days after the date of purchase;
 - h. investments in a money market fund rated at least “AAAm” by S&P and that meets the Applicable Rating Criteria for Investment Securities, including funds for which the Trustee or an affiliate thereof acts as investment advisor or provides other similar services for a fee; and
 - i. any other investment upon satisfaction of the Rating Notification.

Each provider of an Investment Security described in paragraphs (d), (e) and (f) of this definition with a maturity of greater than 12 months shall have a long-term unsecured debt rating of at least “A” by S&P, so long as S&P maintains a Rating on the Notes, and with respect to an Investment Security described in paragraphs (d), (e), and (f), the agreement provides if during its term the provider's rating by S&P falls below “A”, the provider shall, within sixty (60) days of such occurrence, either (i) provide a written guarantee acceptable to the Issuer from a guarantor with a short-term debt rating of at least “A-1” or better, or, if no short-term debt rating, a long-term debt rating of “A” or better, by S&P, (ii) assign the agreement to a domestic or foreign bank or corporation the short-term debt of which is rated at least “A-1” by S&P or, if the short-term debt of which, if not rated by S&P, the long-term debt of which is rated at least “A,” and which is acceptable to the Issuer, or (iii) repay the principal of and accrued but unpaid interest on the investment, in either case with no termination, penalty or premium to the Issuer or Trustee.

To the extent not explicitly set forth above, each such Investment Security set forth in clause (a), (e) and (g) above may be purchased by the Trustee or through an affiliate of the Trustee.

“*Issuer*” shall mean Massachusetts Educational Financing Authority, a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts, and any successor thereto.

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

“*Issuer’s Monthly Distribution Date Certificate*” shall have the meaning set forth in the Indenture and shall be in the form of Exhibit D to the Indenture.

“*Liquidation Proceeds*” shall mean, with respect to any Defaulted Financed Eligible Loan, the moneys collected in respect of the liquidation thereof from whatever source, net of the sum of any amounts expended by a Servicer, the Issuer or its agent in connection with such liquidation and any amounts required by law to be remitted to the obligor on such Defaulted Financed Eligible Loan.

“*Maturity*” when used with respect to any Note, shall mean the date on which the principal thereof becomes due and payable as therein or provided in the Indenture, whether at its Note Final Maturity Date, by earlier prepayment or purchase, by declaration of acceleration, or otherwise.

“*Monthly Distribution Date*” shall mean the twenty-fifth (25th) day of each calendar month or, if such day is not a Business Day, the immediately succeeding Business Day, commencing on August 25, 2020.

“*Note Final Maturity Date*” for a Class of Notes or for any Note of such Class, as the context may require, shall mean the Class A Maturity Date or the Class B Maturity Date, as applicable.

“*Noteholder*” shall mean, (a) with respect to a book-entry Note, the Person who is the owner of such book-entry Note, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency); and (b) with respect to Notes held in definitive form pursuant to the Indenture, the Person in whose name a Note is registered in the Note registration books of the Trustee.

“*Notes*” shall mean, collectively, the Class A Notes and the Class B Notes.

“*Opinion of Counsel*” shall mean (a) with respect to the Issuer one or more written opinions of counsel who may, except as otherwise expressly provided in the Indenture, be employees of or counsel to the Issuer or an Affiliate of the Issuer and who shall be reasonably satisfactory to the Trustee, and which opinion or opinions shall be addressed to the Trustee, as trustee, and shall be in form and substance satisfactory to the Trustee; (b) with respect to a Servicer, one or more written opinions of counsel who may be an employee of or counsel to such Servicer, which counsel shall be reasonably acceptable to the Trustee; and (c) with respect to the Trustee one or more written opinions of counsel who may, except as otherwise expressly provided in the Indenture, be employees of or counsel to the Trustee, the Issuer or an Affiliate of the Issuer and who shall be reasonably satisfactory to the Trustee.

“*Optional Cash Substitution Amount*” shall mean, on any Monthly Distribution Date, an amount that would be sufficient to (a) reduce the Outstanding Amount of each Class of Notes on such Monthly Distribution Date to zero; (b) pay to the respective Noteholders the Class A Noteholders’ Interest Distribution Amount and the Class B Noteholders’ Interest Distribution Amount payable on such

Monthly Distribution Date; and (c) pay any Program Expenses and Rating Surveillance Fees due and owing.

“*Optional Cash Substitution Date*” shall mean the date that is the tenth Business Day preceding any Monthly Distribution Date on which the then Pool Balance will be 10% or less of the Initial Pool Balance.

“*Origination Guidelines*” shall mean the document on file with the Issuer or Entech Consulting, LLC (so long as it is under contract with the Issuer) so designated containing the Program guidelines and certain Program forms regarding the origination of Education Loans, as amended from time to time by the Issuer in a manner consistent with the covenants contained in the Indenture, however, that no such amendment shall (a) reduce in any manner the amount of, or delay the time of, collections of scheduled payments with respect to a Financed Eligible Loan or (b) reduce the underwriting standards with respect to a Financed Eligible Loan or (c) conflict with any provision in the Indenture.

“*Outstanding*” shall mean, when used in connection with any Note, a Note which has been executed and delivered pursuant to the Indenture which at such time remains unpaid as to principal or interest, excluding Notes which have been replaced pursuant to the Indenture, unless provision has been made for such payment pursuant to the Indenture.

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

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

“*Pool Balance*” shall mean as of any date the aggregate principal balance of the Financed Eligible Loans on such date (including accrued interest thereon to the extent such interest is expected to be capitalized), after giving effect to the following, without duplication: (a) all payments received by the Issuer or the Servicer through such date from or on behalf of borrowers on such Financed Eligible Loans; (b) all Cash Substitution Amounts on Financed Eligible Loans received by the Issuer through such date from a Servicer (if any); (c) all Cash Substitution Amounts on Financed Eligible Loans received by the Trustee from the Issuer pursuant to the Indenture; (d) all Liquidation Proceeds and Realized Losses on Financed Eligible Loans liquidated through such date; and (e) the aggregate amount of adjustments to balances of Financed Eligible Loans permitted to be effected by a Servicer under its related Servicing Agreement, if any, recorded through such date. The Pool Balance shall be calculated by the Issuer and certified to the Trustee, upon which the Trustee may conclusively rely with no duty to further examine or determine such information.

“*Principal Distribution Amount*” shall mean, as determined by the Issuer for each Monthly Distribution Date other than the Note Final Maturity Date, the amount, not less than zero, by which (a) the Outstanding Amount of the Notes immediately prior to such Monthly Distribution Date exceeds (b) the Adjusted Pool Balance for that Monthly Distribution Date less the Specified Overcollateralization Amount. Notwithstanding the foregoing, (i) on or after the Note Final Maturity Date for a Class of Notes, the Principal Distribution Amount shall not be less than the amount that is necessary to reduce the Outstanding Amount of such Class of Notes to zero, and (ii) the Principal Distribution Amount shall not exceed the Outstanding Amount of the Notes as of any Monthly Distribution Date (before giving effect to any distributions on such Monthly Distribution Date).

“*Principal Office*” shall mean the principal office of the party indicated, as set forth in the Indenture; provided, however, solely with respect to transfers and exchanges under Article II hereof, the Trustee’s Principal Office shall be located at 111 East Fillmore Avenue, EP MN WS2N, St. Paul, Minnesota, 55107, Attention: Bondholder Services, MEFA Education Loan Asset-Backed Notes, Series 2020-A.

“*Program*” shall mean the Issuer’s refinancing loan program, as the same may be modified from time to time.

“*Program Documents*” shall mean the Education Loan Note and any security agreement or other agreement or certificate required for an Education Loan pursuant to the Eligible Loan Certificate, the Origination Guidelines, the Servicing Guidelines or a Servicing Agreement.

“*Program Expenses*” shall mean Senior Program Expenses and Subordinate Program Expenses.

“*Proposed Action*” shall mean any proposed action, failure to act or other event which, under the terms of the Indenture, is conditional upon the satisfaction of the conditions of a Rating Notification.

“*Rating*” shall mean one of the rating categories of DBRS and S&P, or any other Rating Agency, provided DBRS and S&P or any other Rating Agency, as the case may be, is currently rating the Notes.

“*Rating Agency*” shall mean each of DBRS and S&P and their successors and assigns or any other rating agency requested by the Issuer to maintain a Rating on any of the Notes.

“*Rating Notification*” shall mean (a) with respect to DBRS, written notice from the Issuer to DBRS describing Proposed Actions to be taken by the Issuer or the Trustee, which actions may be taken by the Issuer or the Trustee unless DBRS notifies the Issuer within 10 calendar days of its receipt of such notice (except in the case of a proposed successor Servicer, DBRS shall have 60 calendar days from its receipt of such notice) that the outstanding Rating assigned to the Notes by DBRS may be reduced or withdrawn as a result of those Proposed Actions and (b) with respect to S&P, the Issuer shall provide prior written notice to S&P at least 45 calendar days prior to such Proposed Action.

“*Rating Surveillance Fees*” shall mean a collective annual amount equal to \$22,500 payable to the Rating Agencies pursuant to their engagement letters for the Notes on each Monthly Distribution Date occurring in July, beginning on the Monthly Distribution Date occurring in July, 2021.

“*Realized Loss*” shall mean the excess of the principal balance (including any interest that had been or had been expected to be capitalized) of any Defaulted Financed Eligible Loan over Liquidation Proceeds with respect to such Defaulted Financed Eligible Loan to the extent allocable to principal (including any interest that had been or had been expected to be capitalized).

“*Record Date*” shall mean the close of business on the day preceding each Monthly Distribution Date.

“*Reserve Fund*” shall mean the Fund by that name created and described in the Indenture, including any Accounts and Subaccounts created therein. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Reserve Fund” hereto.

“*Responsible Officer*” shall mean, when used with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice president, assistant vice president, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred

because of such person's knowledge of and familiarity with the particular subject, in each case who shall have direct responsibility for the administration of the Indenture.

"*S&P*" shall mean S&P Global Ratings, its successors and assigns.

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

"*Senior Program Expenses*" shall mean a monthly amount equal to 0.30% per annum (computed on the basis of a 360-day year and twelve 30-day months) of the Pool Balance as of the beginning of the immediately preceding Collection Period, as determined by the Issuer, all or a portion of which shall be applied by the Trustee at the direction of the Issuer to pay the Senior Servicing Fees, the Senior Trustee Fees, and the Administrative Fee to the respective parties entitled thereto.

"*Senior Servicing Fees*" shall mean the ordinary monthly fees and expenses due to any Servicer under the terms of its Servicing Agreement and the monthly fees and expenses due to any custodian under the terms of a Custodian Agreement, but shall not include fees or expenses due as a result of the termination or deconversion of Financed Education Loans, indemnification or other extraordinary fees or expenses, and in any event shall not exceed an amount equal to 0.25% per annum (computed on the basis of a 360-day year and twelve 30-day months) of the Pool Balance as of the beginning of the immediately preceding Collection Period.

"*Senior Trustee Fees*" shall mean the monthly fees and expenses payable to the Trustee for ordinary services rendered under the Indenture, as determined by the Issuer, but not in excess of 0.01% per annum (computed on the basis of a 360-day year and twelve 30-day months) of the Pool Balance as of the beginning of the immediately preceding Collection Period.

"*Servicer*" shall mean (a) Pennsylvania Higher Education Assistance Agency, (b) any person in the business of servicing loans who enters into a loan servicing agreement with the Issuer for the servicing of Education Loans, including the Financed Eligible Loans, in connection with the Program upon satisfaction of the conditions of a Rating Notification or (c) the Issuer, if it provides such services pursuant to the Indenture.

"*Servicing Agreement*" shall mean (a) the Amended and Restated Servicing Agreement, dated as of April 1, 2018, amending and restating the Servicing Agreement dated November 27, 2017, between the Issuer and Pennsylvania Higher Education Assistance Agency as servicer, as amended and restated, and (b) any other loan servicing agreement in effect from time to time between the Issuer and a Servicer for the servicing of Education Loans, including the Financed Eligible Loans, in connection with the Program.

"*Servicer's Report*" shall mean the servicer reports to be furnished to the Issuer by a Servicer pursuant to its related Servicing Agreement.

"*Servicing Guidelines*" shall mean the document on file with the Issuer or with the Servicer (so long as it is under contract with the Issuer) so designated containing the Program guidelines and certain Program forms regarding Education Loan servicing, as amended from time to time by the Issuer with the approval of such Servicer (so long as it is under contract with the Issuer) in a manner consistent with the covenants contained in the Indenture, however, that no such amendment shall (a) reduce in any manner the amount of, or delay the time of, collections of scheduled payments with respect to a Financed Eligible Loan or (b) conflict with any provision in the Indenture.

“*Subaccount*” shall mean any of the subaccounts which may be created and established within any Account by the Indenture.

“*Subordinate Program Expenses*” shall mean the Subordinate Servicing Fees and the Subordinate Trustee Fees.

“*Subordinate Servicing Fees*” shall mean all fees and expenses due to the Servicer under the Servicing Agreement other than those payable and paid as Senior Servicing Fees.

“*Subordinate Trustee Fees*” shall mean all fees and expenses payable to the Trustee under the Indenture, including extraordinary expenses and indemnities, other than those payable and paid as Senior Trustee Fees.

“*Supplemental Indenture*” shall mean an agreement supplemental to the Indenture executed pursuant to the Indenture. See “APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Not Requiring Consent of Noteholders” and “Supplemental Indentures Requiring Consent of Noteholders” hereto.

“*Trust Estate*” shall mean the property described as such in the granting clauses to the Indenture.

“*Trustee*” shall mean U.S. Bank National Association, acting in its capacity as Trustee under the Indenture, or any successor trustee designated pursuant to the Indenture.

Except where the context otherwise requires, words importing the singular number will include the plural number and vice versa, words importing persons will include firms, associations and corporation and words of the masculine gender will include correlative words of the feminine and neuter genders.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains terms and conditions relating to the issuance and sale of the Notes issued under the Indenture, including various covenants and security provisions, certain of which are summarized below. All references herein to a Section or Article are to a Section or Article of the Indenture and the words “hereof” and “hereunder” are deemed to refer to the Indenture.

