HIGHER EDUCATION LOAN AUTHORITY OF THE STATE OF MISSOURI
ANNUAL FILING

DECEMBER, 2012

The Higher Education Loan Authority of the State of Missouri (the "Authority" or "MOHELA") is making this annual filing pursuant to its various continuing disclosure obligations (the "Continuing Disclosure Obligations") with respect to certain of its outstanding student loan revenue bond and/or note issues (as described herein, the "Bonds"). While the Authority is not obligated to file annual continuing disclosure with respect to all of its Bonds, and while the Continuing Disclosure Obligations may differ from series to series of Bonds which do require continuing disclosure, the Authority has determined to voluntarily provide comparable information regarding each of its issuances in an effort to provide its bondholders and other interested parties with information that might be relevant to them. This Annual Filing contains certain information (typically as of September 30, 2012) with respect to each of the Student Loan Program Bond Resolutions or Indentures under which the Authority had debt outstanding during the disclosure year, information regarding the Authority, including additional information regarding its outstanding debt, as well as information regarding recent student loan industry developments. Additional information regarding the various series of Bonds can be found in the Material Event and other filings that have been filed with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA and with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") in connection therewith, some of which are referenced herein and on MOHELA's website (www.mohela.com), and by reference to the Official Statements or other offering documents for such Bonds or other MOHELA debt issuance. The most recent offering document for debt issued by the Authority is dated May 10, 2012 and can be accessed on EMMA by searching CUSIP 606072LA2. The Authority reserves the right in the future to discontinue providing certain information not otherwise required by its Continuing Disclosure Obligations.

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GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 11TH GENERAL STUDENT LOAN PROGRAM BOND RESOLUTION

The proceeds of the Bonds (the "11th Resolution Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the 11th General Student Loan Program Bond Resolution, as amended to date (collectively, the "11th Resolution"), were used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2012, the trust estate under the 11th Resolution held (a) approximately $893.5 million in Bonds outstanding, (b) approximately $123.7 million in cash, accrued receivables and investments on deposit under the 11th Resolution, (c) approximately $846.9 million in student loans insured, guaranteed or otherwise permitted pursuant to the 11th Resolution ("Eligible Loans") having characteristics substantially similar to those described below and (d) a Reserve Account balance of approximately $5.6 million, which is included in (b) above. **Eligible Loans financed or refinanced thereafter and held under the 11th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Certain of the 11th Resolution Bonds are auction rate bonds. Since mid-February 2008, almost every auction of the auction rate bonds issued by the Authority under the 11th Resolution has failed to attract enough bidders, resulting in "failed auctions" which have caused the interest rates on the auction rate bonds to be determined on the basis of formulae which do not reflect market interest rates, increased the volatility of interest rates on the auction rate bonds and, at times, increased the interest rates on the auction rate bonds. Additional information about these failed auctions can be found under those filings filed by the Authority with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA during the 2008 disclosure year.

As noted in prior filings in 2008 and 2009, MOHELA purchased and canceled approximately $1.155 billion in its 11th Resolution auction rate bonds in transactions with two bank bondholders by selling certain Eligible Loans financed with the proceeds of those bonds outstanding under the 11th Resolution from the Authority to provide funds to the Authority to purchase and cancel auction rate bonds owned by such bondholder. During the 2010 Disclosure year the Authority continued to refinance auction rate securities and other debt. In the transaction, which closed on January 28, 2010, the Authority issued $761.4 million in Libor floating rate notes (LFRN) under the 2010-1 Trust to purchase and extinguish $819.2 million of auction rate bonds from the 11th Resolution at a discount. In another transaction, which closed on May 26, 2010, the Authority issued $822.5 million in LFRN bonds under the 2010-2 Trust to redeem $49.8 million in fixed rate bonds from its 6th General Resolution at a 0.5% premium, to redeem the $33.9 million in variable rate demand notes from its 8th General Resolution at par, and to purchase and extinguish $704.0 million in failed auction rate bonds from the 11th Resolution at a discount. The $822.5 million in bond proceeds were also utilized to purchase loans from MOHELA's operating fund.

On October 27, 2011, the Authority completed an $81.2 million tender of auction rate bonds held under the 11th Resolution at an aggregate purchase price of $76.2 million, plus accrued interest. All tendered auction rate bonds accepted for purchase under the tender were cancelled on the settlement date.

On April 19, 2012, the Authority completed a $32.2 million tender of auction rate bonds held under the 11th Resolution at an aggregate purchase price of $30.3 million, plus accrued interest. All tendered auction rate bonds accepted for purchase under the tender were cancelled on the settlement date. More information regarding the tender can be found under EMMA filings by the Authority on March 19, April 9, and April 19, 2012.

The Authority has also used funds available in the trust estate to purchase auction rate bonds at a discount for immediate cancellation. For more information regarding such purchases and cancellation, please see various quarterly filings beginning on September 2, 2010 with EMMA.