Granting Clauses

The Issuer, in consideration of the premises and acceptance by the Trustee of the trusts created by the Indenture, of the purchase and acceptance of the Notes by the Noteholders thereof and the acknowledgement thereof by the Trustee, of the acknowledgement by the Trustee of the Granting Clauses set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged in the Indenture, grants, conveys, pledges, transfers and assigns to the Trustee, for the benefit of the Noteholders, all of the moneys, rights and properties described in the granting clauses below (the “Trust Estate”), as follows:

The Available Funds (other than moneys released from the lien of the Trust Estate as provided herein); all moneys and investments held in the Funds and Accounts created under Section 5.01 of the Indenture, including all proceeds thereof and all income thereon; the Financed Eligible Loans (other than Financed Eligible Loans released from the lien of the Trust Estate as provided in the Indenture) and all obligations of the obligors thereunder including all moneys accrued (including all accrued interest as of the Cutoff Date, whether or not capitalized) and paid thereunder on or after the Cutoff Date; the rights of the Issuer in and to any Servicing Agreement and any Custodian Agreement to the extent the same relate to the Financed Eligible Loans; and all proceeds from any property described in these Granting Clauses and any and all other property, rights and interests of every kind or description that from time to time hereafter is granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security hereunder.

Parity and Priority of Lien (Section 3.01)

The provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Noteholders of any and all of the Notes, all of which, shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in the Indenture with respect to certain payment and other priorities.

Other Obligations (Section 3.02)

The Available Funds and other moneys, Financed Eligible Loans, securities, evidences of indebtedness, interests, rights and properties pledged under the Indenture are and will be owned by the Issuer free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Indenture, except as otherwise expressly provided, and all action on the part of the Issuer to that end has been duly and validly taken. If any Financed Eligible Loan is found to have been subject to a lien at the time such Financed Eligible Loan was pledged to the Trust Estate, the Issuer shall cause such lien to be released, shall direct the Trustee to release such Financed Eligible Loan from the Trust Estate in exchange for a payment from the Issuer equal to the Cash Substitution Amount or shall replace such Financed Eligible Loan with another Eligible Loan with substantially identical characteristics which replacement Eligible Loan shall be free and clear of liens at the time of such replacement. Except as otherwise provided in the Indenture, the Issuer shall not create or voluntarily permit to be created any debt, lien or charge on the Financed Eligible

Loans which would be on a parity with or prior to the lien of the Indenture; shall not do or omit to do or suffer to be done or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority of such lien for the Notes secured might or could be lost or impaired; and will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with the Indenture as a lien or charge upon the Financed Eligible Loans; provided, however, that nothing in this Section shall require the Issuer to pay, discharge or make provision for any such lien, charge, claim or demand so long as the validity thereof shall be by it in good faith contested, unless thereby, in the opinion of the Trustee, the same will endanger the security for the Notes; and provided further that any subordinate lien hereon (i.e., subordinate to the lien securing the Notes) shall be entitled to no payment from the Trust Estate, nor may any remedy be exercised with respect to such subordinate lien against the Trust Estate until all Notes have been paid or deemed paid hereunder.

Payment of Principal and Interest (Section 4.01)

The Issuer covenants that it will promptly pay, but solely from the Trust Estate, the principal of and interest, if any, on each and every Note issued under the provisions of the Indenture at the places, on the dates and in the manner specified, and in said Notes according to the true intent and meaning thereof. The Notes shall be payable from and equally secured, except as specifically provided in the Indenture with respect to certain payment and other priorities, by an irrevocable first lien on and pledge of the properties constituting the Trust Estate, subject to the application thereof as permitted by the Indenture, but in no event shall the Noteholders have any right to possession or control of any Financed Eligible Loans, which shall be held only by the Trustee or its custodian or bailee.

Covenants as to Additional Conveyances; Further Covenants (Sections 4.02 and 4.03)

At any and all times, the Issuer will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers and assurances in law as the Trustee shall reasonably require for the better conveying, transferring and pledging and confirming unto the Trustee, all and singular, the properties constituting the Trust Estate transferred and pledged, or intended so to be transferred and pledged.

The Issuer relies on §13 of the Act, which provides that liens on the Issuer's revenues (which include principal and interest on Financed Eligible Loans and proceeds of sales of Financed Eligible Loans) and the Issuer's contract rights are perfected without the need to file any financing statements in any public records other than the records of the Issuer. Nonetheless, in accordance with its custom and practice, the Issuer will cause financing statements and continuation statements with respect thereto at all times to be filed in the office of the Secretary of State of the Commonwealth and any other jurisdiction necessary to perfect and maintain the security interest granted by the Issuer hereunder. The Issuer irrevocably authorizes the Trustee, but the Trustee shall have no obligation, to file any and all financing statements and amendments thereto as may be required or advisable in such form as is directed by the Issuer in order to perfect or to continue the perfection of the security interest in the Trust Estate, in each case, on behalf of the Issuer. Such financing statements and any amendments thereto may describe the Trust Estate with greater or lesser detail than as set forth in the definition of "Trust Estate" (the terms of which shall be binding on the Issuer).

The Issuer will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in the Indenture and the other agreements to which the Issuer is a party pursuant to the transactions contemplated, including but not limited to the Basic Documents to which it is a party, and will punctually perform all duties required by the Indenture and the laws of the Commonwealth. The Issuer shall be operated on the basis of its Fiscal Year.

The Issuer shall cause to be kept full and proper books of records and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the Issuer which relate to the Notes.

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

The Issuer shall cause an annual audit to be made by an independent auditing firm of national reputation and provide one copy thereof to the Trustee within 180 days of the close of each Fiscal Year; provided that the Issuer shall not be deemed to be in violation of this covenant if a delay in such provision occurs which is attributable to delay in receipt of necessary information from a third party. The Trustee shall be under no obligation to review or otherwise analyze such audit.

The Issuer covenants that all Financed Eligible Loans upon receipt thereof shall be delivered to the Trustee or its custodian or bailee to be held pursuant to the Indenture and pursuant to a Servicing Agreement or a Custodian Agreement.

Notwithstanding anything to the contrary contained in the Indenture, except upon the occurrence and during the continuance of an Event of Default hereunder, the Issuer expressly reserves and retains the privilege to receive and, subject to the terms and provisions of the Indenture, to keep or dispose of, claim, bring suits upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Financed Eligible Loans and the proceeds and collections therefrom, and neither the Trustee nor any Noteholder shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claim or suit and the Trustee shall be under no obligation whatsoever to exercise any such privilege, claim or suit; provided, however, that the Trustee shall have and retain possession or control of the Financed Eligible Loans pursuant to the Indenture (which Financed Eligible Loans may be held by the Trustee's agent or bailee) so long as such loans are subject to the lien of the Indenture.

For any period during which any of the Notes are held by non-affiliates of the Issuer, the Issuer shall file Form ABS-15G pursuant to Rule 15Ga-1 promulgated under the Exchange Act.

If:

- i. any representation or warranty made or furnished by the Issuer with respect to a Financed Eligible Loan as set forth in the definition of Eligible Loan Additional Requirements shall prove to have been materially incorrect as of the date such Financed Eligible Loan was pledged to the Trustee in the Indenture;
- ii. on account of any circumstance or event that occurred prior to the pledge by the Issuer of a Financed Eligible Loan to the Trustee hereunder, a defense is asserted by a Borrower (or endorser, if any) of the Financed Eligible Loan with respect to Borrower's obligation to pay all or any part of the Financed Eligible Loan, and the Issuer, in good faith, believes that the facts reported, if true, raise a reasonable doubt as to the legal enforceability of such Financed Eligible Loan; or
- iii. the instrument which Issuer purports to be an Eligible Loan is not, in fact, an Eligible Loan on the date that it is pledged to the Trustee under the Indenture;

then the Issuer shall cure or cause to be cured any such breach or defect within 45 days of notice thereof; and, if, in the reasonable judgment of the Issuer, (1) such breach or defect is not cured within such 45 days, (2) curing such breach or defect adversely affects the Trust Estate, or (3) if such breach or defect cannot be cured within such time period, then, within 60 days of notice thereof, the Issuer shall either: (A) release such Financed Eligible Loan from the lien of the Indenture by paying to the Trustee the Cash Substitution Amount of such Financed Eligible Loan, or (B) replace such Financed Eligible Loan with another Eligible Loan with any combination of at least two of the following characteristics (i) an equal or greater amount of outstanding principal, (ii) an equal or higher interest rate, and (iii) an equal or longer remaining period to maturity; provided, that as a condition to such substitution, the Issuer shall make the same representations and warranties and covenants with respect to the substituted Eligible Loan as of the date of substitution as were made with respect to the Financed Eligible Loans pledged to the Trustee in the Indenture; the Issuer shall deliver to the Trustee a certificate substantially in the form of the Eligible Loan Certificate, with respect to the replacement loan; such substituted Eligible Loan is not more than 30 days overdue; and the Issuer shall deliver to the Trustee such other documents as may be reasonable to effect the pledge of such substitute Eligible Loan to the Trustee under the Indenture.

The Issuer shall pay or cause to be paid any Subordinate Servicing Fees or Subordinate Trustee Fees not otherwise paid from Available Funds pursuant to the terms of the Indenture.

Enforcement of Servicing Agreements (Section 4.04)

The Issuer shall comply with, and shall require each Servicer to comply with, the following whether or not the Issuer is otherwise in default under the Indenture: cause to be diligently enforced and taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Servicing Agreements, including the prompt payment of all amounts due the Issuer thereunder, including, without limitation, all principal and interest payments which relate to any Financed Eligible Loans and cause each Servicer to specify whether payments received by it represent principal or interest; not permit the release of the obligations of any Servicer under any Servicing Agreement except in conjunction with amendments or modifications permitted by this Section; at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the material rights and privileges of the Issuer, the Trustee and the Noteholders under or with respect to each Servicing Agreement; at its own expense, the Issuer shall duly and punctually perform and observe each of its obligations to a Servicer under its related Servicing Agreement in accordance with the terms thereof; the Issuer agrees to give the Trustee and each Rating Agency prompt written notice of (i) any increase in the fees due to a Servicer under its related Servicing Agreement, (ii) any assignment of a Servicing Agreement that, pursuant to its terms, requires the consent of both parties thereto, (iii) any material amendment or modification of a Servicing Agreement, and (iv) each material default on the part of a Servicer of its obligations under its related Servicing Agreement coming to the Issuer's attention; the Issuer shall not waive any material default by a Servicer under its related Servicing Agreement without first, either (i) receiving the approval of the Noteholders of at least a majority of the collective aggregate principal amount of the Notes then Outstanding, or (ii) satisfying the conditions of a Rating Agency Notification; the Issuer shall cause each Servicer to deliver to the Trustee and the Issuer, on or before March 31 of each year, beginning with March 31, 2021, a certificate stating that (i) a review of the activities of each Servicer during the preceding calendar year and of its performance under its related Servicing Agreement has been made under the supervision of the officer signing such certificate and (ii) to the best of such officers' knowledge, based on such review, such Servicer has fulfilled all its obligations under its related Servicing Agreement throughout such year, or, there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and stature thereof. The Issuer shall send copies of such annual certificate of each Servicer to each Rating Agency; and not consent or agree to or permit any amendment or modification of any Servicing Agreement which will in any manner materially adversely affect the rights or security of the Noteholders. The Issuer and the Trustee shall be entitled to receive and conclusively rely

upon an Opinion of Counsel that any such amendment or modification will not materially adversely affect the rights or security of the Noteholders.

Covenants as to Education Loans (Section 4.06)

No Education Loan shall be Financed by the Issuer from the proceeds of Notes or other moneys available therefor hereunder unless the Education Loans and the terms and conditions of the Financing shall comply with the terms, conditions, provisions and limitations of the Indenture, the Eligible Loan Certificate, applicable state and federal laws and, insofar as applicable, the Servicing Guidelines and the Origination Guidelines.

No Education Loan shall be Financed by the Issuer unless: (i) an Education Loan Note shall have been executed by the Borrower to evidence the Education Loan; (ii) the Education Loan is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms and conditions and free from any right of set off, counter claim or other claim, defense or security interest; (iii) the Education Loan constitutes an Eligible Loan within the meaning of the Indenture and the Act; and (iv) such Education Loan is made to a Borrower who meets, if applicable, the credit requirements established by the Issuer as specified in the Origination Guidelines and the Servicing Guidelines, as applicable.

The Issuer, through one or more Servicers, shall diligently collect all principal and interest payments on all Financed Eligible Loans, and all insurance, guarantee and default claims, if any, which relate to such Financed Eligible Loans; provided, however, the Issuer may offer interest rate reductions with respect to the Financed Eligible Loans which result in rates of interest not less than those shown in the cash flow analyses provided to each Rating Agency and the Trustee on or prior to the Date of Issuance, and provided further that such rates of interest may be further reduced if the conditions of a Rating Notification are satisfied, based on new cash flow analyses containing such assumptions as the Issuer shall reasonably determine. The Issuer shall not offer any types of borrower incentive programs on the Financed Eligible Loans not in effect as of the Date of Issuance, except if the conditions of a Rating Agency Notification are satisfied. The Issuer shall not, except as otherwise provided in the Indenture or under the Servicing Agreement, consent or agree to or permit any amendment or modification of any Financed Eligible Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Noteholders.

The Issuer shall exercise its best efforts to maintain in effect at any time that any Notes are Outstanding a Servicing Agreement or Servicing Agreements with one or more Servicers evidencing, in the judgment of the Issuer, the capability and experience necessary to service adequately the Financed Eligible Loans, which contract or contracts shall provide for the proper servicing of all Financed Eligible Loans and the enforcement of the payment and collection of all Education Loan Payments; provided, however, that the Issuer reserves the right (i) to elect at any time to perform all or a portion of the functions of such Servicers for reasonable compensation (not to exceed the amounts set forth in the cash flows provided to each Rating Agency and the Trustee on the Date of Issuance, unless the Issuer, after furnishing each Rating Agency with revised cash flows, shall have satisfied the conditions of a Rating Notification) and (ii) with respect to Defaulted Education Loans, engage one or more collection agents or attorneys for the enforcement of the payment and collection of Education Loan Payments on such Defaulted Education Loans. In the event the Issuer elects to perform all or a portion of the functions of the Servicer, the Issuer agrees to abide by applicable current industry standards with respect to its practices as Servicer. During any period in which there is no Servicing Agreement in effect with a Servicer for all or a portion of the functions necessary to service the Financed Eligible Loans adequately, the Issuer shall perform such functions for reasonable compensation (not to exceed the amounts set forth in the cash flows provided to each Rating Agency and the Trustee on the Date of Issuance, unless the Issuer, after furnishing each Rating Agency with revised cash flows, shall have satisfied the conditions of

a Rating Notification). Each such Servicer (other than the Issuer) shall enter into a Servicing Agreement providing, among other things, that:

- i. all Available Funds received by such Servicer and required to be remitted to the Issuer by the terms of any agreement with it shall be deposited promptly with the Trustee subject to and in accordance with the provisions of the Indenture;
- ii. such Servicer shall at all times remain qualified to act as such pursuant to such standards as the Issuer shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Notes;
- iii. such Servicer shall agree to maintain servicing facilities that are staffed with trained personnel to service adequately Education Loans, including the Financed Eligible Loans, in accordance with standards normally employed by professional loan servicers, as determined in the Issuer's sole discretion, and shall maintain individual files for Education Loans serviced pursuant to the Servicing Agreement and provide regular reports to the Issuer as to collections and delinquencies with respect to all Education Loans serviced by such Servicer;
- iv. any Education Loan Notes pledged by the Issuer to the Trustee under the Indenture and held by such Servicer pursuant to a Servicing Agreement or a Custodian Agreement shall be held by such Servicer as agent for the Trustee solely for the purposes of perfecting its lien, subject to the rights of the Issuer under the Indenture and under such agreement; and
- v. any Education Loan Notes held by such Servicer upon the termination of a Servicing Agreement or Custodian Agreement shall be delivered by such Servicer to the Trustee, or, upon direction of the Issuer, to a successor Servicer that will hold such Education Loan Notes as agent for the Trustee solely for the purposes of perfecting its lien, subject to the rights of the Issuer under the Indenture and under the applicable Servicing Agreement or Custodian Agreement.

The Issuer shall not terminate a Servicing Agreement with any Servicer unless the Issuer shall have (i) entered into a replacement Servicing Agreement complying with the requirements of the Indenture with one or more successor Servicers and such successor Servicers shall have assumed the responsibilities and obligations of the Servicer under such Servicing Agreement or the Issuer shall have elected to assume any of the responsibilities and obligations of the Servicer not so assumed by a successor, and (ii) provided notice to the Ratings Agencies of such termination and replacement not less than 60 days prior to the effective date thereof. The execution and delivery of a Servicing Agreement for Education Loans, including the Financed Eligible Loans, with a third party Servicer with terms and conditions materially different than the Servicing Agreement in effect on the Date of Issuance, or the execution and delivery of a Servicing Agreement with any additional third-party Servicer that shall be in effect concurrently with any other Servicing Agreement, shall be subject to satisfaction of the conditions of a Rating Notification.

The Issuer shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Financed Eligible Loans including the prompt payment of all Available Funds and all other amounts due the Issuer with respect to Financed Eligible Loans. The Issuer shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Issuer and the Noteholders under or with respect to each Financed Eligible Loan provided that the Issuer shall have the power and authority to settle a default on any Financed Eligible Loan on such terms as the Issuer shall determine to be in the best interest of the Issuer and the Noteholders and to forbear from taking action with respect to enforcement of a Financed

Eligible Loan if it determines such forbearance to be in the best interests of the Issuer and the Noteholders.

Whenever it shall be necessary in order to protect and enforce the rights of the Issuer under a Financed Eligible Loan and to protect and enforce the rights and interests of Noteholders under the Indenture, the Issuer shall take steps necessary to enforce any policy or certificate of any insurance or guaranty relating to a Financed Eligible Loan and to accelerate the Financed Eligible Loan.

The Issuer may dispose of Defaulted Financed Eligible Loans in such manner and upon such terms and for such price or prices as it may determine, provided that it certifies to the Trustee that the disposition of such Defaulted Financed Eligible Loans in the manner, upon the terms and for the price or prices proposed is consistent with the cash flows provided to each Rating Agency and the Trustee on the Date of Issuance, unless the Issuer, after furnishing each Rating Agency with revised cash flows, shall have satisfied the conditions of a Rating Notification, or the Issuer certifies that such disposition, in its reasonable judgment, will produce the greatest available amount of Available Funds. The proceeds of such disposition shall be delivered to the Trustee to be deposited into the Collection Fund.

Upon receipt of an Issuer Order from an Authorized Representative to effect a disposition of any Defaulted Financed Eligible Loans, the Trustee shall deliver to the Issuer or, in the case of Defaulted Financed Eligible Loans held in the custody of a Servicer or other entity, the Issuer shall cause the Servicer or other entity then holding Defaulted Financed Eligible Loan Notes, as applicable, to deliver to the order of the Issuer the Education Loan Notes relating to such Defaulted Financed Eligible Loans.

The Issuer may consent or agree to permit amendment or modification of any Financed Eligible Loan including amendments and modifications made in connection with settlement of any delinquency or default on any Financed Eligible Loan which settlement the Issuer determines to be in the best interests of the Issuer and the Noteholders; provided, however, that any amendment or modification shall be permitted only if the amended Financed Eligible Loan, taking into consideration the circumstances of the default or delinquency, otherwise meets the Issuer's applicable eligibility criteria for an Education Loan which the Issuer may Finance and the Issuer determines that such modification will not have a material adverse impact, taking into account the reasonable expectations with respect to the Financed Eligible Loan in question immediately prior to such modification, to satisfy all of its obligations under the Indenture.

Continued Existence; Successor to Issuer (Section 4.09)

Except as otherwise required by law duly enacted in the Commonwealth, the Issuer agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises as a body politic and corporate, constituting a public instrumentality of the Commonwealth, except as otherwise permitted by this Section. Except as otherwise required by law duly enacted in the Commonwealth, the Issuer further agrees that it will not (a) sell, transfer or otherwise dispose of all or substantially all, of its assets (except Financed Eligible Loans if such sale, transfer or disposition will discharge the Indenture); (b) consolidate with or merge into another entity; or (c) permit one or more other entities to consolidate with or merge into it. The preceding restrictions in clauses (a), (b) and (c) above shall not apply to a transaction if the transferee or the surviving or resulting entity, if other than the Issuer, by proper written instrument for the benefit of the Trustee, irrevocably and unconditionally assumes the obligation to perform and observe the agreements and obligations of the Issuer under the Indenture and the Issuer satisfies the conditions of a Rating Notification.

If a transfer is made as provided in the preceding paragraph, the provisions of this Section shall continue in full force and effect and no further transfer shall be made except in compliance with the provisions of this Section.

Representations; Covenants (Section 4.10)

The Issuer makes the following representations and warranties to the Trustee on which the Trustee relies in authenticating the Notes and on which the Noteholders have relied on in purchasing the Notes. Such representations and warranties shall survive the transfer and assignment of the Trust Estate to the Trustee.

Organization and Good Standing. The Issuer is duly organized and validly existing under the laws of the Commonwealth, and has the power to own its assets and to transact the business in which it presently engages.

Due Qualification. The Issuer is duly qualified to do business and is in good standing, and has obtained all material necessary licenses and approvals, in all jurisdictions where the failure to be so qualified, have such good standing or have such licenses or approvals would have a material adverse effect on the Issuer's business and operations relating to the Basic Documents, the Notes or the Trust Estate or in which the actions as required by the Indenture require or will require such qualification.

Authorization. The Issuer has the power, authority and legal right to create and issue the Notes; to execute, deliver and perform the Indenture; and to grant the Trust Estate to the Trustee; furthermore, the creation and issuance of the Notes; execution, delivery and performance of the Indenture; and grant of the Trust Estate to the Trustee have been duly authorized by the Issuer by all necessary statutory trust action.

Binding Obligation. The Indenture, assuming due authorization, execution and delivery by the Trustee and the Notes in the hands of the Noteholders thereof constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except that (A) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws (whether statutory, regulatory or decisional) now or hereafter in effect relating to creditors' rights generally and (B) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefor may be brought, whether a proceeding at law or in equity.

No Violation. The consummation of the transactions contemplated by the Indenture and the fulfillment of its terms do not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the organizational documents of the Issuer, or any material indenture, agreement, mortgage, deed of trust or other instrument to which the Issuer is a party or by which it is bound, or result in the creation or imposition of any lien upon any of its material properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Indenture, nor violate any law or any order, rule or regulation applicable to the Issuer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Issuer or any of its properties.

No Proceedings. There are no proceedings, injunctions, writs, restraining orders or investigations to which the Issuer or any of its Affiliates is a party pending, or, to the best of its knowledge, threatened, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (A) asserting the invalidity of the Indenture, (B) seeking to prevent the issuance of any Notes or the consummation of any of the transactions contemplated by the Indenture or (C) seeking any

determination or ruling that might materially and adversely affect the performance by the Issuer of its obligations under, or the validity or enforceability of the Indenture.

Approvals. All approvals, authorizations, consents, orders or other actions of any Person, corporation or other organization, or of any court, governmental agency or body or official, required on the part of the Issuer in connection with the execution and delivery of the Indenture have been taken or obtained on or prior to the Date of Issuance.

Place of Business. The Issuer's place of business and chief executive office is located in the Commonwealth, and the Issuer has had no other chief executive office.

Tax and Accounting Treatment. The Issuer intends to treat the Notes as its indebtedness for federal income tax and financial accounting purposes.

Taxes. The Issuer is generally exempt from taxation as a governmental entity. Notwithstanding the foregoing, the Issuer has filed (or caused to be filed) all federal, state, county, local and foreign income, franchise and other tax returns required to be filed by it through the date of the Indenture, and has paid all taxes reflected as due thereon. There is no pending dispute with any taxing authority that, if determined adversely to the Issuer, would result in the assertion by any taxing authority of any material tax deficiency, and the Issuer has no knowledge of a proposed liability for any tax year to be imposed upon such entity's properties or assets for which there is not an adequate reserve reflected in such entity's current financial statements.

Legal Name. The legal name of the Issuer is "Massachusetts Educational Financing Authority" and the Issuer has previously had the following legal names: "Massachusetts College Student Loan Authority" and "Massachusetts Education Loan Authority". Although it does use certain trademarks, the Issuer has no trade names, fictitious names, assumed names or "dba's" under which it conducts its business and has made no filing in respect of any such name.

Governmental Purpose. The Issuer originated all of the Financed Eligible Loans in accordance with the purposes for which it was organized under applicable Commonwealth law and for a valid, governmental purpose and has undertaken the transactions contemplated in the Indenture as principal rather than as an agent of any other Person. The Issuer has adopted and operated the Program consistently with all material requirements under the laws of the Commonwealth with respect to its operations.

Compliance with Laws. The Issuer is in material compliance with all applicable laws and regulations with respect to the conduct of the Program and has obtained and maintains all permits, licenses and other approvals as are necessary for the conduct of its operations relating to the Trust Estate.

Valid Governmental Purpose; No Fraudulent Transfers. The Issuer has a valid governmental purpose for granting the Trust Estate pursuant to the Indenture. At the time of each such grant: (A) the Issuer granted the Trust Estate to the Trustee without any intent to hinder, delay or defraud any current or future creditor of the Issuer; (B) the Issuer was not insolvent and did not become insolvent as a result of any such grant; (C) the Issuer was not engaged and was not about to engage in any business or transaction for which any property remaining with such entity was an unreasonably small capital or for which the remaining assets of such entity are unreasonably small in relation to the business of such entity or the transaction; (D) the Issuer did not intend to incur, and did not believe or should not have reasonably believed, that it would incur, debts beyond its ability to pay as they become due; and (E) the consideration received by the Issuer for the grant of the Trust Estate was reasonably equivalent to the value of the related grant.

Ability to Perform. Since June 30, 2019, there has been no material impairment in the ability of the Issuer to perform its obligations under the Indenture.

Event of Default. No Event of Default has occurred, and no event has occurred that, with the giving of notice, the passage of time, or both, would become an Event of Default.

Financing of Eligible Loans Legal. The Issuer has complied with all material applicable federal, state and local laws and regulations in connection with its Financing of the Eligible Loans.

No Material Misstatements or Omissions. No information, certificate of an officer, statement furnished in writing or report delivered to the Trustee, a Servicer or any Noteholder by the Issuer contains any untrue statement of a material fact or omits a material fact necessary to make such information, certificate, statement or report not misleading.

Not an Investment Company. The Issuer is not an “investment company” within the meaning of the Investment Company Act, or is exempt from all provisions of the Investment Company Act.

Valid Security Interest. The Indenture creates a valid and continuing security interest (as defined in the Uniform Commercial Code) in the Financed Eligible Loans in favor of the Trustee, which security interest is prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from the Issuer.