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$380,831,433.96	44.97%
Consolidation	409,129,671.09	48.31%
PLUS/SLS	56,903,709.79	6.72%
HEAL Loans	0.00	0.01%
Supplemental Loans	0.00	0.00%
TOTALS:	$846,864,814.84	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$13,330,457.73	1.57%
In Grace	7,421,864.68	0.88%
Forbearance	94,941,049.00	11.21%
Deferment	131,828,022.98	15.57%
Repayment	599,343,420.45	70.77%
TOTALS:	$846,864,814.84	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$618,980,070.92	73.09%
Two-Year Schools	107,269,326.75	12.67%
Graduate Schools	1,489,050.83	0.17%
Other	119,126,366.34	14.07%
TOTALS:	$846,864,814.84	100.00%

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GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 12TH GENERAL STUDENT LOAN PROGRAM BOND RESOLUTION

The proceeds of the Bonds (the "12th Resolution Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") pursuant to the 12th General Student Loan Program Bond Resolution, as amended to date (collectively, the "12th Resolution"), were used to finance or refinance Eligible Loans (defined hereafter), to fund a reserve account and to pay certain costs of issuance.

As of September 30, 2012, the trust estate under the 12th Resolution held (a) $254.3 million in Bonds outstanding, (b) approximately $50.4 million in cash, accrued receivables and investments on deposit and (c) approximately $242.4 million in student loans insured, guaranteed or otherwise permitted pursuant to the 12th Resolution ("Eligible Loans") having characteristics substantially similar to those described below. The Debt Service Reserve Fund under the 12th Resolution is funded with a surety bond from Ambac Assurance Corporation ("Ambac"). **Eligible Loans financed or refinanced thereafter and held under the 12th Resolution may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.** Recycling is no longer in place for the 12th Resolution and the Authority is no longer purchasing additional Eligible Loans with proceeds received there under.

The principal of and interest on the Bonds is insured by Ambac. During the 2009 disclosure year, Ambac's Insurer Financial Strength rating underwent downgrades by the various rating agencies. Additional information about these rating downgrades can be found under those filings filed by the Authority during the 2009 disclosure year with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA.

All of the 12th Resolution Bonds are auction rate bonds. Since mid-February 2008, almost every auction of the auction rate bonds issued by the Authority under the 12th Resolution has failed to attract enough bidders, resulting in "failed auctions" which have caused the interest rates on the auction rate bonds to be determined on the basis of formulae which do not reflect market interest rates, increased the volatility of interest rates on the auction rate bonds and, at times, increased the interest rates on the auction rate bonds. Additional information about these failed auctions can be found under those filings filed by the Authority with the various Nationally Recognized Municipal Securities Information Repositories via DisclosureUSA during the 2008 disclosure year.

On December 8, 2008 and February 15, 2009, approximately $9 million and $7 million respectively of the fixed rate bonds issued by the Authority under the 12th Resolution were redeemed at a redemption price of 100% plus accrued interest, if any, to such redemption dates from excess revenues of the Authority held in the trust estate for the 12th Resolution. The Authority has also used funds available in the trust estate to purchase auction rate bonds at a discount for immediate cancellation. For more information regarding such purchases and cancellation, please see various quarterly filings beginning on September 2, 2010 with EMMA.

On March 30, 2012, the Authority's 12th Resolution transaction was downgraded by Standard & Poor's to "BB (sf)" from "A (sf)." According to Standard & Poor's press release related to the matter, the action was taken to reflect the high percentage of non-federally guaranteed private loans serving as collateral to the trust, the past and future performance expectations of those private loans, the level of credit enhancement present in the trust and the need for enhanced levels of data reporting related to the performance of the private loans. For more information, please see the Authority's April 3, 2012 filing with EMMA. The downgrade of the 12th Resolution Bonds has generally resulted in higher interest rates being paid on the bonds, reducing the excess spread in the trust.

As noted above, the principal of and interest on the 12th Resolution Bonds are insured by financial guaranty policies provided by Ambac Assurance Corporation ("Ambac"), which also provides a surety bond that funds the reserve requirements for the bonds. On March 24, 2010, the Commissioner of Insurance of the State of Wisconsin petitioned the Wisconsin Circuit Court, filing a Verified Petition for Order of Rehabilitation in the matter of the Rehabilitation of Segregated Account of Ambac, which identified certain of Ambac's insurance policies to be placed into a segregated account for rehabilitation. Pursuant to the petition, the segregated account is to be treated as a separate insurer for purposes of insurance delinquency proceedings. While the 12th Resolution policies were not initially on the list of insurance policies to be placed into the segregated account, each was identified as a policy to be considered for possible placement in the segregated account. On October 8, 2010, the Commissioner of Insurance of the State of Wisconsin submitted a supplement to the petition in order to allocate certain Ambac policies related to student loan obligations to the segregated account. The Authority received notice of this action on October 13, 2010, and learned that the 12th Resolution policies were among those placed in the segregated account. For more information regarding these matters, see the Authority's EMMA filings dated April 2, 2010 and October 21, 2010.

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$25,875,038.45	10.67%
Consolidation	24,013,391.36	9.91%
PLUS/SLS	1,751,666.45	0.72%
HEAL Loans	0.00	0.00%
Supplemental Loans	190,760,458.73	78.70%
TOTALS:	$242,400,554.99	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$4,749,642.72	1.97%
In Grace	7,715,636.39	3.18%
Forbearance	13,147,916.68	5.42%
Deferment	34,859,707.84	14.38%
Repayment	181,927,651.36	75.05%
TOTALS:	$242,400,554.99	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$204,661,594.72	84.42%
Two-Year Schools	22,026,022.51	9.09%
Graduate Schools	101,298.79	0.04%
Other	15,611,638.97	6.45%
TOTALS:	$242,400,554.99	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2009-1 TRUST INDENTURE