The Issuer will not: sell, transfer, exchange or otherwise dispose of any portion of the Trust Estate except as expressly permitted by the Indenture; claim any credit on, or make any deduction from, the principal amount of any of the Notes by reason of the payment of any taxes levied or assessed upon any portion of the Trust Estate; except as otherwise provided in the Indenture, dissolve or liquidate in whole or in part, except to the extent Notes remain Outstanding, the approval of all of the Noteholders; permit the validity or effectiveness of the Indenture, any Supplemental Indenture or any grant hereunder to be impaired, or permit the lien of the Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under the Indenture, except as may be expressly permitted by the Indenture; except as otherwise permitted by the Indenture, permit any lien, charge, security interest, mortgage or other encumbrance (other than the lien of the Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof; permit the lien of the Indenture not to constitute a valid first priority, perfected security interest in the Trust Estate; except as required by law duly enacted in the Commonwealth, consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Issuer or of or relating to all or substantially all of its property, or a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Issuer; or the Issuer shall not consent to the appointment of a receiver, conservator or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities, voluntary liquidation or similar proceedings of or relating to the Issuer or of or relating to all or substantially all of its property; or admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency, bankruptcy or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

The Issuer makes the following representations and warranties as to the Trust Estate which is granted to the Trustee hereunder on such date, on which the Trustee relies in accepting the Trust Estate. Such representations and warranties shall survive the grant of the Trust Estate to the Trustee pursuant to

the Indenture: each Education Loan Financed by the Issuer shall constitute an Eligible Loan and shall satisfy any representations and warranties made with respect thereto; it is the intention of the Issuer that the transfer contemplated in the Indenture constitutes a grant of a security interest in the Financed Eligible Loans to the Trustee; all actions and filings (including, without limitation, UCC filings) necessary in any jurisdiction to give the Trustee a first priority perfected ownership and security interest in the Trust Estate, including the Financed Eligible Loans, have been taken or made no later than ten days after the Date of Issuance and copies of the file-stamped financing statements shall be delivered to the Trustee within five Business Days of receipt by the Issuer or its agent from the appropriate secretary of state. The Issuer has not caused, suffered or permitted any lien, pledges, offsets, defenses, claims, counterclaims, charges or security interest with respect to the Financed Eligible Loans (other than the security interest created in favor of the Trustee) to be created; each grant of an interest in the Financed Eligible Loans by the Issuer pursuant to the Indenture is not subject to the bulk transfer act or any similar statutory provisions in effect in any applicable jurisdiction; each grant of an interest in the Financed Eligible Loans (including all payments due or to become due thereunder) by the Issuer pursuant to the Indenture is not subject to and will not result in any tax, fee or governmental charge payable by the Issuer to any federal, state or local government.

Public Filing of Rating Notification; Providing of Notice; Certain Reports; Providing of Statement as to Compliance, and Representations and Further Covenants of the Issuer Regarding the Trustee's Security Interest; Statements to Noteholders (Sections 4.11-4.17)

The Issuer agrees to post copies of any Rating Notification given with respect to the Notes to EMMA as voluntary disclosures.

The Issuer, upon learning of any failure on its part to observe or perform in any material respect any covenant, representation or warranty of the Issuer set forth in the Indenture, shall promptly notify the Trustee, the appropriate Servicer and each Rating Agency of such failure.

Not later than 12:00 Noon on the Determination Date preceding each Monthly Distribution Date, the Issuer will prepare and provide a certificate (the "Issuer's Monthly Distribution Date Certificate") to the Trustee. The Trustee shall make available a copy of any Issuer's Monthly Distribution Date Certificate to any Noteholder who requests such in writing. The Trustee may conclusively rely upon and accept such reports from the Issuer as fulfilling the requirements of this Section, with no further duty to know, determine or examine such reports.

The Issuer will deliver to the Trustee, within 120 days after the end of each fiscal year, a brief certificate from an Authorized Representative including (a) a current list of the Authorized Representatives, and (b) a statement indicating whether or not to the knowledge of the signers thereof the Issuer is in compliance with all conditions and covenants under the Indenture and, in the event of any noncompliance, specifying such noncompliance and the nature and status thereof. For purposes of this Section, such compliance shall be determined without regard to any period of grace or requirement of notice under the Indenture.

The Issuer represents and warrants for the benefit of the Trustee and the Noteholders as follows: the Indenture creates a valid and continuing security interest (as defined in the Uniform Commercial Code in effect in the Commonwealth) in the Financed Eligible Loans in favor of the Trustee, which security interest is prior to all other liens, charges, security interests, mortgages or other encumbrances, and is enforceable as such as against creditors of and purchasers from the Issuer; the Financed Eligible Loans are instruments, including promissory notes, accounts, or payment intangibles within the meaning of the Uniform Commercial Code of the Commonwealth; the Issuer owns and has good and marketable title to the Financed Eligible Loans free and clear of any lien, charge, security interest, mortgage or other

encumbrance, claim or encumbrance of any Person, other than those granted pursuant to the Indenture; for sale of loan participations, swaps and other “payment intangibles” (within the meaning of the applicable UCC), if any, the Issuer has received all consents and approvals required by the terms of the Financed Eligible Loans for the pledge of the Financed Eligible Loans hereunder to the Trustee; with respect to the Trust Assets that constitute “securities entitlements” within the meaning of the UCC, such securities entitlements have been and will have been credited to one or more of the Funds or Accounts created by or pursuant to the Indenture, and the securities intermediary for each such Fund or Account has agreed to treat all assets credited to the Funds and Accounts as “financial assets” within the meaning of the UCC, and the Funds and Accounts are not in the name of any person other than the Issuer or the Trustee; the Issuer relies on §13 of the Act, which provides that liens on the Issuer’s revenues (which include principal and interest on Education Loans and proceeds of sales of Education Loans) and the Issuer’s contract rights are perfected without the need to file any financing statements in any public records other than the records of the Issuer. Nonetheless, in accordance with its custom and practice, the Issuer has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Financed Eligible Loans granted to the Trustee pursuant to the Indenture; the Issuer has received written evidence from each Servicer (as custodian for the Trustee under a Custodian Agreement for UCC purposes) that such Servicer is holding or will hold executed copies of the Education Loan Notes relating to Financed Eligible Loans for which it is acting as Servicer, and that such Servicer is holding or will hold such Education Loan Notes solely on behalf and for the benefit of the Trustee; and, other than any prior security interest which has been released on or prior to the Date of Issuance and the security interest granted to the Trustee pursuant to the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Eligible Loans. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of collateral covering the Financed Eligible Loans other than any financing statement relating to the security interest granted to the Trustee hereunder or that has been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

The Issuer covenants for the benefit of the Trustee and the Noteholders as follows: the representations and warranties set forth in in the Indenture shall survive the termination of the Indenture; the Trustee shall not waive any of the representations and warranties set forth in the Indenture; and the Issuer shall take all steps necessary, and shall cause each Servicer, if any, to take all steps necessary and appropriate, to maintain the perfection and priority of the Trustee’s security interest in the Financed Eligible Loans.

Two days preceding a Monthly Distribution Date, the Issuer shall provide to the Trustee (with a copy to the Rating Agencies) a report setting forth the information required by the Indenture, with such additional information as the Issuer shall determine. The Trustee shall make available such report on or before the applicable Monthly Distribution Date to each requesting Noteholder, and the Issuer shall provide such report on its website on or before the Monthly Distribution Date. The Issuer reserves the rights, however: (i) to alter the format in which such periodic information is presented; and (ii) to make such periodic information available either by posting as part of the annual reports filed pursuant to the Continuing Disclosure Agreement, as a voluntary disclosure posted to EMMA, or, subject to compliance with the Continuing Disclosure Agreement, by posting on its website.

Tax Treatment (Section 4.18)

The parties to the Indenture acknowledge and agree that it is their mutual intent that the Notes constitute and be treated as indebtedness for U.S. federal and all applicable state and local income and franchise tax purposes. Further, each party to the Indenture, and each Noteholder by accepting and holding a Note covenants to every other party to the Indenture and to every other Noteholder to treat the Notes as

indebtedness for U.S. federal and all applicable state and local income and franchise tax purposes in all tax filings, reports and returns and otherwise, and further covenants that neither it nor any of its Affiliates will take, or participate in the taking of or permit to be taken, any action that is inconsistent with such tax treatment and tax reporting of the Notes, unless required by applicable law. All successors and assignees of the parties to the Indenture shall be bound by the provisions of the Indenture.

Creation and Continuation of Funds and Accounts (Section 5.01)

There following Funds are to be held and maintained by the Trustee for the benefit of the Noteholders:

- (a) Acquisition Fund;
- (b) Costs of Issuance Fund;
- (c) Collection Fund; and
- (d) Reserve Fund.

The Trustee, upon direction of the Issuer, for the purpose of facilitating the administration of the Trust Estate and for the administration of any Notes issued hereunder, shall create further Accounts or Subaccounts in any of the various Funds and Accounts established hereunder which are deemed necessary or desirable.

Acquisition Fund (Section 5.02)

Financed Eligible Loans shall be held by the Trustee or its agent or bailee for UCC purposes (including a Servicer) and shall be pledged to the Trust Estate and held as a part of the Acquisition Fund.

Moneys on deposit in the Acquisition Fund shall be used, upon receipt by the Trustee of an Eligible Loan Certificate, to Finance Eligible Loans identified as of the Cutoff Date. Any such Eligible Loan Certificate shall state that such proposed use of moneys in the Acquisition Fund is in compliance with the provisions of the Indenture. If any funds or moneys remain in the Acquisition Fund on July 31, 2020, or on such earlier date as the Trustee may be instructed by Issuer Order, then the Trustee shall, without direction from or notice to the Issuer, transfer all such remaining moneys or funds to the Collection Fund on such date (or if such date is not a Business Day, on the next succeeding Business Day).

While the Issuer will be the legal and beneficial owner of the Financed Eligible Loans, it is understood and agreed that the Trustee will have a security interest in the Financed Eligible Loans for and on behalf of the Noteholders. In the case of a single Financed Eligible Loan evidenced by a separate note, each such note will be held by the Servicer in the name of the Trustee for the account of the Issuer, for the benefit of the Noteholders.

Except (i) as provided in the Indenture, (ii) for consolidation or serialization purposes, (iii) for transfers to a Servicer pursuant to any purchase obligation under the applicable Servicing Agreement (if any), (iv) for transfers to the Issuer pursuant to its obligation to pay a Cash Substitution Amount under the Indenture, (v) for dispositions of Defaulted Financed Eligible Loans in accordance with the Indenture, or (vi) as set forth in the following sentence, Financed Eligible Loans shall not be sold, transferred or otherwise disposed of by the Issuer while any of the Notes are Outstanding. The Issuer certifies, upon which the Trustee may conclusively rely, that any Financed Eligible Loan sold pursuant to the Indenture (other than a

Defaulted Financed Education Loan) shall not be sold for a price less than the Cash Substitution Amount of such Financed Eligible Loan.

Collection Fund (Section 5.04)

There shall be deposited to the Collection Fund (a) certain moneys received from the Issuer, (b) all Available Funds, and all other moneys and investments derived from assets on deposit in and transfers from the Costs of Issuance Fund and the Reserve Fund, (c) amounts deposited pursuant to Section 10.03 of the Indenture and (d) any other amounts deposited thereto upon receipt of deposit instructions from the Issuer. Moneys on deposit in the Collection Fund shall be used to make the payments described in this Section. The Trustee may conclusively rely on all written instructions of the Issuer described in the Indenture with no further duty to examine or determine the information contained in any Issuer's Monthly Distribution Date Certificate, or Issuer Order.

The Issuer shall direct the Trustee in writing no later than 12:00 Noon on the Determination Date preceding each Monthly Distribution Date, beginning with the August 2020 Monthly Distribution Date (based on the information contained in a certificate of the Issuer and the related Servicer's Report, if applicable), to make the following deposits and distributions of all the Available Funds in the Collection Fund received during the immediately preceding Collection Period (including any amounts transferred from the Reserve Fund pursuant to the Indenture) to the Persons or to the account specified below on such Monthly Distribution Date, in the following order of priority, and the Trustee shall comply with such directions, provided, however, that if the Available Funds received during the immediately preceding Collection Period are not sufficient to make the payments or deposits required pursuant to clauses (i) through (iii) of this Section, then, after any required transfers from the Reserve Fund, any other Available Funds on deposit in the Collection Fund, which the Issuer would have deemed Available Funds for the current Collection Period, may be used to make the payments or deposits required pursuant to clauses (i) through (iv) of this Section:

- i. to pay to the Issuer, the Servicer, and the Trustee, the applicable Senior Program Expenses due to such party, and to DBRS and S&P the applicable Rating Surveillance Fees, pro rata, based on amounts owed to each such party, without preference or priority of any kind, due on such Monthly Distribution Date, in each case, together with such amounts remaining unpaid from prior Monthly Distribution Dates;
- ii. to pay to the Class A Noteholders the Class A Noteholders' Interest Distribution Amount on such Monthly Distribution Date;
- iii. to pay to the Class B Noteholders, the Class B Noteholders' Interest Distribution Amount payable on such Monthly Distribution Date;
- iv. to deposit to the Reserve Fund, the amount, if any, necessary to reinstate the balance of the Reserve Fund up to the Specified Reserve Fund Balance;
- v. to the applicable Noteholders, the Principal Distribution Amount in the following order:
 - a. to pay principal to the Class A Noteholders until the Class A Notes have been paid in full; and
 - b. to pay principal to the Class B Noteholders until the Class B Notes have been paid in full;

- vi. on and after the Monthly Distribution Date on which the cash substitution option set forth in Section 10.03 of the Indenture has become available, but only if it has not been exercised, to pay as an accelerated payment of the principal balance of the Notes then Outstanding, to the Noteholders in the same order and priority as set forth in paragraphs (a) and (b) of clause (v) of this subsection until the principal amount of Notes is paid in full;
- vii. to or for the account of the Servicer and the Trustee, the Subordinate Program Expenses (to be applied pro rata to Subordinate Servicing Fees and Subordinate Trustee Fees), including any Subordinate Program Expenses remaining unpaid from prior Monthly Distribution Dates; and
- viii. to the Issuer any funds remaining, free and clear of the lien and pledge of the Indenture.

Notwithstanding the foregoing, on and after the Class A Maturity Date, the Class A Noteholders will receive amounts representing payment of the principal balance of the Class A Notes after clause (ii) of this Section until the Class A Notes have been paid in full and prior to the Class B Notes receiving payments of any Class B Noteholders' Interest Distribution Amount pursuant to clause (iii) of this Section. References in the Indenture to payments made under clauses (i) through (iii) of this Section shall mean payments adjusted as defined under this paragraph.

Amounts properly distributed to the Issuer pursuant to clause (viii) of this Section shall be deemed released from the Trust Estate and the security interest therein granted to the Trustee, and the Issuer shall not in any event thereafter be required to refund any such distributed amounts.

The Issuer shall notify the Rating Agencies if the Available Funds received during the immediately preceding Collection Period are not sufficient to make the payments or deposits required pursuant to clauses (i) through (iii) of this Section, after any required transfers from the Reserve Fund, and such payments or deposits were made with other Available Funds on deposit in the Collection Fund from the current Collection Period.