The proceeds of the Series 2009-1 Bonds (the "Series 2009-1 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on November 5, 2009 pursuant to the Series 2009 Trust Indenture, as amended to date (collectively, the "Series 2009 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2009-1 Indenture held (a) $139.2 million in Bonds outstanding, (b) approximately $9.7 million in cash, accrued receivables and investments on deposit and (c) approximately $144.5 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2009-1 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. **Eligible Loans financed or refinanced thereafter and held under the 2009-1 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$452,889.84	0.31%
Consolidation	144,019,323.62	99.67%
PLUS/SLS	27,158.15	0.02%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$144,499,371.61	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$6,000.00	0.00%
In Grace	0.00	0.00%
Forbearance	13,585,453.59	9.40%
Deferment	17,406,324.49	12.05%
Repayment	113,501,593.53	78.55%
TOTALS:	$144,499,371.61	100.00%

Distribution of Portfolio by School Type (as of September, 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$117,950,363.94	81.63%
Two-Year Schools	13,282,624.63	9.19%
Graduate Schools	0.00	0.00%
Other	13,266,383.04	9.18%
TOTALS:	$144,499,371.61	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2010-1 TRUST INDENTURE

The proceeds of the Series 2010-1 Bonds (the "Series 2010-1 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on January 26, 2010 pursuant to the Series 2010-1 Trust Indenture, as amended to date (collectively, the "Series 2010-1 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2010-1 Indenture held (a) $518.9 million in Bonds outstanding, (b) approximately $42.3 million in cash, accrued receivables and investments on deposit and (c) approximately $536.7 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2010-1 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. As of September 30, 2012, the balance under the Series 2010-1 Indenture in the Capitalized Interest Fund was $0, in the Collection Funds was $24,674,184.01, in the Department Rebate Fund was $4,060,453.61 and in the Reserve Fund was $1,407,003.95. **Eligible Loans financed or refinanced thereafter and held under the 2010-1 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$241,063,806.42	44.91%
Consolidation	260,989,424.04	48.63%
PLUS/SLS	34,676,190.40	6.46%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$536,729,420.86	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$8,225,177.26	1.53%
In Grace	4,681,356.18	0.87%
Forbearance	59,105,778.19	11.01%
Deferment	85,397,160.25	15.91%
Repayment	379,319,948.98	70.67%
TOTALS:	$536,729,420.86	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$395,718,222.74	73.73%
Two-Year Schools	68,053,742.26	12.68%
Graduate Schools	233,712.66	0.04%
Other	72,723,743.20	13.55%
TOTALS:	$536,729,420.86	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2010-2 TRUST INDENTURE

The proceeds of the Series 2010-2 Bonds (the "Series 2010-2 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on May 26, 2010 pursuant to the Series 2010-2 Trust Indenture, as amended to date (collectively, the "Series 2010-2 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2010-2 Indenture held (a) $577.3 million in Bonds outstanding, (b) approximately $45.3 million in cash, accrued receivables and investments on deposit and (c) approximately $587.6 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2010-2 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. As of September 30, 2012, the balance under the Series 2010-2 Indenture in the Capitalized Interest Fund was $0, in the Collection Funds was $26,304,086.78, in the Department Rebate Fund was $3,923,819.72 and in the Reserve Fund was $1,540,866.36. **Eligible Loans financed or refinanced thereafter and held under the 2010-2 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$285,366,401.86	48.56%
Consolidation	260,315,832.12	44.30%
PLUS/SLS	41,967,263.00	7.14%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$587,649,496.98	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 9,322,346.56	1.59%
In Grace	5,178,328.83	0.88%
Forbearance	66,689,693.04	11.35%
Deferment	94,396,400.43	16.06%
Repayment	412,062,728.12	70.12%
TOTALS:	$587,649,496.98	100.00%

Distribution of Portfolio by School Type (as of September, 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$431,603,010.66	73.45%
Two-Year Schools	75,960,802.14	12.92%
Graduate Schools	125,483.98	0.02%
Other	79,960,200.20	13.61%
TOTALS:	$587,649,496.98	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2010-3 TRUST INDENTURE

The proceeds of the Series 2010-3 Bonds (the "Series 2010-3 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on September 28, 2010 pursuant to the Series 2010-3 Trust Indenture, as amended to date (collectively, the "Series 2010-3 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2010-3 Indenture held (a) $372.0 million in Bonds outstanding, (b) approximately $31.4 million in cash, accrued receivables and investments on deposit and (c) approximately $374.9 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2010-3 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. As of September 30, 2012, the balance under the Series 2010-3 Indenture in the Capitalized Interest Fund was $0, in the Collection Fund was $17,542,416.68, in the Department Rebate Fund was $3,241,683.31 and in the Reserve Fund was $987,192.41. **Eligible Loans financed or refinanced thereafter and held under the 2010-3 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$229,985,168.33	61.35%
Consolidation	130,390,917.18	34.78%
PLUS/SLS	14,499,395.01	3.87%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$374,875,480.52	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 10,033,366.90	2.68%
In Grace	5,112,140.73	1.36%
Forbearance	49,728,190.85	13.27%
Deferment	68,107,078.81	18.17%
Repayment	241,894,703.23	64.52%
TOTALS:	$374,875,480.52	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$278,735,690.54	74.36%
Two-Year Schools	53,386,250.53	14.24%
Graduate Schools	77,236.60	0.02%
Other	42,676,302.85	11.38%
TOTALS:	$374,875,480.52	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2011-1 TRUST INDENTURE