Subject to the provisions of the Indenture, the Issuer certifies that the amounts paid to the Issuer, each Servicer, the Trustee, DBRS and S&P from Available Funds pursuant to clause (i) of this Section shall not in any one Fiscal Year exceed the amount or percentage designated therefor in the cash flows provided to each Rating Agency and the Trustee on the Date of Issuance, unless the Issuer, after furnishing each Rating Agency with revised cash flows, shall have satisfied the conditions of a Rating Notification. For the removal of doubt, the preceding sentence shall not limit in any way the Issuer's obligations to pay any such amounts or any other of its obligations under the rest of the Indenture.

The Notes shall be subject to redemption from the proceeds of a release and optional cash substitution of Financed Eligible Loans in accordance with the Indenture on any Monthly Distribution Date, at a redemption price equal to the Outstanding Amount thereof, plus accrued interest.

Reserve Fund (Section 5.05)

On each Monthly Distribution Date, to the extent there are insufficient Available Funds in the Collection Fund to make one or more of the transfers required by the Indenture, then the Issuer shall direct the Trustee in writing to withdraw from the Reserve Fund on such Monthly Distribution Date an amount equal to such deficiency and to deposit such amount in the Collection Fund. In addition, if the Senior Servicing Fees payable on any Monthly Distribution Date (determined without regard to the limitation thereon in the definition thereof) exceed the amount available for such purpose in the Collection Fund pursuant to the Indenture, the Issuer shall instruct the Trustee to use the Reserve Fund to pay the amount of such excess directly to the Servicer. Additionally, if on the Note Final Maturity Date for a Class of Notes,

and after giving effect to the distribution of the Available Funds on such Note Final Maturity Date, the principal amount of such Class of Notes will not be reduced to zero, the Issuer shall direct the Trustee in writing to withdraw funds from the Reserve Fund on such Note Final Maturity Date to the extent needed to reduce the principal amount of such Class of Notes to zero and to deposit such amount in the Collection Fund for application to payment of the Outstanding Amount of such Class of Notes. The Reserve Fund may also be used in connection with the optional substitution of the Financed Eligible Loans pursuant to the Indenture.

After giving effect to this Section, if the amount on deposit in the Reserve Fund on any Monthly Distribution Date is greater than the Specified Reserve Fund Balance for such Monthly Distribution Date, the Issuer shall direct the Trustee in writing to withdraw from the Reserve Fund on such Monthly Distribution Date an amount equal to such excess and to deposit such amount in the Collection Fund.

On the final Monthly Distribution Date and following the payment in full of the Outstanding Amount of the Notes and of all other amounts owing or to be distributed hereunder to Noteholders, the Trustee, any Servicer or the Issuer, to the extent that Available Funds on such date are insufficient to make the following payments, any amount remaining on deposit in the Reserve Fund shall be distributed to the Issuer. The Issuer shall in no event be required to refund any amounts properly distributed pursuant to this Section.

Anything in this Section to the contrary notwithstanding, if the market value of securities and cash in the Reserve Fund is on any Monthly Distribution Date sufficient to pay (i) the remaining principal amount of and interest accrued on the Notes, and (ii) any remaining Senior Program Expenses and Rating Agency Surveillance Fees, such amount will be so applied on such Monthly Distribution Date and the Issuer shall direct the Trustee in writing to make such payments

Investment of Funds Held by Trustee (Section 5.06)

The Trustee shall invest money held for the credit of any Fund or Account or Subaccount held by the Trustee hereunder, as directed in writing by an Authorized Representative of the Issuer, in Eligible Accounts the funds of which Eligible Accounts shall, to the fullest extent practicable and reasonable, be invested in Investment Securities which shall mature or be redeemed at the option of the holder prior to the next succeeding Monthly Distribution Date. If a Fund or Account or Subaccount no longer constitutes an Eligible Account, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such Fund or Account or Subaccount to another Eligible Institution, chosen by the Issuer, such that the Fund or Account or Subaccount shall again constitute an Eligible Account. In the absence of any such direction and to the extent practicable, the Trustee shall invest amounts held hereunder in those Investment Securities described in clause (h) of the definition of the Investment Securities. All such investments shall be held by (or by any custodian on behalf of) the Trustee for the benefit of the Issuer; provided that all interest and other investment income collected (net of losses and investment expenses) on funds on deposit in any Fund or Account or Subaccount shall be deposited into the Collection Fund and shall be deemed to constitute a portion of the Available Funds. The Trustee and the Issuer agree that unless an Event of Default shall have occurred hereunder, the Issuer acting by and through an Authorized Representative shall be entitled to, and shall, provide written direction to the Trustee with respect to any discretionary acts required or permitted of the Trustee under any Investment Securities, and the Trustee shall not take such discretionary acts without such written direction.

The Investment Securities purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or Subaccounts or combination thereof, and the Trustee shall inform the Issuer of the details of all such investments. Upon direction in writing (or orally, confirmed in writing) from an Authorized Representative, the Trustee shall use its best efforts to liquidate at the best price obtainable or

present for redemption any Investment Securities purchased by it as an investment whenever it shall be necessary to provide money to meet any payment from the applicable Fund. The Trustee shall advise the Issuer in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Issuer), of all investments held for the credit of each Fund, Account or Subaccount in its custody under the provisions of the Indenture as of the end of the preceding month and the value thereof, and shall list any investments which were sold or liquidated for less than the par value thereof, plus accrued but unpaid interest at the time thereof.

Money in any Fund, Account or Subaccount constituting a part of the Trust Estate may be pooled for the purpose of making investments and may be used to pay accrued interest on Investment Securities purchased. The Trustee and its Affiliates may act as principal or agent in the acquisition or disposition of any Investment Securities.

Notwithstanding the foregoing, the Trustee shall not be responsible or liable for any losses on investments made by it hereunder or for keeping all Funds, Accounts and Subaccounts held by it, fully invested at all times, its only responsibility being to comply with the investment instructions of the Issuer or its designee in a non negligent manner.

The Issuer acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations.

Release (Section 5.07)

The Trustee shall, upon Issuer Order and subject to the provisions of the Indenture, take all actions reasonably necessary to effect the release of any Financed Eligible Loans from the lien of the Indenture to the extent its terms permit the sale, disposition or transfer of such Financed Eligible Loans.

Subject to the payment of its fees and expenses pursuant to the Indenture, the Trustee may, and when required by the provisions of the Indenture shall, execute instruments to release property from the lien of the Indenture, or convey the Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of the Indenture. No party relying upon an instrument executed by the Trustee as provided in this Article shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

The Trustee shall, at such time as there are no Notes Outstanding and all sums due the Trustee pursuant to the Indenture and all amounts payable to each Servicer and the Issuer have been paid (including, but not limited to any fees, expenses and indemnities), release any remaining portion of the Trust Estate that secured the Notes from the lien of the Indenture to the Issuer and release to the Issuer or, at its written direction, to any other Person entitled thereto any funds then on deposit in the Funds, Accounts and Subaccounts.

Subject to the provisions of the Indenture, the Trustee shall release property from the lien of the Indenture only upon receipt of an Issuer Order and an Opinion of Counsel to the effect that such release is permitted hereunder.

Each Noteholder, by the acceptance of a Note, acknowledges that from time to time the Trustee shall release the lien of the Indenture on any Financed Eligible Loan to be sold or transferred pursuant to the provisions of the Indenture, and each Noteholder, by the acceptance of a Note, consents to any such release.

Events of Default Defined (Section 6.01)

For the purpose of the Indenture, the following events are “Events of Default”:

- i. default in the due and punctual payment of any interest on any Note when the same becomes due and payable, and such default shall continue for a period of five (5) days; provided, however, (i) that a default in the due and punctual payment of any interest on any Class B Note shall not be an Event of Default if any Class A Notes are Outstanding;
- ii. default in the due and punctual payment of the principal of any Note when the same becomes due and payable on the related Note Final Maturity Date; provided, however, that a default in the due and punctual payment of any principal on any Class B Note shall not be an Event of Default if any Class A Notes are Outstanding;
- iii. default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer to be kept, observed and performed contained in the Indenture or in the Notes, and continuation of such default for a period of 60 days after any of: (i) discovery by the Issuer, (ii) written notice thereof by the Trustee to the Issuer, or (iii) written notice thereof by at least a majority of the Noteholders of the collective aggregate principal amount of the Highest Priority Notes at the time Outstanding; and
- iv. the occurrence of an Event of Bankruptcy.

Any notice provided to be given to the Issuer with respect to any default shall be deemed sufficiently given if sent by registered mail (or such other means permitted under the Indenture) with postage prepaid to the Person to be notified, addressed to such Person at the post office address as shown in the Indenture or such other address as may hereafter be given as the principal office of the Issuer in writing to a Responsible Officer of the Trustee by an Authorized Representative. The Trustee shall give such notice if requested to do so in writing by the Noteholders of at least a majority of the collective aggregate principal amount of the Highest Priority Notes at the time Outstanding.

Remedy on Default; Possession of Trust Estate; Application of Sale Proceeds (Section 6.02, 6.07)

Subject to the Indenture, upon the happening and continuance of any Event of Default, the Trustee or by its attorneys or agents may enter into and upon and take possession of such portion of the Trust Estate as shall be in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Issuer and its agents, servants and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Issuer or otherwise, as they shall deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and powers of the Issuer and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and Available Funds of the same and of every part thereof, and after deducting therefrom all expenses incurred hereunder and all other proper outlays, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants, the Trustee shall apply the rest and residue of the money received by the Trustee as follows:

FIRST, to the Issuer, Servicer, and Trustee, any Program Expenses and to DBRS and S&P, the Rating Surveillance Fees, due and owing, ratably, without preference or priority of any kind, according to the amounts due and payable to such parties;

SECOND, to the Class A Noteholders for amounts due and unpaid for interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes for such interest;

THIRD, to the Class A Noteholders for amounts due and unpaid on the Class A Notes for principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes for principal;

FOURTH, to the Class B Noteholders for amounts due and unpaid on the Class B Notes for interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes for such interest;

FIFTH, to the Class B Noteholders for amounts due and unpaid on the Class B Notes for principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes for principal; and

SIXTH, to the Issuer.

The Trustee may fix a record date and payment date for any payment to Noteholders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail or make available to each Noteholder and the Issuer a notice that states the record date, the payment date and the amount to be paid.

The proceeds of any sale of the Trust Estate, together with any funds at the time held by the Trustee and not otherwise appropriated, shall be applied by the Trustee as set forth in in this Section, and then to the Issuer or whomsoever shall be lawfully entitled thereto.

Remedies on Default; Advice of Counsel; Sale of Trust Estate (Section 6.03, 6.04)

Upon the happening of any Event of Default, the Trustee may proceed to protect and enforce the rights of the Trustee and the Noteholders in such manner as counsel or any other agent for the Trustee may advise (and have no liability for acting on such advice), whether for the specific performance of any covenant, condition, agreement or undertaking, or in aid of the execution of any power granted by the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as, in the opinion of such counsel, may be more effectual to protect and enforce the rights aforesaid.

Upon the happening of any Event of Default and if the principal of all of the Outstanding Notes shall have been declared due and payable, then and in every such case, and irrespective of whether other remedies authorized shall have been pursued in whole or in part, the Trustee may sell, and shall sell at the direction of the requisite Noteholders required by, and in accordance with the terms of, this section, with or without entry, to the highest bidder the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law. Upon such sale the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Issuer and all Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. The Trustee is irrevocably appointed the true and lawful attorney in fact of the Issuer, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Issuer, if so requested by the Trustee, shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Trustee, proper

for the purpose which may be designated in such request. In addition, the Trustee may proceed to protect and enforce the rights of the Trustee and the Noteholders of the Notes in such manner as counsel or other agent for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking, or in aid of the execution of any power granted by the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The Trustee shall take any such action or actions if requested to do so in writing by the Noteholders of at least a majority of the principal amount of the Highest Priority Notes at the time Outstanding.

Notwithstanding the foregoing, the Trustee is prohibited from selling the Financed Eligible Loans following an Event of Default, other than a default in the payment of any principal or interest on any Note, unless:

- (i) the Noteholders of all of the Highest Priority Notes at the time Outstanding consent to such a sale;
- (ii) the proceeds of such a sale will be sufficient to discharge all the Outstanding Notes pursuant to the Indenture at the date of such a sale; or
- (iii) The Issuer determines that the collections on the Financed Eligible Loans would not be sufficient on an ongoing basis to make all payments on such Notes as such payments would have become due if such Notes had not been declared due and payable, and the Trustee obtains the consent of the Noteholders of at least 66-2/3% of the aggregate principal amount of the Highest Priority Notes at the time Outstanding to such sale.

Such a sale following an Event of Default, other than a default in the payment of any principal or interest on any Note, shall also require the consent of all the Noteholders of the Class B Notes unless the proceeds of such a sale would be sufficient to discharge the Class B Notes pursuant to the Indenture at the date of such a sale.

Appointment of Receiver (Section 6.05)

In case an Event of Default occurs, and if all of the Outstanding Notes shall have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Trustee or of the Noteholders under the Indenture or otherwise, then as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer.