The proceeds of the Series 2011-1 Bonds (the "Series 2011-1 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on July 19, 2011 pursuant to the Series 2011-1 Trust Indenture, as amended to date (collectively, the "Series 2011-1 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2011-1 Indenture held (a) $467.6 million in Bonds outstanding, (b) approximately $24.7 million in cash, accrued receivables and investments on deposit and (c) approximately $471.0 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2011-1 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. As of September 30, 2012, the balance under the Series 2011-1 Indenture in the Capitalized Interest Fund was $0, in the Collection Fund was $7,843,976.81, in the Department Rebate Fund was $3,562,846.28 and in the Reserve Fund was $1,213,069.56. **Eligible Loans financed or refinanced thereafter and held under the 2011-1 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$287,938,722.93	61.13%
Consolidation	144,110,926.75	30.59%
PLUS/SLS	38,978,803.75	8.28%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$471,028,453.43	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 15,372,586.02	3.26%
In Grace	7,931,323.76	1.68%
Forbearance	59,153,035.29	12.56%
Deferment	86,315,749.30	18.32%
Repayment	302,255,759.06	64.18%
TOTALS:	$471,028,453.43	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$344,351,690.35	73.11%
Two-Year Schools	62,003,053.96	13.16%
Graduate Schools	139,087.92	0.03%
Other	64,534,621.20	13.70%
TOTALS:	$471,028,453.43	100.00%

GENERAL INFORMATION REGARDING AND DESCRIPTION OF LOANS UNDER AUTHORITY 2012-1 TRUST INDENTURE

The proceeds of the Series 2012-1 Bonds (the "Series 2012-1 Bonds") issued by the Higher Education Loan Authority of the State of Missouri (the "Authority") on May 10, 2012 pursuant to the Series 2012-1 Trust Indenture, as amended to date (collectively, the "Series 2012-1 Indenture"), were used to finance or refinance Eligible Loans.

As of September 30, 2012, the trust estate under the 2012-1 Indenture held (a) $231.9 million in Bonds outstanding, (b) approximately $17.3 million in cash, accrued receivables and investments on deposit and (c) approximately $226.3 million in student loans insured, guaranteed or otherwise permitted pursuant to the 2012-1 Indenture ("Eligible Loans") having characteristics substantially similar to those described below. As of September 30, 2012, the balance under the Series 2012-1 Indenture in the Capitalized Interest Fund was $2,612,930.00, in the Collection Fund was $4,275,115.68, in the Department Rebate Fund was $1,890,564.91 and in the Reserve Fund was $587,792.01. **Eligible Loans financed or refinanced thereafter and held under the 2012-1 Indenture may have characteristics similar to such Loans or the characteristics of such Eligible Loans may vary materially from the characteristics of the Eligible Loans described below.**

Distribution of Portfolio by Loan Type (as of September 30, 2012)

Loan Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Stafford	$178,656,528.31	78.95%
Consolidation	8,142,008.44	3.60%
PLUS/SLS	39,493,349.56	17.45%
HEAL Loans	0.00	0.00%
Supplemental Loans	0.00	0.00%
TOTALS:	$226,291,886.31	100.00%

Distribution of Portfolio by Borrower Payment Status (as of September 30, 2012)

Borrower Payment Status	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
In School	$ 15,291,575.95	6.76%
In Grace	9,631,909.88	4.26%
Forbearance	26,496,957.25	11.71%
Deferment	35,166,294.96	15.54%
Repayment	139,705,148.27	61.73%
TOTALS:	$226,291,886.31	100.00%

Distribution of Portfolio by School Type (as of September 30, 2012)

School Type	Aggregate Outstanding Principal Balance	Percent of Total Principal Balance
Four-Year Schools	$174,886,922.74	77.29%
Two-Year Schools	25,983,612.70	11.48%
Graduate Schools	10,500.00	0.00%
Other	25,410,850.87	11.23%
TOTALS:	$226,291,886.31	100.00%

THE AUTHORITY

HIGHER EDUCATION LOAN AUTHORITY OF THE STATE OF MISSOURI

General

The Authority was established in 1981 pursuant to the Authorizing Act for the purpose of assuring that all eligible post-secondary education students have access to guaranteed student loans. The Authorizing Act has been amended over the years to provide the Authority with generally expanded powers to finance, acquire and service student loans including, but not limited to, those guaranteed or insured pursuant to the Higher Education Act, and in certain other respects.

The address of the Authority is 633 Spirit Drive, Chesterfield, Missouri 63005-1243. The telephone number of the Authority is (636) 532-0600 or 1-800-6MOHELA. The Authority's website address is http://www.mohela.com.