Acceleration of Maturity; Rescission and Annulment (Section 6.08)

If an Event of Default should occur and be continuing, then and in every such case the Trustee at the direction of the Noteholders of Notes representing not less than a majority of the Outstanding Amount of the Highest Priority Notes will declare all the Outstanding Notes to be immediately due and payable, by a notice in writing to the Issuer (and to the Trustee if given by the Noteholders), and upon any such declaration the unpaid principal amount of such Outstanding Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable, subject, however, to the Indenture. Notwithstanding the foregoing, if the only Event of Default that has occurred and is continuing is the event specified under clause (iii) under the heading "Events of Default Defined", then any direction required by this Section shall also require the direction of a majority in aggregate principal amount of all the Class B Notes Outstanding.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Noteholders representing a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

- i. the Issuer has paid or deposited with the Trustee a sum sufficient to pay:
 - a. all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and
 - b. all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, any Servicer and their agents and counsel; and
- ii. all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Collection of Indebtedness and Suits for Enforcement by Trustee (Section 6.10)

The Issuer covenants that if default is made in the payment of any installment of interest, if any, on any of the Highest Priority Notes when such interest becomes due and payable and such default continues for a period of five (5) days; or default is made in the payment of the principal of (or premium, if any, on) any of the Highest Priority Notes at their Note Final Maturity Date, then the Issuer will, upon demand of the Trustee but solely from the Trust Estate, pay to the Trustee, for the benefit of the Noteholders, the whole amount then due and payable on such Notes for principal (and premium, if any) and interest, with interest upon any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest, if any, at the rate or rates borne by or provided for in such Notes, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, fees, expenses, disbursements and advances of the Trustee and its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may upon receiving from the Noteholders indemnification satisfactory to the Trustee, institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree, and may enforce the same against the Issuer or any other obligor upon such Notes of such Class and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer but solely from the Trust Estate or any other obligor upon such Notes, wherever situated.

If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may, after being indemnified to its satisfaction by the Noteholders and in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in the Indenture or in aid of the exercise of any power granted by the Indenture, or to enforce any other proper remedy.

Direction of Trustee (Section 6.11)

Upon the happening of any Event of Default, the Noteholders of at least a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding, shall have the right by an instrument or instruments in writing delivered to the Trustee to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and may at any time cause any proceedings authorized by the terms of the Indenture to be so taken or to be discontinued or delayed; provided, however, that such Noteholders shall not be entitled to cause the Trustee to take any proceedings which would be unjustly prejudicial to non-assenting Noteholders. The Trustee shall be entitled to assume that the action requested by the Noteholders of at least a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding will not be prejudicial to any non-assenting Noteholders unless the Noteholders of at least a majority of the collective aggregate principal amount of the non-assenting Noteholders of such Notes, in writing, show the Trustee how they will be prejudiced based upon an Opinion of Counsel to such effect. Provided, however, that anything in the Indenture to the contrary notwithstanding, the Noteholders of a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding together with the Noteholders of a majority of the collective aggregate principal amount of all other Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. The provisions of this Section shall be expressly subject to the provisions of Sections 7.01(c), 7.05 and 7.07 of the Indenture.

Right to Enforce in Trustee (Section 6.12)

No Noteholder shall have any right as such Noteholder to institute any suit, action or proceedings for the enforcement of the provisions of the Indenture or for the execution of any trust hereunder or for the appointment of a receiver or for any other remedy under the Indenture, all rights of action hereunder being vested exclusively in the Trustee, unless and until the Noteholders of a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding shall have previously given to a Responsible Officer of the Trustee written notice of a default hereunder, and of the continuance thereof, and also unless the Noteholders of a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding shall have made written request upon a Responsible Officer of the Trustee and the Trustee shall have been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Trustee shall have been offered indemnity and security satisfactory to it against the fees, costs, expenses and liabilities (including those of its counsel and agents) to be incurred therein or thereby, which offer of indemnity shall be an express condition precedent hereunder to any obligation of the Trustee to take any such action hereunder, and the Trustee for 30 days after receipt of such notification, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding. It is understood and intended that no one or more Noteholders of the Notes shall have the right in any manner whatever by his or their action to affect, disturb or prejudice the lien of the Indenture or to enforce any right thereunder except in the manner therein provided and for the equal benefit of the Noteholders of the Notes then Outstanding.

Waivers of Events of Default; Notice of Defaults (Section 6.14, 6.15)

The Trustee shall waive any Event of Default and its consequences and rescind any declaration of acceleration of Notes upon the written request of the Noteholders of at least a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any

Outstanding Notes at the date of maturity thereof, or any default in the payment when due of the interest on any such Notes, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and all expenses of the Trustee, in connection with such default shall have been paid or provided for; or (b) any default in the payment of amounts set forth in the Indenture. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Noteholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon. The Issuer shall give written notice to each Rating Agency of any waiver of an Event of Default pursuant to this Section.

Within 90 days after the occurrence of any default hereunder with respect to the Notes, the Trustee shall transmit notice of such default hereunder actually known to a Responsible Officer of the Trustee to each Noteholder and to the Rating Agencies, unless such default shall have been cured or waived. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the Notes.

Acceptance of Trust (Section 7.01)

The Trustee accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the following terms and conditions:

- i. Except during the continuance of an Event of Default actually known to a Responsible Officer of the Trustee,
 - a. the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and
 - b. in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming on their face to the requirements of the Indenture; but in the case of any such certificates or opinions which by any of its provisions are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face with the requirements of the Indenture and whether or not they contain the statements required under the Indenture.
- ii. In case an Event of Default actually known to a Responsible Officer of the Trustee has occurred and is continuing, the Trustee, in exercising the rights and powers vested in it by the Indenture, shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.
- iii. Before taking any action hereunder requested by the Noteholders, the Trustee may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the Noteholders, as applicable, for the reimbursement of all fees and expenses (including those of its counsel and agents) to which it may be put and to protect it against all liability.
- iv. No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

- a. this subsection (iv) shall not be construed to limit the effect of subsection (i) of this Section; the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - b. the Trustee shall not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the directions of the Issuer or the Noteholders of a majority or such other lower percentage as set forth in the Indenture of the aggregate principal amount of the Notes then Outstanding relating to the time, method and place of conducting any proceedings for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and
 - c. no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.
- v. Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.
 - vi. Before acting or refraining from acting, the Trustee is entitled to request and receive an officer's certificate or an Opinion of Counsel and shall not be liable for acts or omissions in reliance thereon.
 - vii. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications, or computer systems or services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.
 - viii. In no event shall the Trustee be liable for failure to perform its duties hereunder if such failure is a direct or proximate result of another party's failure to perform its obligations hereunder.
 - ix. The Trustee's receipt of reports and information hereunder shall not constitute notice of any information contained therein or determinable therefrom, including but not limited to a party's compliance with covenants under the Indenture.
 - x. The Trustee shall not be required to take any action it is directed to take under the Indenture if the Trustee determines in good faith that the action so directed would involve the Trustee in personal liability, is contrary to law, or is inconsistent with the Indenture.
 - xi. The Trustee shall not have any obligation to investigate any matter or exercise any powers vested by the Indenture unless requested by the Noteholders of at least 25% of the aggregate principal amount of the Outstanding Notes.
 - xii. Any discretion, permissive right, or privilege of the Trustee hereunder shall not be deemed to be or otherwise construed as a duty or obligation.
 - xiii. The Trustee shall not be liable to the Issuer or the Noteholders for any action taken or omitted by it at the direction of the Issuer and/or the Noteholders under circumstances in which such direction is required or permitted by the terms of the Indenture.

- xiv. For all purposes under the Indenture, the Trustee shall not be deemed to have notice or knowledge of any Event of Default or any other matter unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by a Responsible Officer of the Trustee. For purposes of determining the Trustee's responsibility and liability hereunder, whenever reference is made in the Indenture to such an Event of Default or matter, such reference shall be construed to refer only to such an Event of Default or matter of which the Trustee is deemed to have notice as described in this Section.
- xv. In making or disposing of any investment permitted by the Indenture, the Trustee is authorized to deal with itself (in its individual capacity) or with any one or more of its Affiliates, whether it or such Affiliate is acting as a subagent of the Trustee or for any third person or dealing as principal for its own account. If otherwise qualified, obligations of the Trustee or any of its Affiliates shall qualify as Investment Securities hereunder.
- xvi. The Trustee shall not be required to give any bond or surety in respect of the execution of the Indenture or the powers granted hereunder.
- xvii. Nothing herein shall be construed to impose an obligation on the part of the Trustee to recalculate, evaluate, verify or independently determine the accuracy of any report, certificate or information received from the Issuer.
- xviii. The Trustee or its Affiliates are permitted to receive additional compensation that could be deemed to be in the Trustee's economic self-interest for (i) serving as investment adviser, administrator, shareholder, servicing agent, custodian or sub-custodian with respect to certain of the Investment Securities, (ii) using Affiliates to effect transactions in certain Investment Securities and (iii) effecting transactions in certain Investment Securities. Such compensation is not payable or reimbursable under the Indenture.
- xix. Except as provided in this Section, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon, other evidence of indebtedness or other paper or document, but the Trustee in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney.

Indemnification of Trustee (Section 7.05)

Other than with respect to its duties to make payment on the Notes when due and its duty to provide notice of an Event of Default or pursue the remedy of acceleration as provided in the Indenture, for each of which no additional security or indemnity may be required, the Trustee shall be under no obligation or duty to perform any act at the request of Noteholders or to institute or defend any suit in respect thereof unless properly indemnified and provided with security to its satisfaction as provided in the Indenture. The Trustee shall not be required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Issuer hereunder and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default described in the Indenture) unless and until a Responsible Officer shall have been specifically notified in writing at the address in the Indenture of such default or Event of Default by (a) the Noteholders of the required percentages in principal amount of the Notes then Outstanding or (b) an Authorized Representative. However, the Trustee may begin suit, or appear in and defend suit, execute any of the trusts created by the Indenture, enforce any of its rights or powers hereunder, or do anything else in its judgment proper to be done by it as Trustee, and in such case the Trustee shall be reimbursed or indemnified

by the Noteholders requesting such action, if any, or the Issuer in all other cases, for all fees, costs and expenses (including extraordinary out-of-pocket expenses), liabilities, outlays and counsel and agent fees and other reasonable disbursements properly incurred in connection therewith (including but not limited to the costs of defending any claim or bringing any claim to enforce any indemnification obligation), unless such costs and expenses, liabilities, outlays and attorneys' fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Trustee. In furtherance and not in limitation of this Section, the Trustee shall not be liable for, and shall be held harmless by the Issuer from, following any Issuer Orders, instructions or other directions upon which the Trustee is authorized to conclusively rely pursuant to the Indenture or any other agreement to which it is a party. If the Issuer or the Noteholders, as appropriate, shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of the Indenture, subject only to the prior lien of the Notes for the payment of the principal thereof, premium, if any, and interest thereon from the Collection Fund. None of the provisions contained in the Indenture or any other agreement to which it is a party shall require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Noteholders shall not have offered security and indemnity acceptable to it or if it shall have reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Issuer agrees to indemnify the Trustee for, and to hold it and its directors and officers harmless against, any loss, liability or expenses, including fees and reasonable expenses of its agents and attorneys (including, but not limited to, costs and attorneys' fees and expenses incurred in connection with any action, suit or proceeding brought by the Trustee to enforce any indemnification by, or other obligation of, the Issuer with respect hereto or thereto and the costs of defending any claim), incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability or the costs of defending any claim or bringing any claim to enforce the Issuer's indemnification obligation in connection with the exercise or performance of any of its powers or duties hereunder arising from the Trust Estate. The Issuer agrees to indemnify and hold harmless the Trustee and its directors and officers against any and all claims, demands, suits, actions or other proceedings and all liabilities, costs and expenses whatsoever caused by any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering document distributed in connection with the issuance of the Notes or caused by any omission or alleged omission from such offering document of any material fact required to be stated therein or necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading.

In no event shall the Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damages of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of such action.

The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, the Continuing Disclosure Agreement, and the other Basic Documents. The provisions of this Section shall survive the resignation or removal of the Trustee and the termination of the Indenture.

Trustee's Right to Reliance (Section 7.06)

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, appraisal, opinion, report or document of the Issuer or a Servicer or other paper or

document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with experts and with counsel (who may but need not be counsel for the Issuer, the Trustee, or a Noteholder), and the advice or opinion of such counsel and experts shall be full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it hereunder in good faith and in accordance with the advice or opinion of such counsel and experts.

Whenever in the administration of the Indenture the Trustee shall reasonably deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part, rely upon a certificate signed by an Authorized Representative or an authorized officer of the Issuer or a Servicer.

The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it; provided, however, that the Trustee shall be liable for its negligence or willful misconduct in carrying out such action.

The Trustee is authorized to enter into agreements with other Persons, in its capacity as Trustee, in order to carry out or implement the terms and provisions of the Indenture. The Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken in good faith in accordance with the Indenture or any other transaction document or at the direction of the Noteholders evidencing the appropriate percentage of the aggregate principal amount of the Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture or any other transaction document. The Trustee shall not be liable for the actions of, and shall have no obligation to monitor, the Issuer, any Servicer or any custodian.

Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Order.

Whenever in the administration of the Indenture, the Trustee shall (i) deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless otherwise specifically prescribed) may, in the absence of bad faith on its part, rely upon an officer's certificate or (ii) be required to determine the value of any part of the Trust Estate or funds hereunder or the cash flows projected to be received therefrom, the Trustee may, in the absence of bad faith on its part, rely on reports of nationally recognized accounting firms selected by the Trustee with reasonable care or other Persons qualified to provide the information required to make such determination including nationally recognized dealers in securities of the type being valued and securities quotation services.

Compensation of Trustee (Section 7.07)

Except as otherwise expressly provided in the Indenture, all advances, counsel fees (including without limitation allocated fees of in house counsel) and other expenses reasonably made or incurred by the Trustee in and about the execution and administration of the trust and reasonable compensation to the Trustee for its services in the premises shall be paid by the Issuer. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. The Trustee shall not materially increase the Trustee Fee without giving the Issuer and each Rating Agency at least 90 days' written notice prior to the beginning of a Fiscal Year. If not paid by the Issuer, the Trustee shall have a lien against all money held pursuant to the Indenture, subject only to the prior lien of the Notes against the money and investments in the Collection Fund for the payment of the principal thereof, premium, if any, and interest thereon, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts and the exercise and performance of the powers and

duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee).