Members and Staff

The Authority is governed by a board of seven members, five of whom are appointed by the Governor of the State, subject to the advice and consent of the Senate of the State, and two others who are designated by statute: the State Commissioner of Higher Education and a member of the State Coordinating Board for Higher Education. A member continues to serve after expiration of his term until a successor is appointed and qualified or he is reappointed. There is currently one vacancy on the board (a lender representative position). The present members are:

Name	Term Expires	Occupation/Affiliation
W. Thomas Reeves	October 2011	President, Pulaski Bank St. Louis, Missouri
Dr. Christopher G. Halliday	October 2013	Dean, Missouri School of Dentistry and Oral Health A. T. Still University Kirksville, Missouri
Mr. Marvin E. Wright	October 2014	Attorney, Board Member, University Central of Missouri Columbia, Missouri
Ms. Melanie R. Rippetoe	October 2015	Code Enforcement Officer St. Louis, Missouri
Vacant		Lender Representative
Mrs. Betty Sims	Indefinite	Missouri Coordinating Board for Higher Education

Name	**Term Expires**	**Occupation/Affiliation**
Dr. David R. Russell	Indefinite	Commissioner, Missouri Department of Higher Education

As of September 30, 2012, the Authority had a staff of 410 individuals performing customary loan servicing, administrative and related functions. The Authority has staff of approximately 412 as of the date of this filing. The following is biographical information on the executive staff of the Authority.

Raymond H. Bayer, Jr. serves as Executive Director, Chief Executive Officer, and Assistant Secretary of the Authority. Reporting directly to the Authority's Board of Directors, he is responsible for all of the Authority's operations and oversees each of its business units. Mr. Bayer joined the Authority in 1985. Prior to becoming the Executive Director in 2006, he oversaw various business units including Loan Servicing, Loan Origination and Business Development. He holds a Bachelor of Science degree in Business Administration from the University of Missouri St. Louis, a Master of Business Administration degree from Webster University, and a Master of Arts in Finance degree from Webster University. Mr. Bayer serves on the Advisory Board of Webster University's School of Business and Technology.

Donald E. Bertier, Jr. serves as Chief Information Officer of the Authority. He is responsible for Information Systems strategic direction, IT operations, software development, information security and business continuity management. For the past 13 years, Mr. Bertier served in critical architecture and global leadership roles for Savvis – most recently as Chief Security Officer from 2006-2010. Prior to Savvis, his experience included engineering, software development and systems management responsibilities for McDonnell Douglas and Edward Jones corporations. He is a graduate of Southern Illinois University at Edwardsville and received his Master's Degree in Computer Science from University of Missouri-Rolla.

Jennifer Farmer serves as Director of Federal Contracts. She is responsible for initiating, building and maintaining relationships with the Federal government and others related to Education Loan Services. Ms. Farmer is also responsible for oversight of the planning, design, and implementation of new and existing systems, processes and procedures, and borrower and school services associated with Federal Contracts. She has served on NCHELP Operations and Debt Management committees and currently participates in various workgroups associated with Federal Servicing. Ms. Farmer holds a Bachelor of Science degree in Business Administration from Lindenwood University located in Saint Charles, Missouri. Ms. Farmer joined the Authority in 1995 and has held various senior and executive management roles throughout the organization.

Scott D. Giles serves as the Director of Finance and the Chief Financial Officer for the Authority. He is responsible for the Finance, Accounting, Treasury Management, Procurement, Printing and Mail Support Services and Lender Services and Reconciliation areas, as well as the Authority's capital structure strategy, financing transactions, interest rate risk management, cash management, investing and insurance. Mr. Giles previously served as the Authority's Treasurer. Prior to joining the Authority in 2005, Mr. Giles served as the Director of the Missouri Student Loan Group for the Missouri Department of Higher Education. Mr. Giles has served as a member of the Board of Directors of the National Council of Higher Education Loan Programs and as a member and Chairman of the Board for Mapping Your Future. He has also served as a commissioned bank examiner with the Federal Reserve Bank of St. Louis and as an assistant bank examiner with the Missouri Division of Finance. Mr. Giles holds a Bachelor of Science degree in Business Administration with an emphasis in Finance from Southeast Missouri State University and a Master of Public Administration degree from the University of Missouri–Columbia.

Carol Malon serves as Controller for the Authority. Her duties are primarily in the Accounting, Accounts Payable and Accounts Receivable and lender Services and Reconciliation areas. Ms. Malon is a certified public accountant and holds a Bachelor of Science degree in Business Administration with emphasis in Accounting from the University of Missouri St. Louis and a Masters of Business Administration degree from Washington University in St. Louis, Missouri. Ms. Malon joined the Authority in September 2008 and has over 20 years of experience in accounting and finance for Fortune 500, mid cap and private companies.

Dr. James Matchefts serves as General Counsel for the Authority. Dr. Matchefts joined the Authority in 2008. Prior to joining the Authority, Dr. Matchefts served for 10 years as General Counsel to the Missouri Department of Higher Education ("MDHE"). As part of his duties with the MDHE, Dr. Matchefts oversaw the operation of the MDHE Student Loan Program, which is Missouri's state designated guaranty agency under the Federal Family Education Loan Program. For five years before joining the MDHE, he worked in the St. Louis, Missouri City Counselor's Office, representing the City of St. Louis in various civil litigation and corporate matters. He received his Juris Doctorate degree from Washington University in 1985 and his Doctor of Education degree from Saint Louis University in 2002.

William C. Shaffner serves as the Director of Business Development and Governmental Relations. He has supervisory responsibility for School and Lender Channel Sales, E Commerce, Marketing and Governmental Relations. He also serves on the Americorps St. Louis Board of Directors. Mr. Shaffner joined the Authority in July 2004 and has over twenty nine years of experience in the Federal Family Education Loan Program working at University of Central Florida, USA Funds, USA Group, Sallie Mae and American Student Assistance. Mr. Shaffner is a graduate of the University of Central Florida and holds a Bachelor of Science degree in Business Administration.