Resignation of Trustee (Section 7.09)

The Trustee and any successor to the Trustee may resign and be discharged from the trust created by the Indenture by giving to the Issuer thirty days' prior notice in writing which notice shall specify the date on which such resignation is to take effect; provided, however, that such resignation shall only take effect on the day specified in such notice if a successor Trustee shall have been appointed pursuant to the Indenture (and is qualified to be the Trustee under the requirements of the Indenture). If no successor Trustee has been appointed by the date specified or within a period of 90 days from the receipt of the notice by the Issuer, whichever period is the longer, the Trustee may (a) appoint a temporary successor Trustee having the qualifications provided in the Indenture or (b) request a court of competent jurisdiction to (i) require the Issuer to appoint a successor, as provided in the Indenture, within three days of the receipt of citation or notice by the court, or (ii) appoint a Trustee having the qualifications provided in the Indenture. In no event may the resignation of the Trustee be effective until a qualified successor Trustee shall have been selected and appointed. In the event a temporary successor Trustee is appointed pursuant to clause (a) above, the Issuer may remove such temporary successor Trustee and appoint a successor thereto pursuant to the Indenture.

Removal of Trustee (Section 7.10)

The Trustee or any successor Trustee may be removed with thirty days' prior written notice (a) at any time by the Noteholders of a majority of the collective aggregate principal amount of the Highest Priority Notes then Outstanding, (b) by the Issuer for cause or upon the sale or other disposition of the Trustee or its corporate trust functions or (c) by the Issuer without cause so long as no Event of Default exists or has existed within the last 30 days, upon payment to the Trustee so removed of all money then due to it hereunder and appointment of a successor thereto by the Issuer and acceptance thereof by said successor. One copy of any such order of removal shall be filed with the Issuer and the other with the Trustee so removed.

The Trustee, any paying agent, or any registrar holding a Fund or an account shall be removed by the Issuer and no longer allowed to hold any Fund or account if such party shall fail to maintain a rating of at least "A" from S&P. If such party's rating from S&P is withdrawn, suspended or falls below "A," the Issuer shall use commercially reasonable efforts to appoint a successor meeting the foregoing and all other applicable requirements hereof within ninety (90) days of such withdrawal, suspension or downgrade; provided that the Issuer shall not be required to obtain the consent of any Noteholders in order to remove or replace such party under this Section and that the inability to retain a successor upon commercially reasonable terms meeting the rating requirement in this Section shall not in any event constitute an Event of Default hereunder.

In the event a Trustee (or successor Trustee) is removed, by any person or for any reason permitted hereunder, such removal shall not become effective until (a) in the case of removal by the Noteholders of the Highest Priority Notes, such Noteholders by instrument or concurrent instruments in writing (signed and acknowledged by such Noteholders or their attorneys-in-fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Issuer shall have appointed a successor, and (b) the successor Trustee has accepted appointment as such. If no successor Trustee has been appointed by the date specified or within a period of 90 days from the receipt of the notice by the Issuer, whichever period is the longer, the Trustee may (a) appoint a temporary successor Trustee having the qualifications provided in the Indenture or (b) request a court of competent jurisdiction to (i) require the Issuer to appoint a successor, as provided in

the Indenture, within three days of the receipt of citation or notice by the court, or (ii) appoint a Trustee having the qualifications provided in the Indenture.

Successor Trustee (Section 7.11)

In case at any time the Trustee or any successor Trustee shall resign, be dissolved, or otherwise shall be disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or of its officers shall be taken over by any public officer or officers, a successor Trustee may be appointed by the Issuer by an instrument in writing duly authorized by the Issuer. In the case of any such appointment by the Issuer of a successor to the Trustee, the Issuer shall forthwith cause notice thereof to be mailed to the Noteholders at the address of each Noteholder appearing on the note registration books maintained by the Trustee, as registrar.

Every successor Trustee appointed by the Noteholders, by a court of competent jurisdiction, or by the Issuer shall be a bank or trust company and an Eligible Institution, in good standing, organized and doing business under the laws of the United States or of a state therein, which has a reported capital and surplus of not less than \$50,000,000, be authorized under the law to exercise corporate trust powers and be subject to supervision or examination by a federal or state authority.

Special Circumstances Leading to Resignation of Trustee (Section 7.20)

Because the Trustee serves as trustee hereunder for Notes of different Classes, it is possible that circumstances may arise which will cause the Trustee to resign from its position as trustee for one or more of the Classes of Notes. In the event that the Trustee makes a determination that it should so resign, due to the occurrence of an Event of Default or potential default hereunder, or otherwise, the Issuer may permit such resignation as to one or more Classes of the Notes or request the Trustee's resignation as to all Notes, as the Issuer may elect. If the Issuer should determine that a conflict of interest has arisen as to the trusteeship of any Classes of the Notes, it may authorize and execute a Supplemental Indenture with one or more successor Trustees, under which the administration of certain Classes of the Notes would be separated from the administration of the other Classes of Notes.

Supplemental Indentures Not Requiring Consent of Noteholders (Section 8.01)

The Issuer and the Trustee may, without the consent of or notice to any of the Noteholders of any Notes enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes: to cure any ambiguity or formal defect or omission in the Indenture; to grant to or confer upon the Trustee for the benefit of the Noteholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Noteholders or the Trustee; to subject to the Indenture additional revenues, properties or collateral; to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any supplemental indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; to evidence the appointment of a separate or co-Trustee or a co registrar or transfer agent or the succession of a new Trustee hereunder, or any additional or substitute Servicer; to make any change as shall be necessary in order to obtain and maintain for any of the Notes an investment grade Rating from a nationally recognized rating service, which changes, in reliance on an Opinion of Counsel will not materially adversely impact the Noteholder of any of the Notes; to make any changes necessary to comply with or obtain more favorable treatment under any current or future law, rule or regulation, including but not limited to the Code and the regulations promulgated thereunder; to create any additional Funds or Accounts or Subaccounts

under the Indenture deemed by the Trustee to be necessary or desirable; or to make any other change which, in reliance on an Opinion of Counsel, will not materially adversely impact the Noteholders of any Notes; provided, however, that nothing in this Section shall permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee, which approval shall be evidenced by execution of a Supplemental Indenture.

Supplemental Indentures Requiring Consent of Noteholders (Section 8.02)

Exclusive of Supplemental Indentures covered in the preceding Section and subject to the terms and provisions contained in this Section, and not otherwise, the Noteholders of not less than a majority of the collective aggregate principal amount of the Notes then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or supplemental indentures as shall be deemed necessary and desirable by the Issuer and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section shall permit, or be construed as permitting (a) without the consent of the Noteholders of each affected Note then Outstanding, (i) an extension of the maturity date of the principal of or the interest on any Note, or (ii) a reduction in the principal amount of any Note or the rate of interest thereon, or (iii) a privilege or priority of Notes over any other Notes except as otherwise provided, or (iv) a reduction in the aggregate principal amount of the Notes required for consent to such Supplemental Indenture, or (v) the creation of any lien other than a lien ratably securing all of the Notes at any time Outstanding hereunder except as otherwise provided; or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Noteholder at the address shown on the registration books, or, if held by the nominee of a Clearing Agency, sent pursuant to its standard procedure, including but not limited to electronic means. Such notice (which shall be prepared by the Issuer) shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee at which the Indenture is administered for inspection by all Noteholders. If, within 60 days, or such longer period as shall be prescribed by the Issuer, following the mailing of such notice, the Noteholders of not less than a majority of the collective aggregate principal amount of the Notes Outstanding at the time of the execution of any such Supplemental Indenture shall have consented in writing to and approved the execution thereof, no Noteholder shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Lien Created; Severability of Lien; Consent of Noteholders Binds Successors (Section 9.03-9.05)

The Indenture shall operate effectually as (a) a grant of a lien on and security interest in, and (b) a collateral assignment of, the Trust Estate. If the lien of the Indenture shall be or shall ever become ineffectual, invalid or unenforceable against any part of the Trust Estate, which is not subject to the lien, because of want of power or title in the Issuer, the inclusion of any such part shall not in any way affect or invalidate the pledge and lien against such part of the Trust Estate as to which the Issuer in fact had the right to pledge.

Any request or consent of a Noteholder of any Notes given for any of the purposes of the Indenture shall bind all future Noteholders of the same Note or any Notes issued in exchange therefor or in substitution thereof in respect of anything done or suffered by the Issuer or the Trustee in pursuance of such request or consent.

Satisfaction of Indenture (Section 10.02)

If the Issuer shall pay, or cause to be paid, or there shall otherwise be paid (i) to the Noteholders, the principal of and interest on the Notes, at the times and in the manner stipulated in the Indenture; (ii) to the Trustee, all amounts due and owing under the Indenture and (iii) all other obligations due and outstanding shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver all money held by it under the Indenture to the party entitled to receive the same under the Indenture. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Noteholders of any Outstanding Notes the principal of and interest on such Notes then due, at the times and in the manner stipulated in the Indenture, such Notes shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Issuer to the Noteholders thereof shall thereupon cease, terminate and become void and be discharged and satisfied.

Notes or interest installments shall be deemed to have been paid within the meaning of the preceding paragraph if money for the payment thereof has been set aside and is being held by the Trustee at the respective Note Final Maturity Date or earlier prepayment date thereof. Any Outstanding Note shall, prior to its Note Final Maturity Date or earlier prepayment thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (i) such Note is to be prepaid on any date prior to its Note Final Maturity Date and (ii) the Issuer shall have given notice of prepayment on said date, there shall have been deposited with the Trustee either money (fully insured by the Federal Deposit Insurance Corporation or fully collateralized by Governmental Obligations) in an amount which shall be sufficient, or Governmental Obligations (including any Governmental Obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal of and interest to become due on such Note on and prior to the prepayment date or Note Final Maturity Date thereof, and all other obligations due and outstanding, as the case may be. If moneys and/or Governmental Obligations are deposited with and held by the Trustee as provided in this paragraph, such moneys and/or Governmental Obligations shall be accompanied by a report of a nationally recognized independent certified public accountant firm or other financial services firm verifying that the amount of such moneys and/or Governmental Obligations deposited will be sufficient, together with interest to accrue thereon, to pay all the Notes at or before their Maturity. Notwithstanding anything in the Indenture to the contrary, however, no such deposit shall have the effect specified in this paragraph if made during the existence of an Event of Default, unless made with respect to all of the Notes then Outstanding. Neither Governmental Obligations nor money deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Governmental Obligations shall be withdrawn or used for any purpose other than, and shall be held irrevocably in trust in an escrow account for, the payment of the principal of and interest on such Notes. Any cash received from such principal of and interest on such Governmental Obligations deposited with the Trustee, if not needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and interest on such Notes and all other obligations due and outstanding on and prior to such prepayment date or Note Final Maturity Date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien or pledge. Any payment for Governmental Obligations purchased for the purpose of reinvesting cash as aforesaid shall be made only

against delivery of such Governmental Obligations. For the purposes of this Section, "Governmental Obligations" shall mean and include only non-callable direct obligations of the Department of the Treasury of the United States of America or portions thereof (including interest or principal portions thereof), and such Governmental Obligations shall be of such amounts, maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make the payments required by the Indenture, and which obligations have been deposited in an escrow account which is irrevocably pledged as security for the Notes. Such term shall not include mutual funds and unit investment trusts.

Optional Cash Substitution for All Financed Eligible Loans (Section 10.03)

The Issuer or its assignee shall have the option to cause the release of all of the Financed Eligible Loans in exchange for the payment of the Optional Cash Substitution Amount on the date (the "Optional Cash Substitution Date") that is the tenth (10th) Business Day preceding any Monthly Distribution Date on which the then Pool Balance will be ten percent (10%) or less of the Initial Pool Balance (the "Optional Cash Substitution Threshold"). To exercise the option described in this Section, the Issuer shall (i) certify to the Trustee that the Pool Balance is at or below the Optional Cash Substitution Threshold and (ii) the Issuer or its assignee shall deposit in the Collection Fund by 10:00 a.m., Eastern Standard Time, on the Optional Cash Substitution Date, an amount equal to the Optional Cash Substitution Amount, plus any other amount required to pay all of the outstanding obligations under the Indenture in full, less any amounts then on deposit in the Funds and Accounts.

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) dated June 18, 2020 is executed and delivered by the Massachusetts Educational Financing Authority (the “Issuer”) and U.S. Bank National Association, Boston, Massachusetts, as dissemination agent (in such capacity, the “Dissemination Agent”), in connection with the issuance of the Issuer’s Education Loan Asset-Backed Notes, Series 2020-A in the aggregate principal amount of \$211,280,000 (the “Notes”). The Notes are being issued pursuant to the Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee. Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified above or in Article IV hereof. The Issuer and the Dissemination Agent covenant and agree as follows:

ARTICLE I

THE UNDERTAKING

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2020, by no later than 9 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Dissemination Agent.

(b) Any notice of a defeasance of Notes shall state whether the Notes have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some

circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE II

OPERATING RULES

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer hereby designates U.S. Bank National Association as initial dissemination agent and may from time to time designate another agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and may revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The Issuer's current fiscal year is July 1-June 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Dissemination Agent of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

EFFECTIVE DATE, TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Notes.

(b) The Issuer's and the Dissemination Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Dissemination Agent an opinion of Counsel, addressed to the Issuer and the Dissemination Agent, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Notes, whether because such portions of the

Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the Issuer and the Dissemination Agent, to the same effect as set forth in clause (2) above and that all conditions precedent to the execution and delivery of such amendment have been satisfied, (4) either (i) the Issuer shall have delivered to the Dissemination Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Issuer (such as bond counsel or the Dissemination Agent), addressed to the Issuer and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Notes pursuant to the Indenture as in effect at the time of the amendment, and (5) the Issuer shall have delivered, or shall have caused to be delivered, copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have delivered, or shall have caused to be delivered, to the Dissemination Agent an opinion of Counsel, addressed to the Issuer and the Dissemination Agent, to the effect that performance by the Issuer and the Dissemination Agent under this Agreement as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) the Issuer shall have delivered, or shall have caused to be delivered, to the Dissemination Agent an opinion of Counsel, addressed to the Issuer and the Dissemination Agent, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Dissemination Agent shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to subsection (a) of this Section to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable: (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Notes, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the holders of not less than 25% in aggregate principal amount of the Outstanding Notes. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer or the Dissemination Agent to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

(e) The Dissemination Agent shall be entitled to the same rights, protections, immunities and indemnities under this Agreement to which the Trustee is entitled under the Indenture.