Mary J. Stewart serves as the Director of Operations for the Authority. She has direct oversight responsibilities for the following operating units: Loan Origination, Loan Servicing, and Human Resources. Ms. Stewart holds a Bachelor of Science degree in Business Administration with a minor in Computer Science from Dana College in Blair, Nebraska. Ms. Stewart joined the Authority in 1990 and has held senior management roles in various divisions within the Authority, including most of the operational units.

Permissible Activities; Limitations

The Authority was not formed as a "special purpose" entity and is legally authorized to and does operate as an active student loan lender and servicer and in related activities. The Authority does not generally have any significant restrictions on its activities to serve as a student loan lender and servicer under the Authorizing Act, including with respect to issuing or investing in additional securities, borrowing money or making loans to other persons. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Indentures and such other documents may not be readily available or may be limited.

Lewis and Clark Discovery Initiative; Scholarship Funding

On August 28, 2007, legislation establishing the Lewis and Clark Discovery Initiative (the "Initiative") became law. The legislation, known as SB 389 (the "LCDI Legislation") directs the Authority to distribute $350 million into a new fund in the State Treasury known as the Lewis and Clark Discovery Fund ("Fund") on the following schedule: $230 million no later than September 15, 2007; an additional $5 million by December 31, 2007; and further installments of $5 million each calendar quarter ending September 30, 2013. Investment earnings on the Fund are credited against subsequent payments by the Authority. In addition, the LCDI Legislation provides that the Authority may delay payments if the Authority determines that any such distribution may materially adversely affect the service and benefits provided to Missouri students or residents in the ordinary course of the Authority's business, the borrower benefit programs of the Authority or the economic viability of the Authority. However, the entire $350 million is to be paid by September 30, 2013 unless otherwise approved by the Authority and the Missouri Commissioner of the Office of Administration. The General Assembly has appropriated amounts to be deposited in the Fund for certain capital projects at public colleges and universities.

The LCDI Legislation provides that following the initial September 15, 2007 distribution by the Authority, the Missouri Director of Economic Development shall allocate to and reserve for the Authority in 2007 and the next 14 years, at least 30% of Missouri's tax-exempt, private activity bond cap allocation. This allocation was

$150 million for 2007. The amount of this allocation may be reduced for 2014 and later years by the percentage of the $350 million not paid by the Authority to the Fund by the end of the preceding year.

On September 7, 2007 the Members of the Authority's Board approved a resolution to fund the initial payment of $230 million to the Lewis and Clark Discovery Fund in the Missouri State Treasury no later than September 14, 2007 pursuant to the terms of the law relative to the LCDI Legislation. On September 14, 2007, in accordance with the Board's Resolution and SB 389, the Authority sent a $230 million wire to the Missouri State Treasury. On November 6, 2007, the Members of the Authority's Board approved a resolution to fund the first quarterly payment of $5 million less interest income earned on the funds on deposit with the State Treasurer. The net payment paid on December 31, 2007 was $2.9 million. On March 28, 2008, the Members voted to make a partial payment for March 31, 2008, equivalent to the interest income already earned and on deposit in the Fund at the State Treasurer's Office. On June 26, 2008, the Board approved a resolution to make a payment of $0.927 million, which after including interest income earned from December 1, 2007 through June 30, 2008 of $4.1 million, resulted in the Authority making the full $5.0 million payment that was due on March 31, 2008. The Board also voted on June 26, 2008 to delay making the June 30, 2008 quarterly payment. On September 12, 2008, the Board voted to make a partial quarterly payment on September 30, 2008 of $0.1 million. For each subsequent quarterly payment through the quarter ended September 30, 2012, the Board did not authorize payment.

On July 21, 2010, the Authority received a two-year extension from the Commissioner of the Office of Administration on the payment of LCDI funds to September 30, 2015. The two-year extension was approved as a part of the Authority's agreement to provide $30 million in Missouri college access funds for need-based scholarships to the State during the 2011 fiscal year. On July 7, 2011, the Authority received a three-year extension from the Commissioner of the Office of Administration on the payment of LCDI funds to September 30, 2018. The three-year extension was approved as a part of the Authority's agreement to provide $30 million in Missouri college access funds for need-based scholarships to the State during the 2012 fiscal year. On July 17, 2012, the Authority received a one-year extension from the Commissioner of the Office of Administration on the payment of LCDI funds to September 30, 2019. The one-year extension was approved as a part of the Authority's agreement to provide $5 million in Missouri college access funds for need-based scholarships to the State during the 2013 fiscal year.

Direct Loan Servicing by the Authority

The Authority has not originated Federal Family Education Loan Program ("FFELP") loans since July 1, 2010. This is due to the enactment of the federal Health Care and Education Reconciliation Act of 2010 (HCERA) on March 30, 2010, including the Student Aid and Fiscal Responsibility Act (SAFRA), which eliminated FFELP effective July 1, 2010 and prohibited the origination of new FFELP loans after June 30, 2010. As of July 1, 2010, all loans made under the Higher Education Act are originated under the Federal Direct Student Loan Program ("Direct Loan Program"). The terms of existing FFELP loans are not materially affected by the HCERA. However, the Authority has a contract with the U.S. Department of Education (the "Department") to service Direct Loans in accordance with the HCERA, which requires the Secretary to contract with each eligible and qualified not-for-profit ("NFP") servicer to service loans. On April 29, 2010, the Department began the process to identify eligible NFP servicers by issuing a Sources Sought Notice (Solicitation Number: NFP-SS-2010) (the "Sources Sought Notice") requesting that interested entities submit information to the Department demonstrating eligibility as an eligible NFP servicer under the criteria set forth in the HCERA. The Department has and is expected to continue to allocate at least 100,000 borrower accounts to each qualified NFP servicer.

The Authority responded to the Sources Sought Notice and was among the first twelve NFP servicers that the Department determined met the NFP servicer eligibility criteria under the HCERA. On September 29, 2010, the Department issued a Solicitation (NFP-RFP-2010) (the "Solicitation") seeking proposals from eligible NFP servicers to contract with the Department to service federal assets, including Direct Loan accounts. On November 24, 2010, the Authority submitted a proposal to the Department responding to the Solicitation and asking for permission to proceed to execute a Memorandum of Understanding with the Department. On February 2, 2011, the Department published a determination that the Authority was permitted to enter into a Memorandum of Understanding to pursue an Authorization to Operate (ATO) and a contract award as an NFP servicer. The Pennsylvania Higher Education Assistance Agency (PHEAA) was identified as a key subcontractor for this arrangement. On March 30, 2011, the Authority entered into a Memorandum of Understanding with the Department. The Authority was awarded an ATO on September 22, 2011 and a servicing contract to become an NFP servicer to service federal assets including Direct Student Loans on September 27, 2011. As of the date of this filing, the Authority has also entered into a "teaming arrangement" with ten other NFP servicers and, pursuant to the terms of the Solicitation, the MOHELA team is entitled to receive a minimum of 1.1 million federal asset accounts for servicing. As of the date of this filing, the MOHELA team has received approximately 1 million federal asset accounts for servicing, which represents over $18 billion in student loans. The Authority has also entered into an agreement with one additional NFP servicer which is awaiting Department approval. If approved, this would increase the members of the MOHELA team to twelve, which would entitle the team to receive a minimum of 1.2 million federal asset accounts for servicing.

In addition to a federal loan servicing contract, the Authority also still services nearly $3.4 billion of its own student loans and $202 million in lender partner owned loans that will provide the Authority ongoing revenue streams for many years to come. This legacy portfolio and its related revenue have assisted and will continue to assist the Authority in a gradual and smooth transition to a federal asset servicing business model.

Special Allowance Index Change

On December 23, 2011, The Consolidation Appropriation Act of 2012 was signed into law, which in part, allowed FFELP loan holders to substitute one-month LIBOR for the 90-day AA Financial Commercial Paper Rate ("90-day CP") for the special allowance program (SAP) index. This was a one-time opportunity and MOHELA made the election as required by April 1, 2012, which was effective for the quarter ending June 30, 2012. The election applies to all MOHELA held FFELP loans first disbursed after January 1, 2000, except those held in the 12th General Bond Resolution because the third-party bond insurer would not consent to the index change. The Department approved the Authority's LIBOR election on April 6, 2012.

Outstanding Debt of the Authority

As of September 30, 2012, the Authority had outstanding bonds and notes in the following amounts issued under the following bond resolutions and indentures. All such debt obligations are secured under such bond resolutions and indentures by collateral separate and distinct from, and such debt obligations have no interest in, each other.

		Amount Outstanding
11th General Bond Resolution		893,500,000
12th General Bond Resolution		254,325,000
2009-1 Trust Indenture		139,161,181
2010-1 Trust Indenture		518,941,173
2010-2 Trust Indenture		577,331,997
2010-3 Trust Indenture		372,025,880
2011-1 Trust Indenture		467,637,424
2012-1 Trust Indenture		231,891,928
	Total	$3,454,814,584

Auction Rate Securities Outstanding. As of September 30, 2012, $143,500,000 of the Bonds issued under the 11th Resolution and $254,325,000 of the Bonds issued under the 12th Resolution were Auction Rate Securities; the Authority had an aggregate amount of $397,825,000 in Auction Rate Securities outstanding as of September 30, 2012. The total aggregate amount of Authority Auction Rate Securities outstanding as of the date of this filing is $371,325,000.

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Outstanding Debt of the Authority by Series of Bonds

The following principal amounts of the Authority's various series of bonds issued under the respective resolutions and indentures were outstanding as of September 30, 2012:

11th General Resolution

Series 1996K Bonds	$14,800,000	Series 2004K Bonds	$34,100,000
Series 1997S Bonds	$13,150,000	Series 2006F1 Bonds	$100,000,000
Series 1998X Bonds	$3,850,000	Series 2006F2 Bonds	$100,000,000
Series 1999LL Bonds	$21,550,000	Series 2006F3 Bonds	$100,000,000
Series 1999MM Bonds	$10,000,000	Series 2006F4 Bonds	$100,000,000
Series 2001A Bonds	$24,300,000	Series 2006F5 Bonds	$100,000,000
Series 2001XX Bonds	$50,000	Series 2006F6 Bonds	$100,000,000
Series 2002M Bonds	$100,000	Series 2006F7 Bonds	$100,000,000
Series 2002N Bonds	$5,100,000	Series 2006F8 Bonds	$50,000,000
Series 2004F Bonds	$16,500,000	Series 2004K Bonds	$34,100,000