ARTICLE IV

DEFINITIONS

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively: (i) Audited Financial Statements, if available, or Unaudited Financial Statements; (ii) updated versions of the following financial information and operating data contained in the Offering Memorandum, for each fiscal year of the Issuer, as follows:

(a) Quantitative and operating information for the preceding fiscal year of the type presented in the Offering Memorandum under the caption "THE MEFA REFINANCING PROGRAM—Terms of the MEFA Refinancing Loans"; and

(b) Periodic Financed Eligible Loan portfolio information of the type presented in the Offering Memorandum under the caption "CHARACTERISTICS OF THE FINANCED ELIGIBLE LOANS"; provided that the Issuer reserves the rights: (I) to alter the format in which such periodic information is presented; and (II) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to this Agreement or, subject to compliance with this Agreement, by posting on a publicly accessible website;

and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement.

The descriptions contained in Section 4.1(1) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by the laws of the Commonwealth or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or Commonwealth legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or Commonwealth law or regulation describing such accounting principles, or other description thereof.

(3) “Commonwealth” means The Commonwealth of Massachusetts.

(4) “Counsel” means nationally recognized bond counsel or counsel expert in federal securities laws.

(5) “Financial Obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(6) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(7) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(8) “Notice Event” means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(vii) modifications to rights of Noteholders, if material;

(viii) Note calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Notes, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer; for the purposes of the event identified in this clause (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under Commonwealth or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(9) “Offering Memorandum” means the Offering Memorandum, dated June 9, 2020 of the Issuer relating to the Notes.

(10) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(11) “SEC” means the United States Securities and Exchange Commission.

(12) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(13) “Underwriter” shall have the same meaning as set forth in the Offering Memorandum.

ARTICLE V

MISCELLANEOUS

Section 5.1. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed all as of the date first above written.

MASSACHUSETTS EDUCATIONAL
FINANCING AUTHORITY

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: _____
Title: _____

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APPENDIX D

WEIGHTED AVERAGE LIVES, EXPECTED MATURITIES AND PERCENTAGES OF ORIGINAL PRINCIPAL REMAINING AT CERTAIN MONTHLY DISTRIBUTION DATES FOR THE NOTES

Prepayments on pools of student loans can be calculated based on a variety of prepayment models. The model used to calculate prepayments in this Offering Memorandum is based on a “constant prepayment rate” (“CPR”).

CPR is stated as an annualized rate and is calculated as the percentage of the loan amount outstanding at the beginning of a period (including accrued interest to be capitalized), after applying scheduled payments, that prepays during that period. The CPR model assumes that Financed Eligible Loans will prepay in each month according to the following formula:

$$\text{Monthly Prepayments} = (\text{Balance (including accrued interest to be capitalized)} \\ \text{after scheduled payments}) \times (1 - (1 - \text{CPR})^{(1/12)}).$$

The CPR model does not purport to describe historical prepayment experience or to predict the prepayment rate of any actual student loan pool. The Financed Eligible Loans will not prepay according to the CPR, nor will all of the Financed Eligible 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.

The tables below show the weighted average remaining lives, expected maturity dates and percentages of original principal remaining of the Notes at certain Monthly Distribution Dates under various CPR scenarios.

For purposes of calculating the information presented in the tables, it is assumed, among other things, that:

- (a) the Statistical Cutoff Date for the Financed Eligible Loans is as of April 30, 2020;
- (b) the Cutoff Date is June 18, 2020;
- (c) the Date of Issuance is June 18, 2020;
- (d) all Financed Eligible Loans (as grouped within the “rep lines” described below) are in active repayment status, and no Financed Eligible Loan moves from repayment to any other status;
- (e) the Initial Pool Balance is \$215,015,782.90;
- (f) no delinquencies or defaults occur on any of the Financed Eligible Loans, no cash substitutions for breaches of representations, warranties or covenants occur, and all borrower payments are collected in full;
- (g) 1-month LIBOR for calculation of borrower payments under the variable rate Financed Eligible Loans is 0.18%;

(h) monthly distributions begin on August 25, 2020, and payments are made monthly on the twenty-fifth day of every month thereafter, whether or not the twenty-fifth is a Business Day;

(i) the interest rates for the outstanding Notes at all times will be equal to 2.30% for the Class A Notes and 3.76% for the Class B Notes;

(j) Senior Program Expenses equal to 0.30% per annum of the Pool Balance as of the end of each prior calendar month, paid on a monthly basis;

(k) the annual Rating Agency Surveillance Fees will equal \$22,500 per annum, paid on an annual basis beginning on July 25, 2021;

(l) the Reserve Fund has an initial balance equal to \$528,200 and at all times a balance equal to the greater of:

(i) 0.25% of the aggregate Outstanding Amount of the Notes as of the close of business on the last day of the related Collection Period; and

(ii) \$316,920;

(m) amounts on deposit in the Collection Fund and the Reserve Fund are not reinvested;

(n) an optional cash substitution on the Monthly Distribution Date is exercised immediately following the date on which the Pool Balance is less than or equal to 10% of the Initial Pool Balance; and

(o) the pool of Financed Eligible Loans were grouped into 17 representative loans (“rep lines”), which have been created, for modeling purposes, from individual Financed Eligible Loans based on combinations of similar individual student loan characteristics, which include, but are not limited to, loan type and remaining term.

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**Weighted Average Lives and Expected Maturity Dates
of the Notes at Various Percentages of CPR¹**

Series	Weighted Average Life (years) ²				
	0%	4%	8%	12%	16%
Class A Notes	5.67	4.65	3.87	3.27	2.80
Class B Notes	12.44	11.27	9.77	8.60	7.60

Series	Expected Maturity Date				
	0%	4%	8%	12%	16%
Class A Notes	November 25, 2032	September 25, 2031	March 25, 2030	January 25, 2029	January 25, 2028
Class B Notes	November 25, 2032	September 25, 2031	March 25, 2030	January 25, 2029	January 25, 2028

¹ Assuming for purposes of this table that, among other things, the Outstanding Notes are prepaid on the Monthly Distribution Date immediately following the date on which the Pool Balance is equal to or less than 10% of the Initial Pool Balance.

² The weighted average life of the Notes (assuming a 360-day year consisting of twelve 30-day months) is determined by: (a) multiplying the amount of each principal payment on the applicable Class of Notes by the number of years from the Date of Issuance to the related Monthly Distribution Date; (b) adding the results; and (c) dividing that sum by the aggregate principal amount of the applicable Class of Notes as of the Date of Issuance.

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**Percentages of Original Principal of the Class A Notes
Remaining at Certain Monthly Distribution Dates at Various
Percentages of CPR***

Monthly Distribution Dates	0%	4%	8%	12%	16%
Date of Issuance	100%	100%	100%	100%	100%
February 25, 2021	93%	90%	88%	85%	82%
February 25, 2022	84%	78%	72%	66%	61%
February 25, 2023	75%	67%	59%	52%	44%
February 25, 2024	67%	57%	47%	39%	31%
February 25, 2025	58%	46%	36%	28%	20%
February 25, 2026	48%	36%	26%	18%	12%
February 25, 2027	37%	26%	17%	10%	5%
February 25, 2028	29%	19%	11%	5%	0%
February 25, 2029	22%	12%	6%	0%	0%
February 25, 2030	15%	7%	1%	0%	0%
February 25, 2031	10%	3%	0%	0%	0%
February 25, 2032	5%	0%	0%	0%	0%
February 25, 2033	0%	0%	0%	0%	0%

* Assuming for purposes of this table that, among other things, the Outstanding Notes are prepaid on the Monthly Distribution Date immediately following the date on which the Pool Balance is equal to or less than 10% of the Initial Pool Balance upon the exercise of the optional cash substitution.

The above table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of Financed Eligible Loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the Financed Eligible Loans could produce slower or faster principal payments than implied by the information in this table, even if the dispersions of weighted average characteristics, remaining terms and loan ages are the same as the characteristics, remaining terms and loan ages assumed.

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**Percentages of Original Principal of the Class B Notes
Remaining at Certain Monthly Distribution Dates at Various
Percentages of CPR***

Monthly Distribution Dates	0%	4%	8%	12%	16%
Date of Issuance	100%	100%	100%	100%	100%
February 25, 2021	100%	100%	100%	100%	100%
February 25, 2022	100%	100%	100%	100%	100%
February 25, 2023	100%	100%	100%	100%	100%
February 25, 2024	100%	100%	100%	100%	100%
February 25, 2025	100%	100%	100%	100%	100%
February 25, 2026	100%	100%	100%	100%	100%
February 25, 2027	100%	100%	100%	100%	100%
February 25, 2028	100%	100%	100%	100%	0%
February 25, 2029	100%	100%	100%	0%	0%
February 25, 2030	100%	100%	100%	0%	0%
February 25, 2031	100%	100%	0%	0%	0%
February 25, 2032	100%	0%	0%	0%	0%
February 25, 2033	0%	0%	0%	0%	0%

* Assuming for purposes of this table that, among other things, the Outstanding Notes are prepaid on the Monthly Distribution Date immediately following the date on which the Pool Balance is equal to or less than 10% of the Initial Pool Balance upon the exercise of the optional cash substitution.

The above table has been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the rep lines, which will differ from the characteristics and performance of the actual pool of Financed Eligible Loans) and should be read in conjunction therewith. In addition, the diverse characteristics, remaining terms and loan ages of the Financed Eligible Loans could produce slower or faster principal payments than implied by the information in this table, even if the dispersions of weighted average characteristics, remaining terms and loan ages are the same as the characteristics, remaining terms and loan ages assumed.

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APPENDIX E

HISTORICAL PREPAYMENT INFORMATION FOR THE MEFA REFINANCING LOANS

The following table and graph indicate the estimated annualized constant prepayment rate (“CPR”) for MEFA Refinancing Loans through April 30, 2020.

MEFA Refinancing Loan Program—Historical Prepayment Data

<u>Year</u>	<u>Actual Defaults/Write-Offs¹</u>	<u>New Loan Originations</u>	<u>Actual Principal Reductions</u>	<u>Estimated Scheduled Principal²</u>	<u>Estimated Prepaid Principal³</u>	<u>Ending Pool Balance</u>	<u>Prepay Single Monthly Mortality Rate⁴</u>	<u>Annualized CPR⁵</u>
2016	\$ 0	\$ 39,790,476	\$ 1,025,425	\$ 495,061	\$ 530,364	\$ 38,765,051	0.78%	9.01%
2017	31,952	143,326,410	11,369,289	5,038,618	6,330,671	170,690,220	0.47	5.51
2018	596,436	89,307,090	26,952,953	9,697,874	17,255,078	232,447,922	0.71	8.19
2019	714,703	138,051,097	48,207,925	14,014,412	34,193,514	321,576,390	1.08	12.20
2020	37,497	70,998,906	27,678,286	7,013,533	20,664,753	364,859,513	1.49	16.47
Totals / Averages	<u>\$1,380,588</u>	<u>\$481,473,979</u>	<u>\$115,308,871</u>	<u>\$36,259,497</u>	<u>\$78,974,380</u>		<u>0.82%</u>	<u>9.37%</u>

¹ Excluding accrued interest.

² Estimated Scheduled Principal_n = Ending Pool Balance_{n-1} * (((WAC_{n-1}/12) / (1 - (1 + WAC_{n-1} / 12)^{-WAM_{n-1})})) - WAC_n / 12).

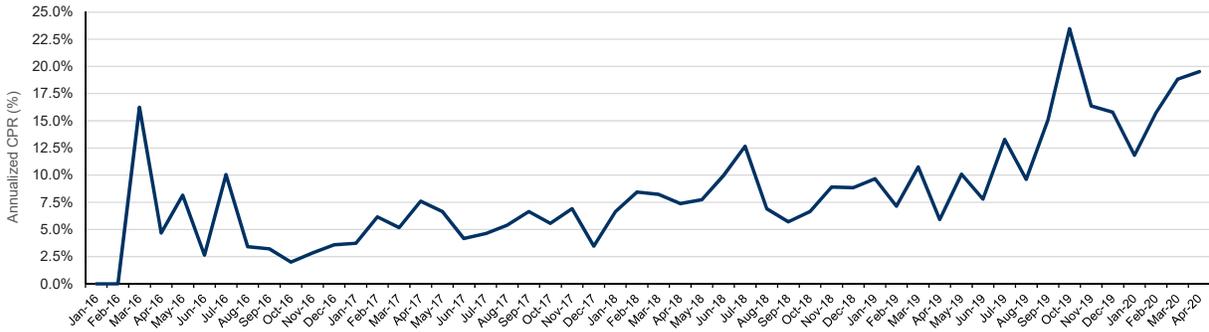
³ Estimated Prepaid Principal_n = Beginning Pool Balance_{n-1} - Beginning Pool Balance_n - Actual Defaults & Write-Offs_n + New Loan Originations_n - Estimated Scheduled Principal_n.

⁴ Prepayment SMM_n = 1 - (1 - (Estimated Prepaid Principal_n / (Balance in Repayment_{n-1})).

⁵ Annualized Prepayment CPR_n = (1 - (1 - Prepayment SMM_n)¹²).

Defined terms used above are as follows: WAC = Weighted Average Coupon; WAM = Weighted Average Maturity; and SSM = Single Monthly Mortality.

Estimated Annualized Constant Prepayment Rate for MEFA Refi Loans^{1,2}



¹ Annualized Constant Prepayment Rate calculated as described in the table above.

² For ease of illustration, the February 2016 data point (42.2%) has been excluded from this chart.

The historical prepayment rates described above may not be indicative of the future prepayment rates of the MEFA Refinancing Loans generally. Prepayment experience may be influenced by a variety of economic, social, interest rate, competitive, individual, and geographic conditions and other factors. In general, the rate of prepayments may tend to increase when more attractive alternative financing is available. In particular, the figures shown above reflect a short period of time early in the life of the MEFA Refinancing Loans. Accordingly, prepayment percentages may vary significantly from those shown if a group of MEFA Refinancing Loans were isolated at a period in time and prepayment data showed the activity only for that isolated group over the period indicated.

Monthly historical prepayment data for the MEFA Refinancing Loans will be made available, upon request, to prospective investors to which this Offering Memorandum has been provided.

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