12th General Resolution

Series 1995A Bonds	$550,000	Series 1996H Bonds	$55,000,000
Series 1995B Bonds	$50,550,000	Series 2006I Bonds	$9,150,000
Series 1995C Bonds	$44,350,000	Series 2006J Bonds	$55,375,000
Series 1995D Bonds	$39,350,000		

Series 2009 Indenture

Series 2009A-1 Bonds	$20,861,181
Series 2009A-2 Bonds	$118,300,000

Series 2010-1 Indenture

Series 2010-1 Bonds	$518,941,173

Series 2010-2 Indenture

Series 2010-2 Bonds	$577,331,997

Series 2010-3 Indenture

Series 2010-3 Bonds	$372,025,880

Series 2011-1 Indenture

Series 2011-1 Bonds	$467,637,424

Series 2012-1 Indenture

Series 2012-1 Bonds	$231,891,928

STUDENT LOAN INDUSTRY DEVELOPMENTS AND INFORMATION RELATIVE TO THE AUTHORITY AND ITS OBLIGATIONS

Changes to the Higher Education Act, including the enactment of the Health Care and Education Reconciliation Act of 2010, changes to other applicable law and other Congressional action

On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 (the "Reconciliation Act") was enacted into law. The Reconciliation Act eliminated the FFEL Program effective July 1, 2010 and the origination of new FFELP loans after June 30, 2010. As of July 1, 2010, all loans made under the Higher Education Act will be originated under the Federal Direct Student Loan Program (the "Direct Loan Program"). The terms of existing FFELP loans are not materially affected by the Reconciliation Act.

In addition to the passage of the Reconciliation Act, Title IV of the Higher Education Act and the regulations promulgated by the Department of Education thereunder have been the subject of frequent and extensive amendments and reauthorizations in recent years. There can be no assurance that the Higher Education Act or other relevant federal or state laws, rules and regulations may not be further amended or modified in the future in a manner that could adversely affect the Authority or its student loan programs, the trust estate created under the Indenture, the financed student loans, or the financial condition of or ability of the Authority, the Servicers or the guaranty agencies to comply with their obligations under the various transaction documents or the notes offered hereby. Future changes could also have a material adverse effect on the revenues received by the guarantors that are available to pay claims on defaulted financed student loans in a timely manner. In addition, if legislation were to be passed in the future requiring the sale of the financed student loans held in the trust estate to the federal government, proceeds from such sale would be deposited to the Collection Fund and used to pay the notes in advance of their current expected maturity date. No assurance can be given as to the amount that would be received from such sale or whether such amount would be sufficient to pay all principal and accrued interest due on the notes, as there is no way to know what purchase price would be paid by the federal government for the financed student loans.

The Authority cannot predict the effects of the passage of the Reconciliation Act or whether any other changes will be made to the Higher Education Act or other relevant federal laws, and rules and regulations promulgated by the Secretary of Education in future legislation, or the effect of such legislation on the Authority, the Servicers, the guaranty agencies, the financed student loans or the Authority's loan programs.

Competition from the Federal Direct Student Loan Program, the Temporary Special Direct Consolidation Loan Program and other lenders

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

The Department of Education announced in a letter dated October 26, 2011 on its "Information for Financial Aid Professionals" website that it would offer Special Direct Consolidation Loans to eligible borrowers from January 1, 2012 through June 30, 2012. Eligible borrowers must have (i) at least one student loan held by the Department of Education (a Direct Loan Program loan or a FFELP loan owned by the Department of Education and serviced by one of the Department of Education's servicers); and (ii) at least one commercially held FFELP loan (a FFELP loan that is owned by a FFELP lender and serviced either by that lender of a servicer contracted by that lender). Special Direct Consolidation Loans are intended to help borrowers manage their debt by ensuring all of their federal loans are serviced by the same entity, resulting in one bill and one payment. Borrowers would also receive an interest rate reduction on Special Direct Consolidation Loans as a repayment incentive. The Special Direct Consolidation Loans and similar programs that may be offered by the Department of Education could result in a reduced volume and variety of student loans available to be purchased by the Authority and may result in prepayments of financed student loans if such financed student loans are consolidated under the Direct Loan Program in this manner.

In addition to the competition from the Direct Loan Program, the Authority faces competition from other lenders that could decrease the volume of student loans that could be purchased by the Authority.

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

General economic conditions

The United States economy experienced a downturn that started in 2008. At the present time, it appears that the downturn has reversed, but the speed of recovery has been slow, and it is unclear at this time whether the recovery will continue or the speed of recovery will improve. Continued slow recovery or another downturn in the economy resulting in substantial layoffs either regionally or nationwide may result in an increase in delays by borrowers in paying financed student loans, thus causing increased default claims to be paid by guaranty agencies. It is impossible to predict the status of the economy or unemployment levels or at which point a slow recovery or another downturn in the economy would significantly reduce revenues to the Authority or the guaranty agencies' ability to pay default claims. General economic conditions may also be affected by other events including the prospect of increased hostilities abroad. Certain such events may have other effects, the impact of which are difficult to project.

The United States military build-up may result in delayed payments from borrowers called to active military service

The ongoing build-up of the United States military has increased the number of citizens who are in active military service. The Servicemembers Civil Relief Act limits the ability of a lender under the FFELP 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.

The Authority does not know how many student loans have been or may be affected by the application of the Servicemembers Civil Relief Act. Payments on financed student loans may be delayed as a result of these requirements, which may reduce the funds available to the Authority to pay principal and interest on the Bonds.

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